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PRESS RELEASE

Press Release on the publication of the "Fourth progress report on the migration towards SEPA in Belgium"

Work on setting up a Single Euro Payments Area (SEPA) has now entered the final stages: on 1 February 2014, migration towards SEPA must be complete. To this end, the European Parliament and the Council have adopted the Regulation establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) N° 924/2009. This Regulation, which came into force on 31 March 2012, sets a common end-date, 1 February 2014, from which credit transfers and direct debits must be executed in the European (SEPA) format, as defined by the technical requirements set out in the Regulation.

The self-regulatory nature of the SEPA has not been sufficient to achieve a swift transition to the European credit transfers and direct debits. It is largely for this reason that the European authorities have taken the initiative to pass legislation governing the migration towards the Single Euro Payments Area.

Today sees the publication of the fourth progress report on the migration towards SEPA in Belgium, under the auspices of the Steering Committee on the future of means of payment. This committee, chaired by National Bank of Belgium Director Jean Hilgers, brings together all economic stakeholders concerned, namely leading representatives from the public sector, the banking sector, businesses and consumer rights associations. It organizes the social dialogue on the subject of SEPA and provides encouragement for its introduction in Belgium. Following on from the three previous reports, this latest progress report describes the progress made to date.

In practice, what the switch over to the European credit transfer involves for the citizen is replacing the traditional Belgian bank account number by its IBAN format. As for the changeover to European direct debits, the citizen does not have to do anything: the issuer of the invoice makes all the necessary changes, such as the adjustment to the IBAN format, for example.

Belgium is by far the front-runner in the migration towards SEPA. In July 2012, the share of European credit transfers had reached more than 58 % of the total number of credit transfers made, a much higher proportion than in most of the other countries. The public authorities and "big-billers" have to a large extent completed their migration; it is now up to small and medium-sized enterprises to make their changeover to SEPA.

The migration towards the European direct debit was a lot more difficult to start with. In response to a certain demand in the market from businesses wanting to settle their payments between each other, these companies started to use them, but only in the Business-to-Business version, so the volumes remained at a very low level. However, at the end of 2011, one of Belgium's biggest billers started using the European direct debit, boosting the share of European direct debits to a level somewhere between 12 and 15 %, compared with less than 1 % in the rest of Europe.

In Belgium, there are 13 728 creditors that use the direct debit as a payment instrument. Together, they manage 31 million mandates (direct debits). The ten biggest users account for 34 % of the total number of direct debits, and the twenty biggest creditors represent 44 %. If this cross-selection is extended to the largest 200 creditors, this share even comes to almost 90 %. The speed and efficiency of the migration towards the European direct debit is therefore largely in the hands of a relatively small number of companies/creditors.

Up until now, active communication on SEPA has remained fairly limited, pending publication of the European Parliament and Council Regulation designed to speed up migration towards the European payment instruments. This Regulation has effectively clarified the picture: all transfers and direct debits must be executed in the European format by 1 February 2014. A good many small and medium-sized enterprises still have to embark on their migration. Yet, a speedy and smooth transition is only possible if they are given all the information they need. Each stakeholder with a wide base of payment services users must make sufficient effort to pass on information about SEPA to them in good time.

Slowly but surely, the Belgian payment systems landscape is falling into line with the reality of the Single Euro Payments Area. The Bancontact/Mister Cash (BCMC) national debit card system is being adapted to the SEPA standards, and the Belgian payment card market is now completely opening to card issuers and payment card system operators. Moreover, interbank processing and clearing of retail payments, currently run by the National Bank, have been outsourced to a major foreign service supplier (the French payments system, STET). Belgium is thus one of the first countries to have achieved the planned consolidation of clearing and settlement arrangements.

The report is available on the website <http://www.nbb.be/sepa/en>.