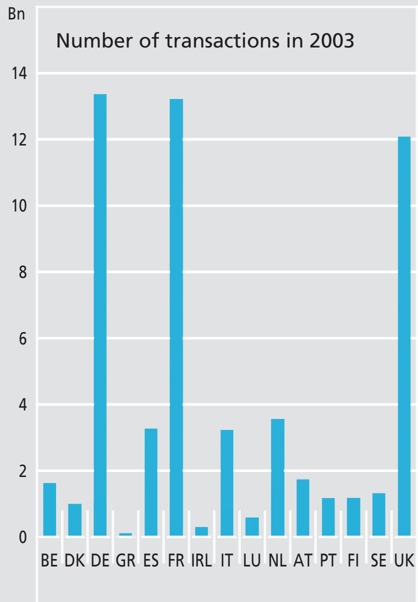
# The road to the Single Euro Payments Area

In the European Union (EU), around 57 billion cashless transactions were executed in 2003. Nearly 75% of them took place in the euro area. The Single Euro Payments Area (SEPA), a work in progress since the introduction of the euro in 2002, is expected to lead to considerable long-term practical and structural changes. These changes will also affect the banks, companies and consumers in Germany, one of Europe's largest markets for payments. For a variety of reasons, the Bundesbank has a keen interest in the development of the SEPA. As an integral part of the European System of Central Banks (ESCB), the Bundesbank should promote the smooth functioning of payment systems, and section 3 of the Bundesbank Act requires it "to arrange for the execution of domestic and international payments". The Bundesbank additionally provides services in interbank payments and for government agencies. This article provides information on the objectives of the SEPA, the current status of the discussion and potential impacts.

## European retail payments today

Cashless payments are particularly important in the economic process. In the old EU of 15 member states (EU-15), more than 57 billion cashless transactions are carried out annually by consumers and companies via credit transfer, direct debit, payment card or

Cashless payments in the EU-15




Source: ECB.

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cheque; these are known as retail payments. Germany alone accounts for nearly 25% of such payments within the EU-15.

*Fragmented markets in Europe*

Since the introduction of the euro in 1999, and especially since euro banknotes and coins were put into circulation in 2002, the euro area's 310 million inhabitants have had a single currency at their disposal. However, the markets for retail payments within the euro area have remained strongly national in their character. Various country structures have evolved over decades and are tailored to specific features, such as each country's banking structure. These structures are also based on different payment customs.

*Payment customs vary*

For one thing, there are differences in the frequency of cashless payments. Whereas the per capita number of cashless transactions was over 215 in Austria, Finland and the Netherlands in 2003, the figure was less than 100 in Ireland, Italy and Spain; Germany, with 162 cashless transactions per capita, held the middle ground. This probably reflects *inter alia* a relatively strong preference for cash in Germany. For another, in Europe there is a wide disparity regarding the means of payments: while credit transfers and direct debits predominate in Germany, other countries, such as France, have traditionally favoured cheques. It is notable, however, that in nearly all EU countries the number of payments made with credit cards (eg MasterCard, Visa, American Express and Diners Club) and debit cards (in Germany, the ec-cash system) has risen significantly over the past few years.

*Different standards and infrastructures*

Developments in retail payments have also brought about a variety of technical standards for exchanging payments and different infrastructures for payment settlement. Many countries have central "automated clearing houses" (ACH) that settle national interbank payments. In the EU-15 alone there are 12 such central ACHs which settle between 100,000 payments (Greece) and 44 million payments (France) each day. In some countries, however, bilateral exchanges of payments between major clearing institutions in the banking industry are prevalent; in Germany, this system is supplemented by banking-group-specific giro networks and the Bundesbank's Retail Payment System (RPS) for banks and payments not accommodated anywhere else. On the whole, the cost and efficiency levels of payment execution in the different countries in Europe have undergone varying developments. Owing to the structure of the banking sector, in Germany the processing of payments is more decentralised. All the same, it is highly efficient. This is reflected *inter alia* by the fact that the vast majority of payments can be automatically processed straight through the entire payment chain.

## Developments in European payments

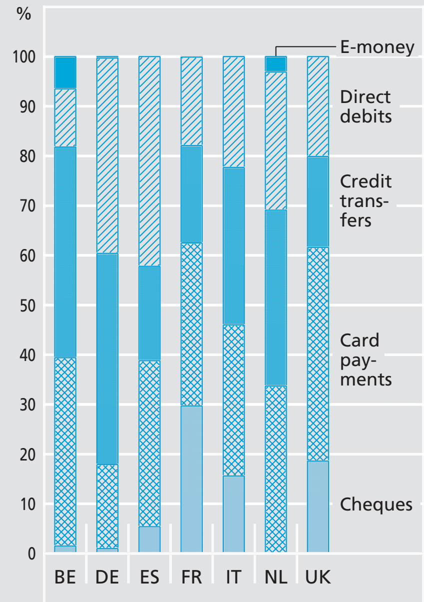
*Single market and euro drive developments*

Europe's economic integration is having a decisive impact on developments in European payments. It was particularly the creation of the single European market, which requires adequate payment processing mechanisms for it to take full effect, that motivated the European Commission to call for improvements to be made initially in the field of cross-border EU payments. European Commission studies dating back to the 1990s came to the conclusion that processing times and fees in this segment far exceeded national processing times and fees. The small percentage of cross-border EU payments in all banks' payments was one of the reasons; in Germany, this percentage is still estimated to be only between 0.3% and 2% of all payments, depending on the banking group. This small percentage causes relatively high costs for the execution of cross-border payments via special procedures. The EU had initially sought to improve the situation by adopting Directive 97/5/EC on cross-border credit transfers of 21 January 1997 in the hope of creating more transparency about the terms and conditions for the execution of payments.

*Cross-border payments of little relevance*

Use of payment instruments in selected EU countries

2003 figures




Source: ECB.

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*Regulation (EC) No 2560/2001*

With no prospect of the desired improvement even after the euro was introduced, however, the EU decided to adopt Regulation (EC) No 2560/2001, commonly known as the pricing regulation. One of its provisions stipulates that charges for electronic cross-border payment transactions and credit transfers of up to €12,500 (from 1 January 2006, of up to €50,000) within the EU must not exceed those for comparable domestic payments. Moreover, for credit transfers, customers are required to provide the beneficiary's International Bank Account Number (IBAN) and the Bank Identifier Code (BIC) of the beneficiary's institution. These standards are intended to enable the fully automated processing of payments. The pricing regulation resulted in "price pressure" and thereby created a strong incentive to establish more cost-

**Overview of envisaged provisions of the directive on payment services in the internal market**

**Changes in banking supervision law**
"Payment institutions" as a new category of payment service providers
– Setting of authorisation procedures and minimum requirements
– No permission to accept deposits from customers or issue electronic money

**Information requirements for payment service providers**
– Greater transparency through comprehensive information requirements on terms and contractual provisions for payment services

**Legal harmonisation in payment settlement**
– Introduction of the term "authorised payment"
– Limited user liability for unauthorised payments
– Rules for refunding payments
– Setting of execution times and value dates
– Liability of payment service provider for executing accepted payment orders

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effective procedures for settling cross-border euro payments within the EU. Thus, in 2003 the Euro Banking Association (EBA) launched its STEP2 system, through which credit transfers compliant with the pricing regulation can be exchanged between all EU member states. The pricing regulation also led to a distinct reduction in fees for cross-border payments. For instance, no special fees are levied any longer on withdrawals made by credit or debit cards in other EU countries. In addition, studies commissioned by the European Commission suggest that the pricing regulation has not led to an increase in domestic prices. Observed price increases – for instance, for paper-based, and therefore relatively labour-intensive, payment orders – are deemed to be attributable more to banks' heightened cost-consciousness and to investments that would have been necessary anyway. It is only the introduction of or increase in fees for using ATMs from other banks observed in some countries that could potentially be a primary result of the pricing regulation. Irrespective of the effects sketched out above, the approach chosen by the EU has increased the cross-subsidisation of foreign payments by domestic payments and, instead of creating convergence, is tending to strengthen the considerable differences in price levels between European countries.

*New legal framework for European payments*

For approximately three years now, the European Commission has additionally been preparing a uniform legal framework for European payments with the goal of harmonising the national legal provisions relevant to payment execution. The proposal for a directive on payment services in the internal market has now been published and is expected to be adopted next year. However, some of the envisaged rules, such as the demand for very short and hence costly execution times for all payments irrespective of their urgency, are still the subject of controversy.

## SEPA objectives

*Completion of internal market concept in payments*

The objective in creating a Single Euro Payments Area is to eradicate the current fragmentation of the European payments landscape. This would result in a common market in Europe in which cross-border euro payments could be settled as easily, inexpensively and securely as national ones. Consumers and companies would no longer have to distinguish between national and cross-border

**Geographical dimension of the Single Euro Payments Area (SEPA)**

As at the beginning of 2005

Euro area

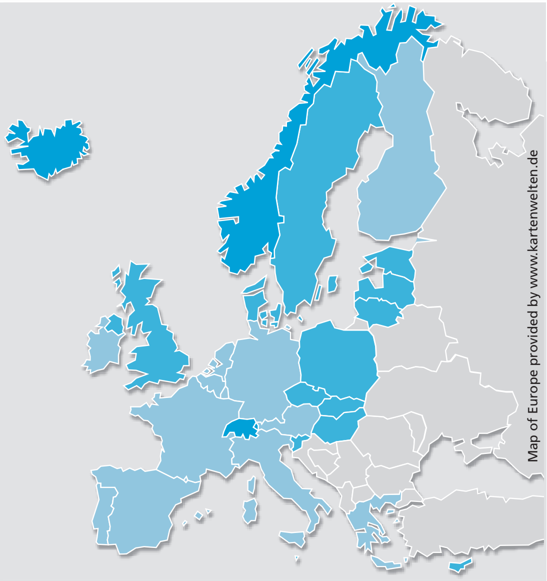
– Population: 310 million
– Number of credit institutions active in payments: 6,400

EU-25 +

– Population: 460 million
– Number of credit institutions active in payments: 8,800

SEPA objective envisaged by the European Payments Council:
EU-25 and the other EEA countries as well as Switzerland + +

– Population: 470 million
– No data available on credit institutions active in payments




Sources: ECB and Eurostat.

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euro payments within the EU and could look all over Europe to find the right service provider to handle their payment business. As a rule, today users can only choose from among service providers in their home country in order to execute their payments. Furthermore, it is normally not possible to use the direct debit procedure for cross-border business.

*Geographical dimension*

The target area of the SEPA is to include all EU-25 countries as well as the euro payments of the other EEA countries[1] and Switzerland. There is a consensus, however, that the implementation of the SEPA must be focused primarily on the euro area.

*Advantages of the SEPA*

Although the SEPA should also promote cross-border trade, its main advantage is expected to lie in an increase in – cross-border – price and service competition between providers of payment services. The bundling of settlement volumes among a smaller number of providers could also lead to economies of scale, thereby reducing costs.

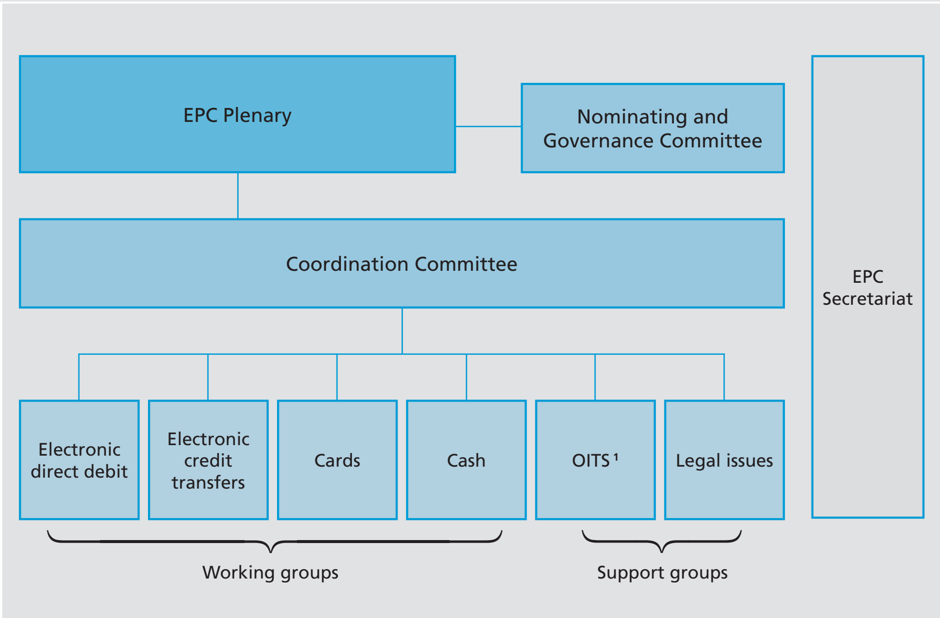
## Progress of work on SEPA

*European banking industry working together in the EPC*

In 2002, the European banking industry declared for the first time, in a White Paper, its intention to create a single payments area in Europe by 2010. In order to manage these activities, the European Payments Council (EPC) was founded that same year. This council adopted its own formal charter in 2004. The

1 Iceland, Liechtenstein and Norway.

Board structure of the European Payments Council (EPC)




Source: EPC. — **1** Operations, Infrastructure and Technology Standards.

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EPC currently has 64 members from 27 European countries; not only European banking associations but, above all, national banking associations and major credit institutions are represented. The majority of SEPA's work is carried out in six working groups. The German banking industry is following the EPC's efforts by "mirroring" the EPC's board structure at a national level in its Central Credit Committee (CCC).

*Roadmap for establishing the SEPA*

In the meantime, the EPC has also specified the "roadmap" for the SEPA in a joint declaration known as the Crowne Plaza Declaration. It stipulates that, from 2008, banks will offer new pan-European payment instruments in the euro area which will operate alongside national instruments and which can be used for both cross-border and national transactions. Through market-driven migrations, these pan-European instruments are to achieve a "critical mass" by 2010; the integration of the European payment landscape would then have passed the point of no return.

*Development of pan-European payment schemes*

The EPC is concentrating on developing schemes for three pan-European payment instruments: credit transfers, direct debits and card payments. These three payment instruments dominate cashless payments in nearly all EU countries. Despite the considerable progress made in the past few years in developing the SEPA payment schemes by creating the relevant rulebooks, work has not been completed yet because of the continuing need for discussion within the European banking industry.

*SEPA credit transfer*

Today, with the EU standard credit transfer, there already exists a standardised instrument to settle cross-border euro credit transfers within the EU amounting to a maximum of €12,500 (from 1 January 2006, up to €50,000), which are compliant with the pricing regulation. The EPC intends to expand this standard and apply it to all SEPA credit transfers. As a result, the beneficiary would be identified by an IBAN and BIC. The transfer time between the acceptance of the order and the crediting of the payment to the recipient's account must not exceed three days – irrespective of whether the recipient holds his account at home or in another EU country. However, shorter settlement periods are possible and, in some countries, already a reality. In addition, the EPC, in its further work, will have to take account of the one-day settlement period recently called for by the European Commission. From 2008, customers are also to have the option of using the SEPA credit transfer scheme for national payments. In an interim step, from 2006 the banking industry will, on principle, only accept orders for cross-border transfers that contain the beneficiary's IBAN and BIC. After a one-year transition period, banks will be entitled to refuse to execute transactions in which the IBAN and BIC are not given.

*SEPA direct debit*

The EPC had already decided at an early stage against harmonising the different national direct debit procedures and in favour of developing a completely new scheme, the SEPA Direct Debit Scheme (SDD). In the German case, the SDD – as the discussion in the EPC now stands – will contain many recognisable elements of the German collection authorisation procedure (*Einzugsermächtigungsverfahren*). It is envisaged, for example, that the payer gives the payee a "mandate" on the basis of which the payee initiates the collection of the payment. The payer will also retain the right to return a payment if the collection of the payment is unauthorised. However, there will also be numerous changes compared with the current situation in Germany. For one, the respective data for the mandate will have to be passed on to the payer's credit institution. Another is that all SEPA direct debits will have to contain a settlement date. As a rule, the payer's bank must already receive the direct debit two days prior to that date; for first-time collection and one-off direct debits, the length of time will be extended to five days. This lead-time is intended to enable the payer's bank to offer additional services to its customers, such as checking the mandate. Because of the strict deadlines, the SDD appears less well suited to one-off collections, and because of mandatory formal requirements – each mandate must bear the payer's signature – its use will likely call for the existence of a longer-term customer relationship, even in the case of internet-based payments. Moreover, consideration could be given to complementing the SDD with a variant similar to the German debit authorisation procedure (*Abbuchungsauftragsverfahren*), which ultimately rules out the option of the payer to return a payment. This could be a viable way to comply with specific requirements for payments in intercompany transactions.

*SEPA cards*

In September 2005, the EPC adopted a SEPA Cards Framework aimed at enabling any credit or debit card to be used throughout Europe. Once it has been fully implemented, purely national systems are to be a thing of the past. The only way to achieve this goal is through a far-reaching technical standardisation of technology, which would, for instance, enable merchants to accept any such SEPA cards at a single terminal. This would require the comprehensive standardisation of existing interfaces. The SEPA Cards Framework is short on specifics about the process and elements of this standardisation. A continuation of work on the part of the banking industry in these areas will be necessary in the coming months.

There are several different ways to implement the goal of the SEPA-wide use of cards strategically. The following are examples of options for an existing national debit card system such as Germany's ec card.

- Direct contracts with banks/card networks in other European countries.

- Bilateral links to card systems in other European countries.

- Co-branding with internationally operating systems (especially MasterCard and Visa).

The choice of a strategy or strategy mix should be left to each individual provider. In the short term, especially bilateral links between efficient national debit card systems that are already operating successfully could open the way to cost advantages. However, this requires that the operators of international card systems do not reject cooperation with these providers to hinder the formation of such alliances, as this would seriously impede competition in the European card market.

*Technical standards and infrastructures*

As regards technology, the European banking industry is currently developing a data format for the transportation of payment messages on the basis of modern internet technology. Each country currently uses its own data formats; for instance, in Germany the DTA (*Datenträgeraustausch*, data media exchange) standard has been used for interbank payments and client-bank business since 1976. The new SEPA data format – like Germany's DTA today – is intended to be used for all payment instruments and also for return payments. Uniform technological standards form the basis for the interoperability of payment infrastructures in the individual EU countries. Whereas national payments today are exclusively processed through national clearing procedures, the EBA's STEP2 system has been available for cross-border EU transfers since 2003. Every business day, around 200,000 payments are settled by this system, and the number is still growing strongly. This means that STEP2 may reach a share of around 20% of cross-border EU payments. The remainder will continue to be settled either intra-group (in the case of multinational banks) or via international giro networks (for example, via TIPANet in the European cooperative sector or Eurogiro in the former post sector) and via bilateral correspondent relationships.

## Role of the Eurosystem

*ESCB activities aimed at security and efficiency*

The ESCB's activities in the field of payments are directed at the objectives of efficiency and security. For this reason, the SEPA project is of paramount importance, particularly to the central banks of the euro area (also known as the Eurosystem). As early as September 1999, the Eurosystem had pointed out that full use of the advantages of monetary union could be made only if it is possible to make payments between EU member states just as quickly, reliably and cost-effectively as within the individual member states. Since that time, the Eurosystem has been actively supporting the European banking industry's activities as a "catalyst". In that vein, progress on the road to SEPA has been constantly evaluated in published SEPA reports, with the fourth SEPA Progress Report scheduled for publication in the first quarter of 2006. In addition, the European Central Bank (ECB) is directly represented in the EPC and the EPC's working groups as an observer; in addition, the national central banks maintain relevant contacts with their banking industry representatives. Moreover, the Eurosystem, in order to promote dialogue with end users, has commenced talks with industry associations and consumer organisations at national and European level.

*Bundesbank as link between German banking industry and Eurosystem*

The Bundesbank's main role is as a link between the German banking industry and the political decision-making process in the Eurosystem. The Bundesbank's myriad activities – such as its involvement in the EPC mirror working groups established at the national level – additionally serve to continue the long tradition of cooperation with the German banking industry in the CCC. This cooperation has already contributed to a continuous evolution of the German payment structure and thus was a major factor for its high level of efficiency. One major future challenge will lie in developing a national SEPA migration strategy which will create transparency concerning planned developments for all parties involved – banks, business companies and consumers – as well as helping the German banking industry to maintain its competitiveness in European payments.

*Bundesbank's operational involvement in retail payments*

Furthermore, the Bundesbank actively participates in the execution of retail payments. The Bundesbank-operated RPS is an interbank clearing system which has been linked to the STEP2 system for processing cross-border EU payments in euro since 2003. The aim behind the Bundesbank's operational role is solely motivated by public interests. For example, it gives the traditionally strongly decentralised German banking industry access to euro clearing services which is neutral in its effect on competition. A specific advantage here is that all German banks can thereby be directly accessed via RPS since they hold accounts at the Bundesbank. The Bundesbank sees its function as complementing the private activities of the banking industry; this is borne out by the relatively low market shares in domestic interbank clearing (less than 15% of domestic payments) and less than 5% of STEP2 payments, with the number of transactions remaining largely stable. Although in the longer term SEPA activities are also likely to affect central banks' role in payments through consolidation, from today's perspective it still appears necessary for the Bundesbank to maintain its range of services in order to ensure a complementary and open access to European retail payments, particularly for small and medium-sized credit institutions. Any further developments should solely be considered a result of adjusting to the new SEPA procedures and standards and in no way represent a change in the Bundesbank's strictly subsidiarity-oriented business policy.

## Issues of concern regarding future SEPA developments

*Following a fixed schedule*

Given the large number of parties involved, the differences in the individual EU countries' payment structures and the latent tension between cooperation and competition, it is quite understandable that the complicated debating process at the European level requires a lot of time. What is also clear, though, is that, for SEPA to be a success, it is absolutely necessary to run this project consistently along a path of fixed schedules and milestones. This means, for example, that for the new SEPA procedures to be introduced on schedule in 2008, the relevant frameworks – especially the SDD – have to be completed in the coming months. Beyond this, the European Commission's new legal framework has to provide clarity about the possibilities of legally embedding the envisaged SEPA procedures as quickly as possible.

*Concentration on core activities*

The SEPA project will be implemented on schedule only if all parties involved focus on the work at hand and refrain from making the process even more complicated. Further requests such as the processing of electronic invoices at the client-bank interface are best put on hold for a SEPA extension stage and therefore until after the year 2010. There has also been criticism that changing over to IBAN and BIC makes matters considerably more difficult for retail customers, who today only have to give the much shorter bank account numbers and sort codes. Options requiring customers to only give an IBAN are therefore under discussion. Although such an improvement seems fundamentally desirable, the conceptual and technical adjustments necessary for this could further delay the work on the SEPA. Incidentally, it should be noted that IBAN and BIC are already required for cross-border payment transactions.

*Performance of the SEPA schemes compared with national instruments*

Some countries have complained that the performance quality of SEPA instruments lags behind that of the national systems currently in use. This could be the case, for instance, in smaller countries which, on account of their provider structure and relatively small payment volumes relative to the European average, have established centralised processing mechanisms. In the foreseeable future, however, centralised solutions are unlikely to be a model for European integration as they would require a structural revolution in European payments and would not permit the further evolution of the efficient processes currently in use. Moreover, the example of the German direct debit procedure shows that it is precisely simple procedures which are well received. It therefore makes sense to focus initially on the standardisation of basic services which, in terms of comfort, cost-effectiveness and security, promise wide acceptance. Each credit institution – or, as appropriate, a whole country's banks – should be free to offer further services that give customers additional benefits. These value-added services, however, must not be allowed to lead to renewed national protectionism. If such additional services should evolve into European standards over time by virtue of a convincing cost-benefit ratio to the customer, they could be incorporated into the range of standard SEPA services.

*Avoiding excessive information on purpose of payment*

These considerations also apply *inter alia* to the format of remittance information, which should enable all companies, as bank customers, to reconcile payments in an automated and therefore cost-effective manner. This is already the case in many countries. However, only the users can judge whether it makes sense to provide comprehensive remittance information – above and beyond the use of simple reference numbers – since they have to bear the resultant added costs. Europe-wide coordination among companies, as users, will also be necessary for any predefined structure of the remittance data.

*No co-existence of national and SEPA procedures in the long term*

All parties involved have to be clear about the ultimate goals of SEPA. A key element of these goals is that SEPA processes are not primarily targeted at cross-border payments but, instead, are to form the basis for a single European market for payment services. Since the co-existence of national and SEPA processes will be rather cost-intensive and probably fraught with compatibility problems, the replacement of national instruments and standards will probably be inevitable in the long term. At all events, the political acceptability of the banking industry's SEPA activities would be in serious jeopardy if their sole purpose were to standardise cross-border payments – at costs that would remain much higher than for national payments.

*Replacement of national procedures by 2010 not possible*

National procedures, however, cannot be replaced by 2010. Instead, flexible migration periods, which will depend on the starting situations in each country and the various customer groups, are necessary here. Whereas internationally oriented customers will probably switch relatively quickly to the new standards, users with a largely national orientation will probably take some persuasion to change over. It may be necessary to provide conversion services for these users over a relatively lengthy period. However, clear, longer-term targets will remain the decisive factor, as this is the only way to offer users the necessary certainty for planning and investment purposes. The banking industry favours a market-driven migration process which would leave it up to the customers to decide whether to use the new procedures or maintain the old procedures. Against the background of the level of efficiency already reached in Germany, however, continued efforts on the part of the banking industry will be necessary to provide, through adequate product and price policies, incentives for customers to convert to the new SEPA schemes.

*Customers need certainty for planning and investment purposes*

*Binding nature of SEPA standards*

The new SEPA schemes must be used by all credit institutions in Europe, at least as recipients, with legally binding effect (for general validity purposes). Whereas this binding nature in Germany is achieved in cashless payments through interbank agreements concluded by the banking associations in the CCC for their member institutions, only a contractual involvement of individual institutions is envisaged for Europe. This poses the risk that, at the outset, only a very few institutions will be accessible through the new SEPA schemes, thereby achieving only a low level of acceptance for these schemes. In addition, comprehensive directories would be necessary in order to identify the participating credit institutions. Although a market-driven SEPA evolution would be the generally preferred alternative, since processes and standards cannot be designed by lawmakers with sufficient flexibility, in the case of insufficient acceptance regulations could be necessary in order to enforce the general validity of standards developed in the EPC.

## Potential implications of SEPA developments

*Evolutionary development of SEPA*

Once the currency borders have been eliminated, the SEPA will represent the complete implementation of the single market concept in payments. Because of the existence of historically evolved and efficient national structures, this can only take place gradually over time. Furthermore, it must be remembered that, owing to cultural differences, the complete convergence of cashless payment habits can be expected only over the extremely long term.

*Advantages to users…*

From the users' perspective, there will be distinct short-term advantages notably for multinationals, since they will be able to consolidate their payments processing at a single bank in the euro area. The SEPA will thus lead to a distinct improvement, especially for bank customers with a large share of cross-border transactions. In the medium term, however, because of the expected increase in competition, all consumers should benefit from the SEPA. One of the key factors here will be a more flexible range of services that can generate additional customer benefits through, for instance, increased comfort, improved control over finances or greater security; another will be the greater choice of service providers.

*…and impact on structure of payment service providers*

These effects will also be reflected in the banking industry; at present, around 8,800 banks in the EU provide payment services. The SEPA will require large initial investment in order to adapt systems to the new SEPA schemes and standards; only part of this is likely to be offset by the continuing need to modernise the heavily IT-dependent payment systems. Europe-oriented institutions, in particular, are likely to extract cost advantages from the consolidation of internal processing platforms, to more effectively tap the existing market potential in European countries through bundling strategies and to be able to provide a tailored product range to internationally active customers. In some cases, even non-bank providers will enter this competitive market. The SEPA will therefore pose a challenge mainly to banks that are currently focused on a national level. From a price perspective, the increasing competition as well as political pressure – an extension of the pricing regulation to include direct debits is under discussion – may be expected to limit the scope for price increases. However, one cannot rule out the possibility that cost aspects will have an even greater influence on the pricing of payment services in future and that cross-subsidisation through banks' other business lines will be reduced. However, it would not be desirable, though, if the SEPA led only to price convergence at a European average level – which would put users in the most efficient countries at a disadvantage. Against this background, the banking industry must attempt to maintain its competitiveness by optimising process chains, undertaking additional consolidation efforts and shaping the migration process in an economically sensible manner as well as offering an attractive product range.

*Interoperability of infrastructures necessary*

In the area of infrastructures, it will be important to ensure that the different clearing mechanisms are interoperable by 2010 so that payments are assured of being processed straight through in Europe. Further developments should be left to the market. In Germany, too, with the bilateral exchange between major clearing institutions in the banking industry, the exchange of payments in giro networks and the use of the Bundesbank's RPS, a number of different clearing mechanisms already co-exist. Once it has been assured that, as in Germany, clearing systems in Europe are also interoperable – for example, able to process the new SEPA standards – there will be no further need for additional regulation of the infrastructures. Instead, the variety of services on offer will ensure a maximum of competition. It is ultimately up to market participants – in line with the competition policy framework – to decide for themselves on the optimum structure of service providers.

## Index of abbreviations

| | |
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| ACH | Automated clearing house |
| BIC | Bank Identifier Code |
| CCC | Central Credit Committee |
| EBA | Euro Banking Association |
| ECB | European Central Bank |
| EEA | European Economic Area |
| EPC | European Payments Council |
| ESCB | European System of Central Banks |
| EU | European Union |
| IBAN | International Bank Account Number |
| RPS | Retail Payment System |
| SDD | SEPA Direct Debit Scheme |
| SEPA | Single Euro Payments Area |