



EUROPEAN CENTRAL BANK

EUROSYSTEM

22 October 2010

## PRESS RELEASE

### **ECB PUBLISHES 7TH SEPA PROGRESS REPORT: MIGRATION CONTINUES BUT REQUIRES REALISTIC BUT AMBITIOUS REGULATORY END DATES**

The European Central Bank (ECB) has today published the 7th Progress Report on the Single Euro Payments Area (SEPA). SEPA enables customers to make cashless euro payments to anyone located anywhere in Europe, using a single payment account and a single set of payment instruments. Currently, 32 European countries are participating in SEPA, more than 4,400 banks have joined the SEPA credit transfer scheme, and more than 3,000 banks have signed up for the SEPA direct debit scheme. Hence, much has been achieved in implementing SEPA. However, further action by European legislators is needed for SEPA to be completed successfully. In this respect, a mandatory timeline for the migration to SEPA payment instruments will significantly accelerate the pace of transition, enabling SEPA to be completed, preferably, by the end of 2012 for credit transfers and by the end of 2013 for direct debits.

#### **Major achievements**

The 7th Progress Report, entitled "Beyond theory into practice", shows achievements in major areas. For instance, the launch of the SEPA direct debit in November 2009 has made direct debit payments possible for the first time across borders. By 1 November 2010 the reachability of payment accounts for SEPA direct debits will be guaranteed legally, allowing SEPA direct debits to be used effectively throughout Europe.

In addition, the governance structure of SEPA has been improved by the creation of the SEPA Council, which enables a more formalised involvement of high-level representatives of consumers, retailers, corporates, SMEs and public administrations in the SEPA dialogue.

Other areas where progress has been made include: the transposition and implementation of the Payment Services Directive, and standardisation in the area of cards.

## Challenges ahead and key elements for success

Despite this progress, SEPA migration as a self-regulatory process, has not yet achieved the results that were initially expected. The banking industry's self-imposed deadline of December 2010 for SEPA credit transfers and direct debits to be in general usage will not be met. By August 2010 only 9.3% of all credit transfers processed in the euro area were SEPA credit transfers. Since its launch in November 2009, SEPA direct debits remain at a share well below 1% of all direct debit transactions processed in the euro area. Therefore, the Eurosystem strongly supports the work of European legislators to create the necessary momentum to bring the SEPA project to completion. The envisaged regulation establishing a SEPA migration end date(s), in which the usage of national payments instruments will be discontinued, will be a key element for the timely and smooth adoption of SEPA. The Eurosystem is also confident that concerns raised by market participants on the envisaged regulation on SEPA migration end date(s) will be properly addressed by the European authorities.

Other key elements for the success of SEPA that still need to be addressed include: the provision of innovative payment services (e.g. online and mobile payment services), the creation of an additional European card scheme and the enhancement of the security of card transactions by phasing out the magnetic stripe on European cards.

Ms Gertrude Tumpel-Gugerell, Member of the ECB's Executive Board, said: "SEPA is progressing from the market-driven phase of design and implementation to the phase of mandatory migration, aiming to ensure that the necessary adoption really takes place. At this stage, SEPA faces a number of specific challenges that only the market and the regulators together can master. I hope that the constructive cooperation between all stakeholders will become even closer in the decisive two to three years ahead, so that our joint efforts help us to achieve the final goal: an attractive integrated and competitive European market for euro payment services."

The report, which is being published today in English, will be available in other official EU languages in due course.

**To read the report and for further information visit the SEPA page on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu) and [www.sepa.eu](http://www.sepa.eu)).**