



Local practices, products and requirements in post-migration SEPA

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SEPA Migration Action Round Table

facilitated by the Euro Banking Association

About the SEPA Migration Action Round Table (SMART)

The SEPA Migration Action Round Table is a forum for banks and by banks, which is logistically supported by the Euro Banking Association. The mission of this forum is to deal with open issues and uncertainties in relation to the implementation in practice of the SEPA Regulation requirements and to the banks' day-to-day execution of SEPA Credit Transfers and Direct Debits, especially in the cross-border space. Its work is geared at bringing clarification to SEPA migration-related issues and defining industry best practices to support banks in their interbank and intrabank handling of SEPA payments, independently of the payment infrastructure they use. For more information on SMART and any further recommendations issued by the group, please visit: www.abe-eba.eu/N=SMART.aspx

The present document is based on input provided by SMART participants and by other contributors from individual banks as well as banking and payment associations in 29 European countries. The document has been produced under the chairmanship of EBA Board member Jan Paul van Pul.

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Introduction

Why create an overview of national particularities in post-migration SEPA?

The aim of the Single Euro Payments Area (SEPA) initiative is to create a fully integrated European environment for electronic credit transfers and direct debits in euro. In SEPA, consumers, businesses and the public services sector are now able to make efficient and safe non-cash euro payments across Europe from a single payment account, using a single set of payment instruments.

The successful migration by payment service providers (PSPs) and their customers in the Eurozone to SEPA Credit Transfers and SEPA Direct Debits, meeting the August migration deadline in 2014, has been a major step in making many aspects of the payment experience more uniform across Europe. However, the journey to SEPA is not yet complete and there are still some practical processing conditions that need improvement at national level to turn the SEPA vision into reality.

The present document gives an overview of the country-specific particularities that create local flavours in the customers' payment experience and may represent obstacles affecting the seamless exchange of euro retail credit transfers and direct debits from a single payment account with counterparties across Europe. Some of these local flavours arise from interpretation of national legislation, others prolong or replicate legacy arrangements that are still in the process of being phased out and some are real value-added services requested by customers.

The SEPA Migration Action Roundtable (SMART) has tried to capture the key national variances impacting euro credit transfers and direct debits in the 34 SEPA countries¹. The information was compiled through a survey and consultation exercise that took place from October 2014 to February 2015 and involved national and regional bank representatives and other contributors from all across Europe.

The SMART payments practitioners believe that, with the publication of this document, payment service providers and their customers, as well as other concerned parties, will get a clearer picture of the current operating conditions and be best placed to tackle the remaining challenges that are hindering the fluidity of the market.

¹ The 34 SEPA countries consist of the 28 EU Member States plus Iceland, Liechtenstein, Monaco, Norway, San Marino and Switzerland.

What information does the present document provide?

In terms of practical deliverables, the SMART overview document covers local payment practices, products and requirements in the different SEPA countries that, at present, continue to be in place in the post-migration environment, “post-migration” meaning after the deadline of the SEPA migration transition period for the Eurozone on 1st August 2014.

For each SEPA country, there is a dedicated list where the relevant national particularities are classified according to the following categories:

1

Conversion services and waivers

These national differences are based on the derogations permitted in accordance with the SEPA Migration End-Date Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14th March 2012 (the “SEPA Regulation”).

In simple words, a derogation is an exception allowed by a Regulation or a Directive that a country may opt for. As an example, a national regulator may decide to apply longer deadlines for the implementation of certain legal requirements. The deadline for phasing out these exceptions in the Eurozone is 1st February 2016.¹

¹ More details on the requirements around conversion services and the related deadlines can be found on p. 8.

An overview of the existing conversion services and waivers – as mostly defined in Article 16 of the SEPA Regulation – is included in the national fact sheets collected by the European Central Bank, which also specify the options selected by each country:
<http://www.ecb.europa.eu/paym/retpaym/paymint/sepa/html/index.en.html>

2

Local SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) clearing practices

This category covers particularities that are related to the interbank clearing of payments via any SEPA Clearing and Settlement Mechanism (CSM), e.g. deviating cut-off times for sending or accepting payments or local preferences for certain cycles or processing modes. Where publicly available and provided to the SMART, information on clearing cycles and sending cut-offs of the different CSMs and/or related hyperlinks are provided in the respective country-specific sections. The respective information for EBA CLEARING’s pan-European automated clearing house STEP2 is provided in Annex 4.

3

Additional Optional Services (AOS) and Value-Added Services (VAS)

AOS and VAS may be offered on a closed-user-group basis in addition to the standardised SEPA services. They are complementary services agreed between PSPs and their customers (VAS) or agreed by a banking community (AOS). AOS and VAS are based on the respective SEPA Schemes and geared at meeting further specific customer expectations. Examples are the SDD COR1 scheme option, solutions for SDD e-mandates or the processing of non-Latin characters by a closed user group of PSPs.²

² More information on AOS and lists of the AOS advised to the European Payments Council can also be found here:

for credit transfers:
<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-credit-transfer/sct-additional-optional-services-aos/>

for direct debits:
<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-direct-debit/sdd-core-additional-optional-services-aos/>

4

Additional local payment instruments

These are instruments or products that exist next to the SEPA Schemes. They include niche products and non-SEPA products. It should be noted that the scope of the present document includes electronic payment products only, which is why it generally does not refer to any paper-based products, such as cheques, under non-SEPA products.

Niche products and direct debits initiated through a payment card at the point of sale

These are subject to exceptional provisions: as a matter of fact, the SEPA Regulation has allowed EU/EEA Member States to extend until 1st February 2016 the use of their niche products (Art. 16(3)) as well as of any product where direct debits are initiated through the use of a payment card at the point of sale (Art. 16(4)). Niche products are legacy credit transfer or direct debit products with a cumulative market share of less than 10 percent of the total national credit transfer or direct debit traffic respectively. The waivers related to these products had to be notified by 1st February 2013. ³

Non-SEPA products

These are euro credit transfers or direct debits that are out of scope, for instance because they are not covered by the SEPA Schemes or the SEPA Regulation. Examples would be credit transfers processed and settled through large-value payment systems (LVPS).

The following should be noted in this context: while a number of countries use the standard large-value payment systems TARGET2 and EURO1 for any urgent payments, which they separately channel through these systems, there is quite a wide range of scheme and/or processing approaches across SEPA for urgent payments. The present document has tried to cover this topic under the non-SEPA products category based on the input provided by PSPs.

5

Local requirements involving the need of using a local payment account or bank

Some countries have specific requirements in place relating to tax payments or other payments to government institutions as well as salary payments. These often include the use of a local payment account or bank.

6

Other factors impacting cross-border or domestic transactions involving banks or customers in that country

These factors may relate to other community practices or specific legal requirements, for instance in the data protection domain, that may negatively affect the smooth end-to-end processing of SEPA transactions and R-transactions.

³ They can also be found in the national fact sheets collected by the European Central Bank:
<https://www.ecb.europa.eu/paym/retpaym/paymint/sepa/html/index.en.html>

A few upfront considerations before we move into the country-specific part



- SEPA-compliant since 01/08/14
- Recently joined Eurozone country: obligation to become SEPA-compliant 1 year after euro adoption date
- Non-euro EU/EEA country: obligation to become SEPA-compliant by 31/10/16
- Non-EU/EEA SEPA country: no obligation to become SEPA-compliant

There are a few general points that readers of this document should take into account before turning to the country-specific overview lists. Some are directly related to local practices but may apply to a larger number of countries, others have been included as background information that should help readers to understand better certain differences.

Not all SEPA countries are subject to the same migration timelines and (other) legal obligations

There are different speeds and/or levels of compliance with the SEPA Regulation required for

- Eurozone countries: PSPs in these countries mostly completed their SEPA migration in 2014 but there are still exceptions in place in some countries with regard to certain payment instruments or services, based on waivers applying in these countries until 1st February 2016;
- Countries joining the Eurozone between 31st March 2012 and 31st October 2015: PSPs in these countries have to migrate their euro retail payments to the SEPA Schemes and meet the reachability requirement within one year following their joining date;
- Non-euro EEA¹ countries: PSPs in these countries have until 31st October 2016 to migrate their euro retail payments to the SEPA Schemes and meet the reachability requirement.
- SEPA countries that are not part of the European Union and/or the EEA: PSPs in these countries have to comply with the SEPA Scheme Rules if they have adhered to these schemes, but they do not have to comply with EU/EEA legislation, including SEPA-related legislation.

¹ The European Economic Area (EEA) comprises the 28 countries of the European Union plus Iceland, Liechtenstein and Norway. The SEPA Regulation entered into force for the EU on 31st March 2012 and was incorporated into Annex XII of the EEA Agreement on 3rd May 2013.

Timelines and obligations applying with regard to reachability

Based on the SEPA Regulation (Art. 3), PSPs must be reachable for transactions that are sent to them under the European Payments Council's SEPA Credit Transfer and SEPA Direct Debit Core Schemes, since these are presently the only EU-wide payment schemes.

The deadline for establishing reachability was 31st March 2012 for all PSPs in the Eurozone. Any PSP in a non-euro country only has to comply with the reachability requirements by 31st October 2016 and in countries joining the euro before 31st October 2015, PSPs have one year to establish reachability.

However, Art. 3 makes it clear that the reachability requirement only applies to those PSPs that are reachable for national credit transfer or direct debit schemes in euro. This means that if a PSP has not participated in any euro credit transfer or direct debit schemes at national level at all, it does not have to become reachable under any such Union-wide schemes either.

If PSPs decide to adhere to the EPC Scheme Rulebooks, however, they need to comply with the respective Scheme Rulebook(s) from the moment they adhere to the Scheme(s). According to the requirements in the SCT and SDD Core Scheme Rulebooks, PSPs have to fulfil the following obligations with regard to receiving and sending SEPA transactions:

- Offer SEPA Credit Transfer services to their customers both on the sending and receiving side, i.e. as an 'originator bank' and 'beneficiary bank' (SCT Scheme Rulebook, version 7.1, section 2.6);
- Offer SEPA Direct Debit Core services to their customers on the receiving side, i.e. as a 'debtor bank' (SDD Core Scheme Rulebook, version 7.1, section 2.6).

Furthermore, it should be noted that there is no reachability obligation with regard to business-to-business (B2B) direct debits in euro, meaning that PSPs offering other direct debit services in euro do not have to offer B2B direct debits.

Two points to be raised on rules affecting payment charging practices

Charging considerations are not part of the scope of this document and thus not covered in the country-specific overview. However, there are two general points on rules affecting charging practices that should be brought to the reader's attention for clarification:

Different charging practices may be in place for bank-to-customer charges for SEPA payments involving one non-EEA leg:

There have been instances where EEA-based PSPs have applied different fees to transactions coming from or going to payment accounts located in any non-EEA SEPA countries (i.e. Monaco, San Marino or Switzerland). This charging approach is based on the fact that Regulation EC 924/2009 on cross-border payments in euro, which stipulates that equal charges have to be applied to domestic and cross-border euro credit transfers and direct debits, only applies to transactions where both payment accounts are located within the EEA.

The SEPA Regulation has set rules for interbank charges applied to SEPA Direct Debit R-transactions:²

R-transaction interchange fee arrangements are allowed by the SEPA Regulation because the regulators considered that they could help to efficiently allocate the cost of the R-transaction to the party that has caused the R-transaction (Recital (20) and Art. 8(2)).

In line with Art. 8(3), such interchange fees for R-transactions may be agreed multilaterally or bilaterally or fixed unilaterally.

It should be noted that the charging of R-transactions is subject to a set of conditions detailed in Art. 8(2) of the SEPA Regulation. SMART has also issued a few basic guiding principles for any R-transaction charging practices, which can be found in the general guide issued by SMART on the handling of R-transactions available for download at:

<https://www.abe-eba.eu/N=SMART-documents.aspx>

² R-transactions are exceptional messages that have to be sent because one of the parties involved does not or cannot process an SDD collection in the normal way. These exceptional messages are called R-transactions because their names all start with an R: rejects, refusals, returns, refunds, reversals, revocations and requests for cancellation.

Reason code usage rules for SEPA Direct Debit R-transactions are different in a number of SEPA countries

In a number of European countries, some reason codes – which are codes that are meant to explain why an SDD collection has led to an R-transaction – are not used because of legal restrictions or local business practices. ⁴

There are two kinds of conversion services (BBAN-IBAN conversion and technical format conversion) and different rules and waivers applying to them

The SEPA Regulation has defined different waivers to help communities ease the transition to SEPA. One of these exceptions relates to the provision of account numbers in the IBAN format while another one relates to the required format in which bulk files should be submitted for SEPA processing. Since both of these waivers involve conversion services offered by PSPs to their customers, they are often mixed up, which is why they are described here in more detail:

Waiver on provision of IBAN by customers

Since 1st February 2014, customers have had to use the IBAN instead of the BBAN of the beneficiary when initiating a euro retail payment (Art. 5(1)(c)). However, Member States were given the possibility to allow their PSPs to offer free-of-charge BBAN-IBAN conversion services to consumers for national transactions until 1st February 2016. (Art. 16(1)), which some of them have opted for.

Waiver on the ISO 20022 XML format

Since 1st February 2014, PSPs in the Eurozone have had to ensure that customers that are not consumers or micro-enterprises and that send or receive payments bundled together into files for transmission, must use message formats based on the ISO 20022 XML standard (Art. 5(1)(d)). However, Member States were given the possibility to waive this requirement until 1st February 2016 (Art. 16(5)), which some of them have done. ⁵

Regarding file conversion services, it should furthermore be noted that the European Central Bank has defined in its Second SEPA Migration Report under which circumstances PSPs may provide conversion services to customers in order to support them in the creation of ISO 20022 XML files for payment initiation:

“The only instance where conversion services are not perceived to conflict with legal requirements is when those services are clearly separate from payments activities. [...] An indication of separation: [the conversion] should

- a) be operationally independent from the payment service offered by the PSP;
- b) be carried out before the point in time of receipt by the PSP of a payment order
- c) be information that should preferably pass the PSU before being initiated as a payment; and
- d) be separately priced.” ⁶

⁴ In addition to the brief information provided on this topic in the country-specific lists, more in-depth information and guidance on the usage of R-transaction reason codes can be found in the SMART R-transaction guide available online at: <https://www.abe-eba.eu/N=SMART-documents.aspx> (for further details, see Annex 2).

⁵ The waivers selected by each country can be found in the country-specific sections of the present document or here: <http://www.ecb.europa.eu/paym/retpaym/paymint/sepa/html/index.en.html>

⁶ The Second SEPA Migration Report with these references on p. 9 can be found here: <http://www.ecb.europa.eu/pub/pdf/other/secondsepamigrationreport201310en.pdf>

Local practices, products and requirements in post-migration SEPA:

overview by country

 Austria 11	 Hungary 28	 Poland 43
 Belgium 12	 Iceland 29	 Portugal 44
 Bulgaria 13	 Ireland 30	 Romania 46
 Croatia 14	 Italy 32	 San Marino 47
 Cyprus 15	 Latvia 34	 Slovakia 48
 Czech Republic 16	 Liechtenstein 35	 Slovenia 50
 Denmark 17	 Lithuania 36	 Spain 51
 Estonia 18	 Luxembourg 37	 Sweden 53
 Finland 20	 Malta 38	 Switzerland 54
 France 22	 Monaco 39	 United Kingdom 55
 Germany 24	 Netherlands 40	
 Greece 26	 Norway 42	

AUSTRIA

Eurozone country



1

Conversion services and waivers (until 01/02/16)

Not applicable (except for items under 4.1)

2

Local clearing practices

The local clearer CS.A offers different cut-off times from EBA CLEARING's STEP2 system.

3

Additional Optional Services or Value-Added Services

The SDD COR1 scheme is offered via EBA CLEARING and local Austrian clearing CS.A. It enables creditors to submit SDD collections for processing on D-1 (instead of D-5/D-2). SDD COR1 is the standard scheme for domestic SDDs in Austria and will replace the current SDD Core Scheme in all SEPA countries from November 2016 on.

An e-mandate solution in line with the EPC rules is in place in Austria. The e-mandate solution is called EPS (Electronic Payment Standard).

4

Additional local payment instruments

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

“Elektronisches Lastschriftverfahren”: domestic direct debit card payment scheme, where the direct debit is initiated via debit card at the point of sale and involves the signing of a paper mandate

ATIB: a credit transfer initiated via paper instruction where the scanned image of the paper payment instruction is forwarded along with the SCT

4.2

Non-SEPA products

There is no dedicated urgent payment scheme in Austria. Urgent cross-border or domestic payments are processed via TARGET2 or EURO1/STEP1.

5

Local requirements involving the need of using a local payment account or bank

5.1

Public sector payments

SEPA tax payments need to carry the code “TAXS”. The end-to-end reference needs to carry the tax office number and the tax identifier number.

More information can be found in the document *Finanzamtzahlung in MBS/XML* published by STUZZA. The document is only available in German and can be downloaded at: www.stuzza.at/11557_DE.htm?docid=12361&root=548

5.2

Salary payments

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Reason code AM04 is not used for R-transactions; MS03 is used instead.

BELGIUM

Eurozone country



1 Conversion services and waivers (until 01/02/16)

The Board of Febelfin (the Belgian Financial Sector Federation) decided to apply multilateral interchange fees for national direct debits until the end-date imposed by the SEPA Regulation, i.e. 01/02/2017.

2 Local clearing practices

The local CEC/UCV clearing house operated by STET processes SEPA transactions (SCT) using five cycles between 7:00 and 16:00 CET. The migration of SDDs from STEP2 to STET started in November 2014 and is scheduled to be finished by the end of Q1 2015.

3 Additional Optional Services or Value-Added Services

Structured remittance information “OGM-VCS”: continued usage of national standard for structured remittance information (including check digit etc.) to allow automated reconciliation. More information can be found at:
<http://www.febelfin.be/sites/default/files/Payments/AOS-OGMVCS.pdf>

Discussions regarding the introduction of an e-mandate solution have been stopped.

4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Not applicable

4.2 Non-SEPA products

There is no dedicated urgent payment scheme in Belgium. Same-day cross-border or domestic payments are processed via the local CSM, TARGET2 or EURO1/STEP1.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

For tax and social security payments, corporates use structured remittance information compatible with SEPA format requirements. The syntax is nnnnnnnnnnCC.

5.2 Salary payments

It is market practice to process salary payments same day under consideration of cut-off times.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

SDD mandates (electronic, SDD Core and SDD B2B) must contain the field “In respect of the contract” where the underlying contract or invoice reference needs to be stated.

Reason code AM04 is not used for R-transactions due to legal restrictions; MS03 is used instead.

BULGARIA

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



Bulgaria committed to switching its local currency BGN to the euro when joining the European Union in 2007. However, no date has been fixed yet.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

SEPA payments can be processed locally through the local Automated Clearing House (ACH) BISERA7-EUR.

The cut-off times of local clearing for SEPA payments are earlier than those of EBA CLEARING's STEP2 system.

3 Additional Optional Services or Value-Added Services

UTF-8 character set is fully supported (local characters).

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

The local currency is used for public sector payments.

Tax authorities allow withholding tax refunds only to foreign bank accounts held with banks that are included in the list of approved banks maintained by the Bulgarian National Bank.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

CROATIA

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

The Croatian SEPA project is underway, there is a general migration plan for all banks, which includes also local migration to SEPA-like formats and rules for HRK payments. Due to the complexity and short timeline, almost all banks have decided to simultaneously migrate both their HRK and euro payments to SEPA standards. This is planned to go live for SCT in April 2016 (six months before the migration end-date).

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

HRK is the only valid currency for local payments including taxes, salaries, contributions etc. No SCT or SDD instruments can be used for such transactions.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

At present, a number of Croatian banks adhere to the SCT Scheme, using a conversion approach (SWIFT<=>XML) with their parent banks, but none adhere to the SDD Scheme.

There is no direct debit scheme in Croatia. Direct Debits are processed within banks only in cases where both creditor and debtor have an account with the same bank. Migration to a direct debit scheme in the local currency is planned for October 2016, and banks will decide individually whether or not they will offer SDD for euro payments.

CYPRUS

Eurozone country



1 Conversion services and waivers (until 01/02/16)

Payment service users have to provide the BIC for initiating national credit transfers and direct debits.

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

See 4.1

2 Local clearing practices

The local clearer JCC offers SDD Core clearing services for transactions exchanged between payment accounts held with local banks

Domestic clearing cut-offs can be found at:
<http://www.jcc.com.cy/Portals/0/Documents/sepa/TimelineAndCut-offs.doc>

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Bilateral exchange of important payments in files in non-SEPA format is allowed as a niche product for business continuity purposes (government credit transfers).

4.2 Non-SEPA products

Not applicable

5 Local requirements involving the need of using a local payment account or bank

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Cypriot banks request customers to provide written confirmation of opening their account for incoming SDDs before executing (debiting) SDDs.

Capital exports are currently restricted, including cashless payments to accounts held abroad. Due to the current restrictive measures enforced by the Ministry of Finance, SCTs and SDDs where the party receiving the funds is located outside Cyprus will only be allowed for amounts up to EUR 20k per month per person regardless of the purpose, or greater amounts upon presentation of necessary justifying documents. More information can be found at:
[http://www.mof.gov.cy/mof/mof.nsf/All/2EF0CFDF5B4D1BB6C2257DC8004A83DB/\\$file/33%20DECREE%20CLEAR-09012015.pdf](http://www.mof.gov.cy/mof/mof.nsf/All/2EF0CFDF5B4D1BB6C2257DC8004A83DB/$file/33%20DECREE%20CLEAR-09012015.pdf)

Reason code RR04 is not used for R-transactions; MS03 is used instead.

CZECH REPUBLIC

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



The Czech Republic committed to switching its local currency CZK to the euro when joining the European Union in 2004. However, no date has been fixed yet.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

Local euro clearing is not offered in the Czech Republic.

For their SEPA payments, the local banks are connected to EBA CLEARING's STEP2 system as a reachable BIC either through their parent banks or through their correspondent banks (including the offering of conversion from MT 103 to XML formats).

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

The local currency CZK is used for all payments to and from public sector entities.

5.2 Salary payments

The local currency CZK is used for salary payments.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

DENMARK

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



<p>1 Conversion services and waivers (until 01/02/16) Not applicable</p>	<p>5 Local requirements involving the need of using a local payment account or bank</p>
<p>2 Local clearing practices There is no local euro clearing.</p>	<p>5.1 Public sector payments Payments to and from public administrations are done in the local currency DKK.</p>
<p>3 Additional Optional Services or Value-Added Services Not applicable</p>	<p>5.2 Salary payments Salaries can in principle be paid via SCT.</p>
<p>4 Additional local payment instruments There are no local euro payment instruments.</p>	<p>6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country Not applicable</p>



1 Conversion services and waivers (until 01/02/16)

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

2 Local clearing practices

No local CSM in place since the SEPA migration end-date.

3 Additional Optional Services or Value-Added Services

Most Estonian banks offer their customers the option to receive e-invoices to the customer's online banking site. Customers can choose either to pay invoices one by one or instruct their bank to automatically pay every received invoice. Payment transactions are based on standard SCTs and these payments can also be made to accounts in other SEPA countries.

A standard creditor reference is used for automated payment reconciliation by companies and transferred in the remittance information field of the SCT (a national format is used but some banks support the ISO Creditor Reference standard as well). The originator bank and the beneficiary bank validate the information and may reject the payment in case of an invalid creditor reference number.

Description of the Estonian creditor reference standard:

<http://pangaliit.ee/en/settlements-and-standards/reference-number-of-the-invoice>

4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Not applicable

4.2 Non-SEPA products

There is no dedicated urgent payment scheme in Estonia. Urgent payments are processed via TARGET2 and EURO1/STEP1.



5

Local requirements involving the need of using a local payment account or bank

5.1

Public sector payments

The payer's registry code/personal identification code is used by a number of government institutions, for example by State Treasury and schools, for the automatic processing of amounts received. Beside the reference number, State Treasury also expects an explanation in the unstructured remittance information field.

The SCT Scheme does not allow the usage of structured and unstructured remittance information at the same time (either one or the other can be provided). Based on an agreement between Estonian banks, both structured and unstructured remittance information is forwarded within payment instructions exchanged between Estonian banks using the EACT standard:

<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-credit-transfer/eact-standard-for-unstructured-remittance-information/>

5.2

Salary payments

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

At this stage, few PSPs in Estonia are reachable for SDD, meaning they only receive collections but do not offer creditor bank services. Legacy direct debits have been replaced with e-invoicing and the SCT service. SDD will be introduced as a separate service.



1

Conversion services and waivers (until 01/02/16)

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

2

Local clearing practices

Banks operating in Finland have joined EBA CLEARING's STEP2 system.

Domestic transactions are mostly channelled through the night-time settlement cycle settling shortly before 2:00 CET, which STEP2 offers on an optional basis and which allows beneficiary banks to credit customer accounts at the start of the business day.

3

Additional Optional Services or Value-Added Services

A standard creditor reference (in ISO standard format or in national format) is used for automated payment reconciliation by companies and transferred in the remittance information field of the SCT. The originator bank and the beneficiary bank validate the information and may reject the payment in case of invalid creditor reference number. Valid creditor references are forwarded to a creditor reference matching service for automatic reconciliation. Payments without valid creditor references are handled manually by the creditor.

More information can be found on the website of the Federation of Finnish Financial Services:
http://www.fkl.fi/en/themes/sepa/sepa_documents/Pages/default.aspx

Acceptance date field: it is business practice in Finland that a payment is considered paid when the originator has initiated the payment. In SCTs, this date is provided in the field "Acceptance Date".

More information can be found on the website of the Federation of Finnish Financial Services:
http://www.fkl.fi/en/themes/sepa/sepa_documents/Pages/default.aspx

Extended remittance information field: this AOS facilitates the transmission of payment specification data to the beneficiary via "Structured Remittance Information". The maximal length of the data is nine times 280 characters, while the standard length in SCTs is only 140 characters.

E-invoicing: banks in Finland offer their customers the option to receive e-invoices to the customer's online banking site. The debtor selects the creditor he/she wants to receive e-invoices from in his/her online banking account. The debtor can select between automatic payment by his/her bank for all payments and verifying each payment individually. Payment transactions are based on standard SEPA Credit Transfers.



4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Not applicable

4.2 Non-SEPA products

Urgent payments are currently processed via a national proprietary system called POPS within a local network, PAVE. Settlement is done via TARGET2.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Not applicable

5.2 Salary payments

Salary payments are processed via the STEP2 morning and/or night-time payment cycles. The night-time cycles are optional and participation is on a closed user group basis.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

SDDs require an agreement between debtors and debtor banks.



The French community has multilateral interchange fee arrangements in place for national R-transactions. Charging is based on quarterly statistics provided by the CSMs and settlement is done directly between the banks (outside the SEPA Schemes).

The detailed fees for each R-transaction type can be found in the document *Décision n°13-DSE-01 du 30 juillet 2013 relative aux engagements rendus obligatoires par la décision n°12-D-17 du 5 juillet 2012 de l'Autorité de la Concurrence*, p. 13: <http://www.autoritedelaconcurrence.fr/doc/13dse01.pdf>

1 Conversion services and waivers (until 01/02/16)

See 4.1

2 Local clearing practices

The local clearing system STET (Systèmes technologiques d'échange et de traitement) offers SCT and SDD clearing with different cut-off times from EBA CLEARING's STEP2 system.

3 Additional Optional Services or Value-Added Services

Change of Account Information (CAI): this option allows banks to inform each other via a standardised modification active message (acmt.022.001.02) about changes in the bank or account details of a customer. At present, there is no interoperability between the CAI option offered by STET and the CAI option offered by EBA CLEARING; the French banks using the CAI service of STET do not use the CAI service of EBA CLEARING.

SEPAmail: This secure interbank messaging solution is being launched by five banking groups in France. It already provides bill payment services, and it is foreseen that it will offer other services such as e-invoicing, account information security and e-mandate solutions soon.



4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

TIP (interbank payment orders): this niche product will be replaced with SDD Core by 01/02/2016.

Télérèglement (electronic payment orders): this niche product will be replaced with SDD Core by 01/02/16 at the latest. For public administrations, Télérèglement will be replaced with SDD B2B (see also 5.1).

4.2 Non-SEPA products

Non-SEPA payment formats:

- Urgent cross-border non-euro or euro payments, and non-urgent cross-border payments in non-euro currency or outside SEPA (CFONB 320)
- Domestic corporate intragroup treasury payments – VSOT (CFONB 160)

A closed user group has been created for the exchange of euro retail payments between payment accounts in France and payment accounts in three non-SEPA territories (“SEPA COM Pacifique”). This CUG ensures the exchange of credit transfers and direct debits in the SEPA formats between banks in the French SEPA territories FR, GP, RE, MQ, GF, PM, BL, MF and YT and in the non-SEPA overseas territories New Caledonia, French Polynesia as well as the Wallis and Futuna Islands (NC, PF, WF)

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Corporates must use Télérèglement for tax and social security payments. Télérèglement is a payment initiated by the Trésor Public after the company has submitted the tax declaration via the online tax declaration system (Minefi.gouv). For payments to public administrations, Télérèglement will be replaced with SDD B2B.

All public sector entities use SCT for payments to accounts in other SEPA countries.

5.2 Salary payments

There is a specific interbank process regarding salary payments at reporting level to ensure that the beneficiary name is hidden when a salary payment is returned.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable



1

Conversion services and waivers (until 01/02/16)

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

2

Local clearing practices

Clearing of SCT and SDD is offered by the local clearing mechanism Bundesbank SEPA Clearer with different cut-off times from EBA CLEARING's STEP2 system. The SEPA Clearer also differs in terms of functionality and validation mechanisms.

Seven major German banks use the STEP2 batch processing mode for the exchange of large domestic payment volumes. In analogy to their former bilateral exchange approach, the institutions pre-sort their files by receiving bank, which facilitates faster and more efficient processing as it requires less validation.

Agreements for bilateral clearing between financial institutions are possible with different cut-off times in comparison to EBA CLEARING or Bundesbank.

3

Additional Optional Services or Value-Added Services

The SDD COR1 scheme is offered via the local CSM and STEP2. It enables creditors to submit SDD collections for processing on D-1 (instead of D-5/D-2). SDD COR1 is the standard scheme for domestic SDDs in Germany and will replace the current SDD Core Scheme in all SEPA countries from November 2016 on.

4

Additional local payment instruments

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

“Elektronisches Lastschriftverfahren, ELV” (DTAUS): this domestic direct debit card payment scheme, where the card holder authorises a direct debit by signing a paper mandate at the point of sale, is exempt until 01/02/16. From that date on, ELV transactions will be processed as SEPA Core Direct Debits.

4.2

Non-SEPA products

Urgent domestic payment (currently known as DTE) via TARGET2 or EURO1/STEP1. To be replaced in the C2B space with an XML message (very similar to SCT) carrying the flag “URGP” and transferred to the bank with EBICS order type CCU (“Euro-Eil-Überweisung”); DTE under discussion to be switched off in 2017.

Urgent cross-border euro payment (DTAZV with EBICS order type EUE) via TARGET2 or EURO1/STEP1; under discussion to be switched off in 2017.

XML-based clearing of payments originating from GIROCARD transactions: Deutsche Bundesbank and EBA CLEARING are currently rolling out new infrastructure services for the clearing of domestic payments arising from debit card transactions. It is planned that the German banks will migrate to this new card clearing infrastructure between April and November 2015.

Start of XML-based cheque clearing payment has been postponed from 01/02/16 to 01/11/16.



5

Local requirements involving the need of using a local payment account or bank

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Some German debtor banks do not send any reject on D if there are not enough available funds in the debtor account but generally send a return on the following day (D+1) if the debtor has not made the necessary funds available on his/her account by the end of the day on which they were due.

This is not an officially agreed community practice and not applied by all banks in Germany, but it is a rather common market practice.

The following reason codes are not used for R-transactions due to data protection restrictions: AG01, AM04, MD07, RR01, RR02, RR03, RR04. For all these reason codes, MS03 is used instead. Reason code FF01 is not used because of lack of relevance.



1

Conversion services and waivers (until 01/02/16)

Payment service users have to provide the BIC for initiating national credit transfers and direct debits.

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

See 4.1

2

Local clearing practices

The local payment clearer DIAS SA processes SCTs and SDDs and provides access to SEPA clearing via EBA CLEARING's STEP2 system and Equens. DIAS also offers the option to connect to other CSMs, subject to certain conditions (i.e. adherence to EACHA specifications and compatibility of flows and timetables).

Payments through DIAS SA are settled through TARGET2. DIAS offers different cut-off times from EBA CLEARING's STEP2 system.

The code /FOC/ (Free of Charge) has to be added in the 2.49 Debtor Identification field of a SEPA Credit Transfer sent to a PSP in Greece in order to ensure that the beneficiary does not have any charges taken from the payment. The code can be added when a payment meets the following criteria (ISO Category Code and/or Purpose Code in brackets): pension payment (PENS), salary payment (SALA), social security benefit (SSBE), supplier payment (SUPP), dividend (DIVD), insurance premium (INSU). This approach is subject to bilateral agreements between the involved PSPs

3

Additional Optional Services or Value-Added Services

The use of the Greek character between banks operating in Greece is supported by both DIAS and EBA CLEARING's STEP2.

White elements (optional elements) support for ISO 20022 XML file format: Indicative white elements utilised are 2.3.1 Customer Credit Transfer Initiation – pain.001.001.032.1 / Payment Information > 2.1 ++ Payment Information Identification, 2.23 ++ Ultimate Debtor, 2.23 +++ Name

For SDD, various AOS/VAS are offered, such as debtor mandate flow (DMF) and presentation of recurring SDDs on D-1.

4

Additional local payment instruments

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

“Non Automatic Credit”: a domestic product supported by DIAS Credit Transfer (DCT) and geared at the handling of non-STP transactions, which are mainly caused by a missing IBAN. This product is expected to be terminated by 01/02/2016.

4.2

Non-SEPA products

Credit card repayments

Loan repayments



5

Local requirements involving the need of using a local payment account or bank

5.1

Public sector payments

A small number of public sector entities still require payments from a local account. These include regional water supply companies (ΔΕΥΑ) and chambers.

It is not obligatory for taxes to be paid from the debtor's account, since they just require structured payments validated via their unique payment ID.

5.2

Salary payments

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

HUNGARY

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



No target date yet for the adoption of the euro.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

Local euro clearing is not offered in Hungary. Banks in Hungary are connected to the SEPA CSMs of EBA CLEARING, Equens, STET, etc. either directly or through their parent banks or through euro correspondent banks based on bilateral agreements.

SDD Services are not commonly offered by PSPs in Hungary since the reachability requirement only applies from 31/10/16 on.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

ICELAND

EEA country that is not part of the EU
(SEPA migration end-date: 31st October 2016)



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

There is no local euro clearing.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Public sector entities pay via SCT and can be paid via cross-border SCTs, but not via domestic SCTs.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Capital controls impose restrictions on many types of payments and may also provide practical roadblocks. While SEPA instruments are not restricted, supporting documents, such as invoices, are required in order to make cross-border transfers.

Another practical roadblock is that the Icelandic banks have not yet developed any euro direct debit payment solutions.



1 Conversion services and waivers (until 01/02/16)

Payment service users have to provide the BIC for initiating national credit transfers and direct debits.

2 Local clearing practices

The Irish banking community uses the EBA CLEARING STEP2 SEPA Services for its (domestic and cross-border) euro retail payments.

3 Additional Optional Services or Value-Added Services

SEPA Business Service: option available for business customers. Transactions are processed in line with the rules and standards of SDD Core. Debtors waive their “no questions asked right of refund” for authorised transactions.

Source: *SEPA Business Service Operating Conditions, v1.7, December 2014* by Banking and Payments Federation Ireland (BPF)

Paperless Mandates: this mandate sign-up option for SDD Core allows sign-up over the phone or on the internet for Irish debtor accounts only. This service is also available as an option under the “SEPA Business Service”. The creditor has to provide a copy of the phone recording, or internet sign-up, and the confirmation letter when a copy of the mandate is requested by the creditor bank.

Returns on D+1: Irish banks have maintained the existing timeline for returns (IRECC) and continue to return on D+1. This means that the banks use a shorter timeline than the five working days (D+5) allowed by the SEPA Direct Debit Core Rulebook. This practice is applied to domestic SDD Core transactions and documented in the *IPSO SDD Creditors Guide: SEPA Direct Debit Core Scheme 6* (page 13).



4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Not applicable

4.2 Non-SEPA products

Urgent payments: there is no dedicated urgent payment scheme in Ireland. Urgent payments are processed via TARGET2 or EURO1/STEP1.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

SEPA Credit Transfers and Direct Debits can be used for public sector payments. Public institutions and tax authorities are fully SEPA-compliant.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable



1

Conversion services and waivers (until 01/02/16)

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

2

Local clearing practices

Aside from EBA CLEARING's STEP2 system, banks in Italy use BI-COMP, the clearing and settlement system managed by Banca d'Italia for low-value payments in euro. BI-COMP offers both SCT and SDD clearing. ICBPI, ICCREA and SIA are so-called "Centro Applicativo" facilitating the technical processing. BI-COMP has different cut-off times from STEP2.

BI-COMP offers a "dispatching" service to participants in BI-COMP allowing them to forward payments to STEP2.

BI-COMP offers five settlement cycles (all timings are in CET):

- cycle 1: 02:00 (only for SCT), official settlement time: 07:15
- cycle 2: 08:40 (only for SCT), official settlement time: 10:15
- cycle 3: 10:50 (for SCT and SDD), official settlement time: 12:00
- cycle 4: 13:15 (only for SCT), official settlement time: 14:30
- cycle 5: 16:15 (only for SCT), official settlement time: 17:05

The introduction of a night-time settlement cycle is currently under consideration.

For more information, please consult:

https://www.bancaditalia.it/compiti/sispaga-mercato/bicomp/BI-COMP_User_Guide_feb_2014.pdf?language_id=1

3

Additional Optional Services or Value-Added Services

SEDA (SEPA-Compliant Electronic Database Alignment): the successor of the legacy Mandate Alignment Service was launched in 2013 based on specifications by ABI. EBA CLEARING and ICBPI offer services supporting SEDA. All Italian banks are required to support the basic SEDA service as debtor banks. The SEDA service is available to all banks in SEPA.

"SDD Financing Service" ("Smobilizzo di portafoglio"): this is a service linked to SDDs with a maturity date that lies in the future presented by the payee to its Creditor Bank.

The Creditor Bank anticipates to the Creditor, partially or completely, the amount of the SDDs for the period of time from the date the SDDs have been received by the Creditor Bank until the maturity date (due date).

The Creditor Bank sends the SDDs to the CSM at the defined cut-offs. On the maturity date, the amount of the SDDs settled closes the anticipation while R-messages are debited on the Creditor's account. This VAS can differ slightly from bank to bank as it is not based on any formally standardised specifications agreed among the community.

The "SDD Financing Service" is different from the "Invoice Financing Service" ("Anticipo Fatture"), which is not technically linked to the collection method agreed in the invoices. The "Invoice Financing Service" is a credit service offered by the majority of Italian banks, especially in the B2B space. Usually, the anticipated amounts are settled through an incoming payment related to the specific invoice(s) that has/ve been financed.

SCT routing: continuation of "Transferability" service for forwarding of SCT to new bank if the creditor has changed the account.



4

Additional local payment instruments

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

“RID Finanziario” (RID for financial transactions): this direct debit product is, for example, used for regular savings plans for investment funds.

“RID a importo fisso” (fixed-amount RID): this is a fixed-amount direct debit product.

4.2

Non-SEPA products

RIBA (Ricevuta Bancaria): electronic bank receipts

MAV/RAV: payment by advice

High-value domestic payments (BIR), settled in TARGET2 or EURO1/STEP1

Tax payments (F24)

5

Local requirements involving the need of using a local payment account or bank

5.1

Public sector payments

Certain tax payments cannot be processed via SCT in Italy, as they are performed via F24 forms. F24 forms are used for a number of payments to the tax authority being generically defined as “tax payments”. They require a dedicated file format (available only via domestic electronic banking) due to the specific details to be included in the transfer, e.g. the list of tax/contribution codes that the company is paying.

Tax payments on behalf of are allowed only under certain circumstances, e.g. fiscal unity.

For tax payments to government agencies from abroad, TARGET can be used. For more information, please consult circular letter n. 30 of 29th September 2006 issued by the Italian Fiscal Agency:

<http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/Provvedimenti+circolari+e+risoluzioni/Circolari/Archivio+circolari/2006/Settembre+2006/>

Non-official translation:

The requirements for electronic payments also apply to non-residents in Italy as identified under Article 17, paragraph 2, and Article 35-ter of Presidential Decree n. 633/72.

For reasons of simplification, these non-residents can initiate the payment by bank through the TARGET payment system. It should be pointed out that residents outside the country who do not hold current accounts at banks in Italy or at Poste Italiane S.p.A. (the Italian Post Service) may make payments by credit transfer via a foreign bank, in favor of a corresponding Italian bank.

In the credit transfer it is necessary to highlight the following elements under remittance information:

- tax code
- tax year to which the payment relates
- words “capitolo xxxx – articolo yy Bilancio Stato” (“chapter xxxx – Article yy State Budget”)

5.2

Salary payments

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable



1 Conversion services and waivers (until 01/02/16)

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

2 Local clearing practices

The Bank of Latvia provides the SEPA compliant electronic clearing system (EKS), which processes SEPA Credit Transfers. All Latvian banks are reachable at a pan-European level, either via EKS or via EBA CLEARING's STEP2 system.

The cut-off times of EKS are geared at supporting the channelling of SCTs to the SEPA Clearer of Deutsche Bundesbank and EBA CLEARING's STEP2 platform for same-day settlement. EKS's cut-off time for files sent to participants of other clearing systems (including EBA CLEARING's STEP2 system) is 12:30 EET. The cut-off time for files addressed to participants of EKS is 18:00 EET.

3 Additional Optional Services or Value-Added Services

Latvian banks and big billers have introduced e-invoicing and SCT to replace domestic direct debits.

4 Additional local payment instruments

Not applicable

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

State Treasury (BIC: TRELLV22) is the SCT provider to all public sector entities (state revenue service, state social insurance agency, ministries, municipalities, etc.) and they are all reachable within SEPA.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

The domestic direct debit service was closed by the end of 2014. As an alternative, a new payment service was launched, which is based on SEPA Credit Transfers and e-invoices.

Currently, few Latvian banks are reachable for SDD. The rest of banks in the market do not provide direct debit services, hence they will not be reachable for cross-border SDD.

LIECHTENSTEIN

EEA country that is not part of the EU
(SEPA migration end-date: 31st October 2016)



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

There is no local clearing. Liechtenstein uses the Swiss clearing mechanisms SIC and euroSIC of SIX AG.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Public sector payments are done in CHF.

5.2 Salary payments

Salary payments are done in CHF.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

LITHUANIA

Eurozone country since 1st January 2015



Since Lithuania joined the eurozone on 01/01/15, the community only needs to complete its SEPA migration by 01/01/16.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

Domestic payments are currently processed via LITAS-MMS payment system which is maintained and operated by the Bank of Lithuania. Since 1st January 2015, the system operates in euro. More information about the system and its processing cycles can be found at:
http://www.lb.lt/litasmms_3

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

Not applicable

5 Local requirements involving the need of using a local payment account or bank

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

LUXEMBOURG

Eurozone country



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

Luxembourg uses EBA CLEARING's STEP2 system for SCTs and SDDs and no longer has any local clearing infrastructure.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

Not applicable

5 Local requirements involving the need of using a local payment account or bank

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

The reason codes AC04, AC06, AG01, AM04 and MD07 for R-transactions are not used by some banks due to customer protection considerations; the reason code MS03 is used instead.

MALTA

Eurozone country



1

Conversion services and waivers (until 01/02/16)

Payment service users have to provide the BIC for initiating national credit transfers and direct debits.

2

Local clearing practices

Malta does not have a local ACH. Clearing is done through EBA CLEARING's STEP2 system except for certain Central Bank-initiated SEPA Credit Transfers to Bank of Valletta, which are exchanged directly.

3

Additional Optional Services or Value-Added Services

Not applicable

4

Additional local payment instruments

Not applicable

5

Local requirements involving the need of using a local payment account or bank

5.1

Public sector payments

All public sector entities have migrated to SCT.

A few public sector entities still prefer to use cheques locally. The Central Bank of Malta is working on initiatives geared at migrating such payments to SEPA Credit Transfers.

5.2

Salary payments

Not applicable

6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

MONACO

SEPA country, but not part of the EEA



Banks located in Monaco follow the same practices as those located in France (see pp. 22–23).

It should be noted, however, that depending on the bank in Monaco where an account is held, the IBAN of the account may feature the country code FR or MC; furthermore, the BIC may feature the country code FR or MC. There are even instances where the IBAN of an account and the related BIC have different country codes, e.g. an FR IBAN may be used in combination with an MC BIC.



1

Conversion services and waivers (until 01/02/16)

There is a waiver for conversion services offered to consumers for account numbers from BBAN to IBAN, but this is restricted to credit transfers to a limited group of charity organisations.

See 4.1 (waiver for niche product “Doorlopende Machtiging Kansspelen”)

2

Local clearing practices

The local CSM Equens offers SCT and SDD clearing with different cut-off times from EBA CLEARING’s STEP2 system. The cut-off time of the clearing system that closes earliest is applied.

3

Additional Optional Services or Value-Added Services

Corporate Payment Services (CPS): Equens offers this multibank solution in co-operation with banks. Via CPS, corporates and service agents can deliver SCT and SDD transactions related to multiple initiating banks directly to Equens in one message.

Overstep Service: Dutch banks offer this switch-over service to redirect SCTs/SDDs to the new bank of the payer in case of an account change. It is the continuation of a legacy service.

iDEAL: this is a national e-payment solution based on SCT. It allows customers to buy on the Internet through the online initiation of SEPA Credit Transfers from their bank account. An SDD e-mandate solution under iDEAL is under discussion.

4

Additional local payment instruments

IBAN-Acceptgiro: a paper-based payment instrument with pre-filled beneficiary and reference details that can be signed and sent to the bank for further execution. Consumers often use this instrument to initiate a SEPA Credit Transfer by manually copying the pre-filled details into a payment instruction in their Internet Banking environment. Acceptgiro is scheduled to migrate to XML before 01/01/19.

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Doorlopende Machtiging Kansspelen: this is a direct debit product with no refund for lotteries. This niche product will be phased out by 01/02/16.

4.2

Non-SEPA products

Urgent domestic: an urgent domestic credit transfer cleared via Equens and settled same day (often within 90 minutes) whereby the beneficiary bank sends a credit notification to the beneficiary.

Normal and urgent cross-border (BTL91): a same-day credit transfer in euro and non-euro in ASCII file format sent via TARGET2 or EURO1/STEP1

Overheidsvordering (irrevocable government direct debit): The Dutch government demanded continuation of a non-refundable means of collection for government and tax collections after entry into force of the SEPA Regulation. In co-operation with the Dutch banking community, this special product has been developed on the basis of the SEPA Direct Debit.



5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

For tax payments “on behalf of” practical limitations may apply (e.g. Dutch tax authorities may not be able to process a payment from abroad in case of IT constraints by Dutch tax authorities).

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

The vast majority of Dutch banks have agreed not to immediately reject a direct debit if the debtor has insufficient funds. Instead, the debtor banks checks the debtor account for availability of the necessary funds several times up to the requested collection date before it is returned on the following day with a reason code AM04 (“Insufficient funds”).

The vast majority of banks in NL allow after the rejection of a First collection (MD01) that debtors “confirm” the mandate either via their online banking application or a paperbased registration form; following this confirmation, an incoming Recurrent collection would be accepted. This practice only applies for SDD B2B collections.

NORWAY

EEA country that is not part of the EU
(SEPA migration end-date: 31st October 2016)



The banking community in Norway has started a roadmap towards ISO 20022 XML for all payments/ account info (camt) files C2B/B2C in order to phase out the proprietary MIG format used at present. There is no deadline yet.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

There is no local ACH for euro transactions. Norway is reachable for SCT via EBA CLEARING's STEP2 system or correspondent banking.

The Central Bank of Norway is not part of TARGET2 clearing.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

As far as tax payments and refunds are concerned, public sector entities can only pay and be paid in the local currency NOK.

Norwegian law on tax payments requires companies to hold an account in the local currency NOK from which tax payments are done.

There is no practice of making social security payments in euro.

5.2 Salary payments

There is no practice of making salary payments in euro.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Reachability of customers for SDDs is limited as currently five banks offer SDDs in Norway.

POLAND

Non-euro EU country



There is no target date for the Polish euro adoption yet.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

At the moment, the local CSM offers SCT clearing, but no SDD clearing. It is expected that the local clearing will offer SDD clearing after the SEPA migration end-date for non-euro countries (31/10/16).

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Payments to public sector entities must be done in the local currency PLN.

A third party cannot pay taxes on behalf of a Polish tax debtor.

5.2 Salary payments

Salaries can be paid in other currencies than PLN, but for tax and social security purposes salaries have to be quoted in PLN.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

SDD is expected to be launched with the introduction of the euro.



1

Conversion services and waivers (until 01/02/16)

Payment service users have to provide the BIC for initiating national credit transfers and direct debits.

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

2

Local clearing practices

The local CSM SIBS offers SCT and SDD clearing with different cut-off times from EBA CLEARING's STEP2 system.

3

Additional Optional Services or Value-Added Services

Central Mandate database for Collection Validation (interbank): the database is managed by SIBS and covers both scheme and AOS data.

Definition of maximum amount per collection and limit date per mandate through ATM and homebanking (C2B): customers can establish maximum amounts on their mandates for each collection by the respective Creditor (this option is available via ATMs, homebanking and branches).

Central Creditors database (interbank): this database is available to the creditor's bank, which can insert, consult and change the creditor-related information. This database is managed by SIBS, acting as CSM.

IBAN and National Tax Identification Number validations (C2B): relating to tax refunds, this functionality allows the treasury to validate the association between a National Tax Identification Number and a given IBAN.

Extended terms in SCT Recall procedures (interbank): the originator bank may request a SCT recall during the 520 TARGET days after the execution date. When such a request occurs, the beneficiary bank has a time frame of 30 TARGET days within which it can answer.

Limit date per mandate: customers can define in mandates a date up to which they will accept collections from the respective Creditor (this option is available through ATMs, homebanking and branches).

Optional status for mandates as "suspended": debtors can instruct their banks to temporarily suspend incoming collections from specific mandates (this option is available through ATMs, homebanking and branches).

4

Additional local payment instruments

4.1

Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Not applicable

4.2

Non-SEPA products

Credit transfers originated in non-EU countries are processed through a non-SEPA module.



5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

The Tax Authority is prepared to send and receive payments in compliance with the SEPA Regulation. There is only one caveat for reimbursements of personal income taxes of non-resident tax payers that might need further adjustments. This limitation applies only to IRS ("Personal Income Tax").

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

The pain.002 format is used instead of the camt format for the C2B communication as defined in the EPC Implementation Guidelines. Several C2B file format versions are supported.

Some Portuguese debtor banks do not send any reject on D if there are not enough available funds in the debtor account but generally send a return on the following day (D+1) if the debtor has not made the necessary funds available on his/her account by the end of the day on which they were due.

This is not an officially agreed community practice and not applied by all banks in Portugal, but it is a commercial practice applied by some debtor banks in compliance with the SDD Core Rulebook.

ROMANIA

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



No target date yet for the adoption of the euro.

Romania will migrate its RON transactions to SCT and SDD formats. The deadline is the same as for EUR transactions.

1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

The local CSM provider TRANSFOND S.A. provides a SEPA-compliant ACH system, EuroSENT, for the clearing of domestic SCTs. TRANSFOND plans to offer SDD clearing from March 2016 on.

EuroSENT is linked to Equens under the EACHA interoperability framework to facilitate cross-border transactions.

3 Additional Optional Services or Value-Added Services

At present, there are no AOS in place.

The local ACH operator, TRANSFOND S.A., is currently developing a system designed for SDD mandate management, namely the Unique Mandate Register, which is expected to be launched together with the SDD clearing service.

4 Additional local payment instruments

There are no local euro payment instruments.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

The Ministry of Public Finance/Treasury of State is authorised to make payments (e.g. vendor providers, social security, salary, public debt, etc.) or to receive collections (e.g. tax and duties, loans made by Government, etc.) only in local currency (RON).

For cross-border payments in any foreign currencies (including euro transactions), public authorities either use accounts opened with commercial banks or the National Bank of Romania (in case of the Ministry of Public Finance).

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

SAN MARINO

SEPA country, but not part of the EEA



Banks located in San Marino follow the same practices as those located in Italy (see pp. 32–33).



1 Conversion services and waivers (until 01/02/16)

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

2 Local clearing practices

The local CSM SIPS offers SCT and SDD. The local clearing has different cut-off times from EBA CLEARING's STEP2 system.

1. sending cut-offs:

- SDD: 09:00 GMT
- SCT: 12:30 GMT
15:00 GMT

Between 15:00 and 16:30 GMT only SCTs are received from STEP2 and during the last settlement cycle, between 16:30 GMT and 17:00 GMT, the participants' accounts are credited in TARGET2.

2. settlement cycles and timings:

- Settlement files sent to TARGET2 after each cut-off and at the end of the day with settlement period of 30 min.
- Output files sent to banks four times a day (after settlement of each cycle) or once (at the end of the day), according to the parameters set by banks

3 Additional Optional Services or Value-Added Services

AOS for payment reconciliation: For SCT, Slovak banks support specific data usage rules in the end-to-end reference field, e.g. “/VS012345/SS123/KS308” to facilitate fully automated end-to-end payment reconciliation. If no reference is provided, a defined string has to be provided “NOTPROVIDED”. This AOS is a continuation of a legacy service. The specification of the AOS is available at: http://www.sbaonline.sk/files/subory/SEPA/sepa_sk-payment_symbols.pdf

EBA CLEARING's STEP2 system processes such references, but carries out no validation.

SDD limit: this VAS enables the debtor to set a maximum amount for each collection, as well as the minimum time interval between two direct debits on the same debtor account. It is in line with consumer protection requirements stipulated in Art. 5(3) of the SEPA Regulation.

SDD limit is a part of the account protection features that are in place in Slovakia (see point 6).

4 Additional local payment instruments

Not applicable

5 Local requirements involving the need of using a local payment account or bank

Not applicable



6

Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

The Slovakian banking community agreed at the level of the Slovakian banking association that all client accounts would automatically be 'conditionally open' for direct debits after the SEPA migration; accordingly, all direct debits valid until SEPA migration have remained valid after migration. For all direct debit mandates that are signed after the SEPA migration, the debtor has to inform his/her payment service provider about setting up a direct debit.

In Slovakia, there are three levels of account protection with regard to SEPA Direct Debits (these levels can be changed by the debtor at the branch or via online banking):

- 'conditionally open': only those creditors can collect SDDs on this debtor account, with whom the payer has entered into a mandate and to whom he has granted his approval. For all new direct debits, the debtor needs to inform his/her bank, so that the new creditor is put on the list of accepted creditors of this account ('white list');
- 'blocked' – it is not possible to collect a direct debit from a blocked debtor account and thus any incoming SEPA direct debit will be automatically rejected.
- open – a direct debit may be made by anyone.

The reason codes AC06, AM04 and MD07 are not used for SDD R-transactions due to data protection; the reason code MS03 is used instead.

SLOVENIA

Eurozone country



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

The local clearing, Bankart, offers domestic SCT and SDD clearing with different cut-off times from EBA CLEARING's STEP2 system. Once a month, a special night-time cut-off time for pensions to be paid immediately upon the opening of TARGET2 is offered for local SCT clearing.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

Not applicable

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

In general, tax refunds are paid directly to the tax payer's account.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

In Slovenia, it is practice that all domestic SCT payments with an amount of over EUR 50,000 are processed through TARGET2 clearing (i.e. as non-SCT payments).

The following reason codes are used less based on general practice: AG02, BE05, FF01, FF05, RC01, RR01, RR02, and RR03.



1 Conversion services and waivers (until 01/02/16)

For national transactions, PSPs are allowed to offer to consumers conversion services for account numbers from BBAN to IBAN.

There is a waiver for the use of the ISO 20022 XML format by non-consumers sending SEPA payments in bulk files.

2 Local clearing practices

The local clearing system, Iberpay, processes SEPA payments in a fully compliant and interoperable manner with other CSMs, including EBA CLEARING's STEP2 system.

3 Additional Optional Services or Value-Added Services

The SDD COR1 scheme is offered via Iberpay and STEP2. It enables creditors to submit SDD collections for processing on D-1 (instead of D-5/D-2). SDD COR1 is the default scheme for domestic SDDs in Spain and will replace the current SDD Core Scheme in all SEPA countries from November 2016 on.

Folleto 72: this account information updating service is offered by the local clearing provider Iberpay and available to any bank willing to use it (i.e. a bank does not have to participate in the SDD clearing service offered by Iberpay in order to use this value-added service). The file is sent by banks adhering to the relevant service through Iberpay and then on to the creditor. This does not exclude the creditor's responsibility in relation to the mandate or the amendment to be made to the mandate.

4 Additional local payment instruments

4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)

Cuaderno58 (credit advances) and Cuaderno32 (receipts processed as bills of exchange): both products will disappear at the latest by 1st February 2016 with the corresponding transactions becoming fully SDD-compliant. The Spanish banking community has agreed on a market practice in order to identify transactions meant for financing in replacement of transactions currently under Cuaderno58 to help their migration to fully compliant SDDs.

4.2 Non-SEPA products

TARGET2 and EURO1/STEP1 are widely used for urgent payments in Spain. The Spanish market has already implemented a same-day settlement functionality with same-day crediting at the beneficiary bank. This functionality is available through Iberpay for any SEPA payment.



5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Credit transfer is not a valid means of payment for taxes in Spain. Tax payers can pay taxes from their account if their bank belongs to the tax collection scheme (an agreement between the tax authority and participating banks); the same applies to Social Security collections. Payments issued by the public sector are sent as SEPA Credit Transfers to any beneficiary in SEPA. Social security payments can be sent, in general, to any country in the world and, in particular, to any country within SEPA.

5.2 Salary payments

Not applicable

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Creditors in Spain tend to use the sequence code 'RCUR' in lieu of 'FRST' for new SDD collections as well as recurrent. There are generally no checks performed on that field by Spanish banks.

The Spanish banks have agreed, following users' requirements and in line with accounting best practices, to provide pain002 to communicate SDD Returns.

SWEDEN

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

SCT can be used and is supported by most banks. There is no local euro direct debit product and clearing.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

The local CSM offers a domestic credit transfer (giro payment) for domestic euro transactions (supplier payments). This service will be phased out by October 2016.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Normally, public sector agencies invoice in the local currency SEK and expect to receive funds in SEK.

5.2 Salary payments

In the Swedish payment infrastructure for SEK, there are rules on common optional value-added services offered to companies and employees for salaries, pensions and social contributions which go beyond what is regulated for euro transactions in the SEPA Rulebooks.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

SDD is supported only by a few banks and there is no local euro direct debit product.

SWITZERLAND

SEPA country, but not part of the EEA



1 Conversion services and waivers (until 01/02/16)

Not applicable

2 Local clearing practices

There is no local SCT/SDD clearing although the local clearing offers SCT/SDD indirect access via euroSIC, which provides reach to EBA CLEARING's STEP2 system. EBA CLEARING's STEP2 cycles are respected.

There is a local clearing of euro payments via EuroSIC and LSV, but these are local payments instruments.

3 Additional Optional Services or Value-Added Services

Not applicable

4 Additional local payment instruments

There are local euro payments, which are cleared via EuroSIC and LSV. These are not yet based on the XML format. The migration process is ongoing with the migration end-date for EuroSIC to XML set for Q2 2018 while there is no fixed end-date for LSV yet.

5 Local requirements involving the need of using a local payment account or bank

5.1 Public sector payments

Payments to and from public sector entities are in the local currency CHF.

5.2 Salary payments

Salary payments are in the local currency CHF.

6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country

Not applicable

UNITED KINGDOM

Non-euro EU country
(SEPA migration end-date: 31st October 2016)



<p>1 Conversion services and waivers (until 01/02/16)</p> <p>Not applicable</p>	<p>5 Local requirements involving the need of using a local payment account or bank</p>
<p>2 Local clearing practices</p> <p>There is no local euro clearing. Most UK-based banks use EBA CLEARING's STEP2 SEPA Services.</p>	<p>5.1 Public sector payments</p> <p>Public sector entities transact in the local currency GBP but use SCT to pay abroad.</p>
<p>3 Additional Optional Services or Value-Added Services</p> <p>Not applicable</p>	<p>5.2 Salary payments</p> <p>Not applicable</p>
<p>4 Additional local payment instruments</p>	<p>6 Other factors that may affect cross-border or domestic transactions involving banks or customers in that country</p> <p>Not applicable</p>
<p>4.1 Niche products and direct debits initiated through a payment card at the point of sale (migration to SCT or SDD by 01/02/16)</p> <p>Not applicable</p>	
<p>4.2 Non-SEPA products</p> <p>There is no dedicated urgent euro payment scheme in the UK. Urgent euro payments are processed via TARGET2 or EURO1/STEP1.</p>	

References

- Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14th March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (“the SEPA Regulation”)
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:094:0022:0037:EN:PDF>
- Regulation (EU) No 248/2014 of the European Parliament and of the Council of 26th February 2014 amending Regulation (EU) No 260/2012 as regards the migration to Union-wide credit transfers and direct debits
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:084:0001:0003:EN:PDF>
- Regulation (EU) No 924/2009 of the European Parliament and of the Council of 16th September 2009 on cross-border payments in the Community and repealing Regulation (EU) No 2560/2001
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:266:0011:0018:en:PDF>
- SEPA Credit Transfer Scheme Rulebook Version 7.1 of the European Payments Council, version 7.1 of January 2014 (EOC125-05)
<http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-credit-transfer-rulebook-version-70/>
- SEPA Core Direct Debit Scheme Rulebook of the European Payments Council, version 7.1 of January 2014 (EPC016-06)
<http://www.europeanpaymentscouncil.eu/index.cfm/knowledge-bank/epc-documents/sepa-direct-debit-core-rulebook-version-70/>
- National fact sheets on SEPA migration collected by the European Central Bank
<http://www.ecb.europa.eu/paym/retpaym/paymint/sepa/html/index.en.html>
- Second SEPA Migration Report by the European Central Bank, October 2013
http://www.ecb.europa.eu/pub/pdf/other/secondsepa_migration_report_201310en.pdf
- Guidance on the handling of SDD R-transactions and related charging principles. Explanatory document with recommendations. Version 3.0, September 2014.
<https://www.abe-eba.eu/N=SMART-documents.aspx>

Overview of country-specific particularities in connection with SDD R-transactions

The SMART publication *Guidance on the handling of SDD R-transactions and related charging principles* provides detailed information on a number of country-specific particularities in the context of SDD R-transactions. The guide is available online at:
<https://www.abe-eba.eu/N=SMART-documents.aspx>

Reason code usage

Reason codes have been defined to indicate the reason why an SDD collection has led to an R-transaction. In a number of European countries, some of these codes are not used because of legal restrictions (e.g. data protection laws) or local business practices. A detailed overview of the exceptional local usage rules with regard to reason codes that are in place in a number of Eurozone communities can be found on pages 6 and 7 of the SMART R-transaction Guide.

R-transaction charging practices

The SMART guide also provides information on the R-transaction-related charging practices applicable in different Eurozone countries, such as multilateral interchange fees. This information can be found on pages 12 and 13 of the guide.

Other specific local practices

Detailed descriptions of other agreed community practices or general market practices in place in connection with SDD R-transactions can be found in Annex 6 of the SMART guide.

Annex 3

Additional Optional Services (AOS)

The European Payments Council provides the following description and principles with regard to AOS on its website:

The SEPA Credit Transfer Scheme and SEPA Core Direct Debit Scheme recognise “that individual Participants and communities of Participants will provide complementary services based on the Scheme[s] so as to meet further specific customer expectations. These are described as Additional Optional Services (AOS). The following two types of AOS are identified:

- AOS provided by Participants to their customers as value-added services (VAS) which are nevertheless based on the core payment schemes. These AOS are purely a matter for Participants and their customers in the competitive space.
- AOS provided by local, national and pan-European communities of Participants, such as the use of additional data elements in the ISO 20022 XML standards. Any community usage rules for the use of the SEPA core mandatory subset of the ISO 20022 XML standards should also be mentioned in this context, although they are not per se AOS. Other AOS may be defined, for example relating to community provided delivery channels for customers.

Participants may only offer AOS in accordance with the following principles:

- All AOS must not compromise interoperability of the Scheme[s] nor create barriers to competition. The Scheme Management Committee (“SMC”) should deal with any complaints or issues concerning these requirements brought to its attention in relation to compliance with the Rulebook as part of its normal procedures, as set out in the Internal Rules.
- AOS are part of the market space and should be established and evolve based on market needs. Based on these market needs, the European Payments Council may incorporate commonly used AOS features into the Scheme[s] through the change management processes set out in the Internal Rules.
- There should be transparency in relation to community AOS. In particular, details of community AOS relating to the use of data elements present in the ISO 20022 XML payment standards (including any community usage rules for the SEPA core mandatory subset) should be disclosed on a publicly available website (in both local language(s) and English).

These AOS are not further described in the Rulebook[s] as they are to be generally considered as competitive offerings provided by both individual Participants and communities of Participants and are therefore out of scope.”

More information on AOS and lists of the AOS advised to the European Payments Council can be found here:

- for credit transfers:

<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-credit-transfer/sct-additional-optional-services-aos/>

- for direct debits:

<http://www.europeanpaymentscouncil.eu/index.cfm/sepa-direct-debit/sdd-core-additional-optional-services-aos/>

Annex 4

STEP2 clearing and settlement cycle arrangements

EBA CLEARING's pan-European automated clearing house platform provides payment service providers operating in Europe with SEPA-wide reach. The platform also handles the domestic SCT and SDD traffic of a number of national communities and individual banks. STEP2 settles in TARGET2 via the Ancillary System Interfaces 4 (during the day) and 6 (at night).

STEP2 SCT provides the following clearing and settlement cycles arrangements:

Five day-time cycles:

STEP2 Participants are free to send payments for settlement during any of these five cycles but must be ready to process incoming payments during each of them.

Two optional night-time cycles:

Participation in the optional night-time cycles is on a closed user group basis, meaning that any bank wishing to send or receive payments during either or both of the optional cycles has to register separately for each cycle.

The STEP2 SEPA Direct Debit Services settle in two separate cycles:

- SDD Core settlement takes place between 11:00 and 12:00 CET
- SDD B2B settlement takes place between 12:00 and 13:00 CET

The sending cut-off times are as follows:

- SDD Core and COR1: 16:00 CET
- SDD B2B: 15:00 CET

The sending cut-off for sending R-transactions stands at 11:00 CET for SDD Core and at 12:00 CET for SDD B2B.

More detailed information is available for all STEP2 Participants in the *STEP2 SEPA Services User Manual*, which is available for download by registered users at:

https://www.ebaclearing.eu/N=STEP2_SCT_Live_Documentation.aspx

General information about STEP2 can be found in the publicly available service brochure, which can be downloaded at:

https://www.ebaclearing.eu/N=STEP2_SCT_Live_Documentation.aspx

STEP2 SEPA Credit Transfer Service:
overview of cycle timings (all timings in CET)

Cycle ID	Settlement model	Start of cycle	Sending cut-off	Start of Settlement	Settlement cut-off
00*	ASI6	16:00 (D-1)	21:00 (D-1)	21:30 (D-1)	21:40 (D-1)
01*	ASI6	16:00 (D-1)	01:00 (D)	01:50 (D)	2:00 (D)
10	ASI4	16:00 (D-1)	02:00 (D)	07:15 (D)	8:00 (D)
11	ASI4	02:00 (D)	09:00 (D)	09:30 (D)	10:15 (D)
12	ASI4	09:00 (D)	11:30 (D)	12:00 (D)	12:45 (D)
20	ASI4	11:30 (D)	14:00 (D)	14:30 (D)	15:15 (D)
21	ASI4	14:00 (D)	16:00 (D)	16:15 (D)	16:30 (D)

* Optional cycles

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