



Cheaper, faster and safer cross-border payment services

Committees: Committee on Economic and Monetary Affairs

Cross-border payment services should become faster, cheaper and safer for EU citizens thanks to a deal reached by MEPs and Member State negotiators on Tuesday. The deal, which has still to be approved by the full Parliament and the Council, lays down EU-wide rules which should ensure that payment service providers compete fairly, eliminate hidden national bank charges, and accelerate transfers. This could save up to €123 billion within six years, benefitting clients, banks, and businesses.

Commenting on the Single European Payments Area (SEPA) deal, rapporteur Sari Essayah (EPP, FI) said, "The SEPA is a fundamental element of the internal market. The internal market cannot function well without SEPA. Moreover SEPA will provide the basis for other developments in the single market."

Economic and Monetary Affairs Committee Chair Sharon Bowles (ALDE, UK), said "What today's agreement shows is that even as we grapple with the crisis, the EU institutions continue to work diligently to deepen the internal market in financial services, with the euro at its core. This agreement is a vote of confidence in the euro, and I am convinced that it will be a good deal for consumers and businesses."

The key issue in reaching the deal was to set a legally-binding deadline for banks to ensure that their payment schemes comply with the SEPA Regulation. The Parliament's negotiators insisted on a single deadline for all payments (both credit transfers and direct debits) in order to make the shift to the new system easier to understand for EU citizens. The agreed deadline is 1 February 2014.

The SEPA Regulation lays down common rules and standards for credit transfer and direct debit transactions in euro. It aims to create an integrated market with the same basic conditions, rights and obligations, for credit transfer and direct debit payment services.

Benefits to citizens

For EU citizens, it will no longer matter in which Member State a bank account is held. Transfers should become cheaper, faster and safer.

For example, EU citizens moving within the Union could use a single euro account, into which a salary earned in another country could be paid. They could also pay bills in one country through an account held in another.

All account users stand to gain, because international competition among service providers should drive down prices. Increased competition among banks to supply services should also help to cut today's inflated costs, and where costs are already low, they should remain so.

Parliament's negotiators have sought to make the migration to SEPA standards easier for bank clients, by enabling banks to offer conversion services from national systems and to phase out the need to provide the Business Identifier Code (BIC) code (the IBAN international bank account number should suffice). Another gain is a requirement to apply non-discriminatory charges to transfers, irrespective of the amount involved.

Press release

Benefits to businesses

Businesses could set up cross-border direct debits in euro between any two bank accounts anywhere in the EU, enabling them to bill customers regularly across borders. By eliminating multilateral interchange fees on cross-border direct debits as of 2012, the regulation will enable businesses to establish their payment centres in any EU Member State.

They could also organise all cross-border euro payments from a single euro account in a country of their choice in order to improve money management and speed up cash flows at lower cost.

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