

Brussels, 28 January 2008

## **Joint statement by the European Commission and the European Central Bank welcoming the formal launch of SEPA payment instruments by EU banks** **[\(MEMO/08/51\)](#) + [MEMO/08/52](#)**

***Today SEPA (the Single Euro Payments Area) goes live and European banks will formally launch the first SEPA payment instrument for credit transfers. This marks the first step in a migration process over the next few years during which customers will move in a market-led process from existing national electronic payment instruments to the new SEPA instruments. This is a logical extension to the introduction of the euro and will produce substantial benefits through a more competitive and efficient payments market.***

SEPA is the new Single Euro Payments Area that enables people to make payments throughout the euro area as quickly, safely and easily as they make national payments. In SEPA, all euro payments are considered domestic and are made with one set of payment instruments. SEPA is thus a natural progression to the introduction of the euro and another major step in realising the full potential of the single market for Europe. SEPA payments can also be used for euro payments within the EU outside the euro area, as well as in a number of neighbouring countries<sup>1</sup>.

The European Central Bank (ECB) and the European Commission (EC) welcome the official launch of SEPA and acknowledge the substantial preparatory work undertaken by European banks, through the aegis of the European Payments Council, to create SEPA. Today therefore marks an important milestone in the SEPA migration process with the official launch of the first SEPA payment instrument for credit transfers. For technical and legal reasons, the launch of the SEPA payment instrument for direct debits will take place subsequently, but should occur no later than 1 November 2009. For card payments the SEPA Cards Framework has been in force since 1 January 2008.

SEPA will make a significant contribution to the Lisbon agenda. It will improve the efficiency of EU payments markets and stimulate innovation, thereby increasing the competitiveness of the European economy. In the public sector, SEPA could be used as a platform to drive e-Government, thus contributing to the efficient delivery of public services.

SEPA will create huge benefits, as shown by two studies by the ECB<sup>2</sup> and the EC<sup>3</sup>. In particular, the study carried out by the EC shows that the potential benefits from SEPA in payments markets alone could exceed €123 billion over the next six years, and a further €238 billion if SEPA can be used as a platform for electronic invoicing.

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<sup>1</sup> Iceland, Liechtenstein, Norway and Switzerland.

<sup>2</sup> "The economic impact of the Single Euro Payments Area", ECB Occasional Paper No 71, August 2007.

The two studies also show that the process of SEPA migration will be a challenge, especially for banks. According to the ECB study, banks may significantly reduce their costs, but will face increased competition. SEPA will also offer banks an opportunity to market new, value-added services related to the payment chain. Therefore, the ECB and the EC call on banks to maintain momentum in the SEPA process so that users can migrate quickly in a market-led process to the new SEPA payment instruments and the costs of dual payments (i.e. existing national payment instruments plus the new SEPA standards) can be kept to the minimum. This also calls for the rapid launch of the new SEPA payment instrument for direct debits and the full adoption of the SEPA Cards Framework by relevant stakeholders. As heavy users of payment instruments, corporates and public administrations stand to gain substantially from the efficiencies made possible by SEPA. They should therefore play an important role in the success of SEPA by being early adopters of SEPA instruments in a market-driven process avoiding deterioration<sup>4</sup> in the price and performance characteristics compared with existing national payment instruments.

To mark the official launch of SEPA, Mr Charlie McCreevy (Internal Market and Services Commissioner, EC) Ms Gertrude Tumpel-Gugerell (Member of the Executive Board, ECB) and Mr Gerard Hartsink (Chairman, European Payments Council) will host this evening a SEPA launch event in Brussels with distinguished guests from the EU payments market.

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<sup>3</sup> Reference to COM IP Press Release on results of Caggemini study

<sup>4</sup> [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/en/ecofin/91272.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/ecofin/91272.pdf), p. 19