

RULES FOR A CHANGING PAYMENTS MARKET

A COMMON EUROPEAN PAYMENTS MARKET

In 2002, the banks of Europe and the EU Commission together formulated the vision of a common market for payment services – Single Euro Payment Area (SEPA). The idea is to make it transparent, simpler and safer for customers to make cross borders payments on the European continent. Common initiatives for credit transfers, direct debit and card payments across the EU has been taken from legislators and the market.

The regulators:

- PSD
- National legislation, which may have transitioned part of the PSD or have added national implementation

The **PAYMENT SERVICE DIRECTIVE (PSD)** has been transposed into national regulation

The objective is to approximate the laws, regulations and administrative provisions of the member states to provide regulations for an internal market for payment services in the European Union. The legislation ensure, European payments to function consistent in the different member states. The Directive harmonize consumer protection, remove legal and technical obstacles to efficiency, and lay the foundation

for the common EU payments area without borders. Member states has the option to select and implement Additional Optional Services (AOS) which may protect national implementations.

The new directive, which has been developed to make it easier, safer and more cost effective to make and receive payments within Europe, creates an inner market for payments.

- Payments in Euro, national payments in the member state currency and payments that only include a currency conversion from Euro to the currency in a member state outside the Euro area, should be delivered to the recipient on the following bank day.
- A new category of payment institutes, that have the legal right to convey payments, but also give credit in connection with the payment service, is being introduced. This credit is restricted from being provided from the received payment means, it must be based on owned capital.
- Terms and clear information is demanded about the payment services and the payment service users/payment service providers' respective rights and obligations when providing payment services on a regular basis or as a business.

STANDARDS FOR SEPA

European banking has formulated a series of standards that among other things should facilitate the work of creating the common European payments market in the next few years.

- Meeting customer's needs is a strategic vision of the
- The harmonization of the European market will lead to both a business and a technological model for payment systems, suitable for use all over Europe.

EPC who agreed on the selfregulative implementation of the Liboa agreement of SEPA in 2002, are initiating involvement of all stakeholders in the card business by establishing the Card Stakeholder Group (CSG)



The CSG is composed of Members from each of the following Sectors:

- Retailer/Wholesale
- Vendor, i.e. manufacturers of cards, payment devices and related IT systems
- Processor of card transactions
- Card scheme
- Bank and Payment Institution (as designated by the EPC/see PSD description)

The aim is to have the CSG sectors to join efforts in implementing the SCF (SEPA CARD Framework). The baseline for the implementation will be the SEPA Cards Standardisation “Volume” applicable Standards and Certification Process:

The Volume is to be the issue of the CSG governance, while the market is to develop and do governance of specifications. .

The national brands

The international and new pan-european brands.

CONTACT

Kurt Gjesten, Managing Director & CEO,
+46-(0)70 20 80 238, kg@pan-nordic.org

Source: ECB 2004, Towards a single euro payments area – third progress reports