Migration to Union-wide credit transfers and direct debits

2013/0449(COD) - 09/01/2014 - Legislative proposal

PURPOSE: to amend Regulation (EU) N° 260/2012 as regards the migration to Union-wide credit transfers and direct debits.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) No 260/2012 establishes common technical and business requirements for credit transfers and direct debits in euro and as such is an important building block in the realisation of a single euro payments area (SEPA).

That Regulation sets 1 February 2014 as the end-date in the Eurozone for the migration of domestic as well as intra-European credit transfers and direct debits in euros towards SEPA credit transfers (SCT) and SEPA direct debits (SDD).

Considering the low migration pace in some Member States for SCT and in most Member States for SDD, it appears very unlikely that the SEPA migration will be fully completed on 1 February 2014. However, in view of this legal end-date, banks and other payment service providers are likely to refuse from that date onwards to process legacy payments which are not SEPA compliant. In the absence of full migration to SCT/SDD, payment incidents leading to delays in payment or market disruptions cannot be excluded. These might affect all payment services users, and particularly SMEs and consumers.

IMPACT ASSESSMENT: this proposal is not accompanied by a separate impact assessment, as an impact assessment for Regulation (EU) No. 260/2012 has already been undertaken.

CONTENT: this proposal seeks to amend Regulation (EU) No 260/2012 by introducing a grandfathering clause allowing banks and other payment service providers to continue also after 1 February 2014, for a limited period of time of 6 months, the processing of non-compliant payments through their legacy payments schemes alongside SCT and SDD.

A clear communication of such amendment will provide certainty to the payment service users that their payments will continue to be processed after 1 February 2014, and it will allow those that have not yet migrated to do so as rapidly as possible.

Under all circumstances, on-going information campaigns on the SEPA migration should continue. At the end of the grandfathering period, the Commission will not hesitate to take the necessary steps to ensure the full application of EU law by the Member States.

In view of the above and given the very short period of time left before 1 February 2014, this Regulation should be adopted by the European Parliament and the Council as a matter of urgency and enter into force without delay.

The proposal provides that the amendment applies as of 31 January 2014. This provision also allows for a retro-active application in case the proposal is not adopted by the European Parliament and the Council before 1 February but just after this date. This will avoid a legislative gap as of 1 February 2014 which would create legal uncertainty.

BUDGETARY IMPLICATIONS: the proposal does not have a budgetary impact for the Commission.