**EUROPEAN COMMISSION**

**MEMO**

Brussels, 4 February 2014

# Commissioner Barnier welcomes the European Parliament vote on an additional transition period of 6 months during which non SEPA payments can still be accepted in the Eurozone

I am pleased the European Parliament has this morning approved a proposal that allows non SEPA compliant payments to continue for a limited period of time, until 1 August 2014, in parallel with SEPA compliant payments. This ensures the continued smooth processing of payments for consumers and businesses.

The migration to SEPA credit transfers and SEPA direct debits is an important milestone in the completion of a European integrated payments market. It has many benefits as it makes all electronic payments across the euro area as easy as domestic payments. It means all of us can make fast and secure transfers between bank accounts anywhere in the euro area.

However, in light of recent statistics showing that a substantial number of market participants and particularly SMEs would not have fully migrated to this new common standard by 1 February, the Commission put forward a proposal last month to grant a transition period of six months until 1 August 2014 during which banks and other payment service providers would be able to continue processing payment orders even if users did not provide them in the SEPA format. The proposal does not change the formal deadline for migration of 1 February 2014.

The objective is to ensure payments are not blocked in cases where stakeholders are not ready, and thus minimise any possible risk of disruption to payments for consumers and businesses, in particular SMEs. Payment service users can thus be certain that their payments will continue to be processed, and those who have not yet migrated have the time to do so. The proposal will apply with retroactive effect.

As I said when I made the proposal last month, I call once more on Member States to fully assume their responsibilities and accelerate and intensify efforts to migrate to SEPA so that all can enjoy its benefits, that is, faster and cheaper payments across Europe. The transition period will not be extended after 1 August.

## Background

Regulation (EU) No 260/2012 entered into force on 31 March 2012, giving market participants two years to adapt their payment processes to the SEPA requirements for SEPA credit transfers (SCT) and SEPA direct debit (SDD). The Commission highlighted numerous times the need to intensify efforts to migrate on time.

Regulation 260/2012 sets out that banks and other payment service providers must refuse payment orders if users do not provide them in the right SEPA format from 1st February 2014. Should payment service providers not comply with their respective obligations, they would face penalties.

Because of the statistical evidence highlighting the substantial number of market participants not having migrated and the potential for disruption, the Commission adopted a proposal (IP/14/6) on 9th January 2014 to allow for a 6-month transitional period until 1 August 2014. The proposal was voted in the Economic and Monetary Affairs Committee on 16th January and agreed via silent procedure in COREPER on 22 January.

On 4th February 2014, the European Parliament adopted the proposal. Formal adoption in the Council will take place in the coming days.

### For more information

http://ec.europa.eu/internal_market/payments/sepa/index_en.htm