

SEPA

Published: 16/2/2015 Modified: 7/3/2019

SEPA is a project at the EU level which stands for the Single Euro Payments Area.

SEPA (Single Euro Payments Area) creates a single market for payment services enabling citizens, business entities and public authorities to make cashless euro payment transactions by means of uniform models and procedures applied equally throughout the SEPA area.

The SEPA area includes 28 member states of the European Union and Iceland, Liechtenstein, Norway, Switzerland, Monaco San Marino, Andorra and the Vatican City State/the Holy See.

SEPA consists of:

- a single currency – the euro;
- a single set of payment instruments (credit transfer, direct debit, payment card);
- a common legal basis;
- common technical standards;
- infrastructure for the processing of payment transactions, and
- common business rules.

SEPA project in the European Union

The **European Payments Council** is the governing body for the development of the SEPA. The European Payments Council is a body of the European banking sector, which coordinates and adopts decisions in the area of payment operations. The European Payments Council contributes to the integration of the euro payments market by developing, inter alia, SEPA payment schemes as defined in the SEPA Credit Transfer and SEPA Direct Debit Rulebooks.

The members of the European Payments Council are banks, bank associations and payment institutions. The European Central Bank participates as an observer in the activities of all working groups of the European Payments Council.

A representative of the Republic of Croatia, nominated by the Croatian Bank Association, also participates in the work of the European Payments Council.

As the European Payments Council comprises only the representatives of the supply side of the payment service market, the European Commission and the European Central Bank have set up the **SEPA Council** thereby including the demand side of the payment service market in the SEPA project management. Pursuant to a decision of the European Central Bank, the SEPA Council was replaced by the **Euro Retail Payments Board** in December 2013, with the participation from the representatives of the payment service **supply** side (banking communities, payment institutions and electronic money institutions), **demand** side (the representatives of consumers, retailers, corporations, small and medium-sized enterprises and public administration bodies) and **central banks**.

The SEPA migration is carried out in every member state as part of the national projects for the implementation of SEPA standards.

SEPA project in the Republic of Croatia

The national SEPA project was launched in April 2013 upon the initiative of the National Payment System Committee (NPSC)[\[1\]](#), an interinstitutional body providing support to the functioning of the payment system in the Republic of Croatia.

At the [20th NPSC meeting](#) it was decided that the SEPA project in the Republic of Croatia would be managed by the [National Payment System Committee](#), which coordinates, channels and monitors the

activities of working groups, discusses open issues and compiles reports on the course of the project.

The SEPA working bodies in the Republic of Croatia are the **Croatian SEPA Coordination Committee** (CSCC) and the **Croatian SEPA Forum** (CSF). These bodies are independent in the performance of their tasks and report to the National Payment System Committee on completed activities. With regard to the scope of their tasks, if necessary, the working bodies can set up special working groups.

The Decisions on the establishment of SEPA working bodies (the Decision on the establishment of the Croatian SEPA Coordination Committee and the Decision on the establishment of the Croatian SEPA Forum) were enacted at the [22nd NPSC meeting](#) in May 2013.

After preparing and adopting the national schemes for the execution of payment transactions of credit transfers and direct debits, i.e. the Rules of the HRK SCT scheme, Core HRK SDD scheme and B2B HRK SDD scheme, the CSCC has concluded that it is necessary to set up a special body that would be charged with the management of the schemes.

At its [24th meeting](#) held on 18 May 2015, the National Payment System Committee adopted the decision to set up the National Scheme Management Board (NSMB).

With the setting up of the NSMB, the need for the operation of the CSCC has ceased, and the NSMB took over the role in the further management of national SEPA schemes, as well as the task of a further development of the SEPA project in the Republic of Croatia.

Organisational structure of the SEPA project in the Republic of Croatia

SEPA payment instruments

In order to achieve the SEPA goals, new payment instruments were developed, the **SEPA Credit Transfer** and the **SEPA Direct Debit**, which are used for euro payments throughout the SEPA area.

SEPA payment instruments are used in line with SEPA payment schemes, consisting of a common set of rules, practices and standards agreed on an interbank level. These schemes are defined by SEPA Rulebooks, i.e., the SEPA Credit Transfer Rulebook and the SEPA Direct Debit Rulebook. The rules and standards described in the Rulebooks are obligatory for payment service providers that adhered to SEPA schemes. The same set of SEPA payment instruments and uniform rules for SEPA schemes enable payment service users to execute cashless payment transactions in euro in the same manner and under the same conditions throughout the SEPA area.

Credit Transfer

Credit transfer means a national or cross-border payment service for crediting a payee's payment account with a payment transaction or a series of payment transactions from a payer's payment account by the PSP which holds the payer's payment account, based on an instruction given by the payer.

Direct debit

Direct debit means a national or cross-border payment service for debiting a payer's payment account, where a payment transaction is initiated by the payee on the basis of the payer's consent.

Payment cards

A payment card means a payment instrument enabling its holder to make payments for goods and services either at an acquiring terminal or remotely, and/or cash withdrawal and/or other services at an ATM or another self-service device.

The SEPA migration in the Republic of Croatia will lead to changes in existing payment instruments and payment infrastructure. The National Payment System Committee decided to include kuna payment transactions in the national SEPA project in addition to euro payment transactions. The application of SEPA standards to kuna payment transactions ensures a single technological platform in the Republic of Croatia for the processing of payment transactions as well as the preconditions for the further development of payment services in the Republic of Croatia in compliance with European standards. This also enables an adequate preparation of the overall payment system in the Republic of Croatia for the introduction of the euro as the official currency.

National SEPA migration plan

In order to implement the Croatian SEPA project on time and within the deadlines set forth in Regulation (EU) No 260/2012 and inform all SEPA project participants affected by changes in the area of payment operations, the National Payment System Committee adopted the [National SEPA Migration Plan](#). The document comprises a detailed description of the activity plan and the course of migration within the defined deadlines.

Since in the meantime certain changes have occurred in the organisational structure of the implementation of the SEPA project and changes proposed in the previously accepted deadlines that refer to the beginning of the implementation of specific activities from the SEPA Migration Plan, the NPSC accepted its amendments unanimously at its 24th and 26th meeting.

As a result of the accepted amendments, the National SEPA Migration Plan – Annex 1 was prepared, containing the following: the organisational scheme of the SEPA project was changed, the decision was adopted on the termination of work of the CSCC and the NSMB was set up, the new dates for the beginning of the implementation of the Rules of the HRK SCT Scheme, the Rules of the HRK SDD Core Scheme and the Rules of the HRK SDD B2B Scheme and the new date for the beginning of operation of the EuroNCS were agreed.

The National SEPA Migration Plan – Annex 1 is available [here](#).

Subsequently, pursuant to the proposal to defer the date for the implementation of HRK SDD schemes set in Annex 1 to the National SEPA Migration Plan, at its [27th meeting](#), the NPSC adopted a decision supplementing the HRK SDD Core Scheme Rules (v2.0) and the HRK SDD B2B Scheme Rules (v2.0), setting a new deadline for the beginning of their implementation.

In accordance with the accepted changes, in January 2017, the [National Migration Plan – Annex 2](#) was prepared, changing the date for the beginning of implementation of the HRK SDD Core Scheme Rules and the HRK SDD B2B Scheme Rules.

In the meantime, the NSMB proposed a different model of migration of the existing direct debits to SEPA direct debits, which includes minor changes in migration dates.

At its 28th meeting, held on 3 May 2017, the NPSC accepted the NSMB's proposal and, accordingly, the National SEPA Migration Plan was updated and [Annex 3](#) was prepared.

SEPA legal framework

The SEPA legal framework consists of the following regulations:

I. Directive (EU) 2015/2366

In 2015 the EU adopted a new [Directive \(EU\) 2015/2366](#) of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC, to improve the existing rules for safer payments and consumer protection taking new digital payment services into account. The directive became applicable in January 2018.

II. Payment System Act

The provisions of Directive (EU) 2015/2366 on payment services in the Republic of Croatia are transposed into the [Payment System Act](#) (OG 66/2018). The Payment System Act came into effect on 28 July 2018.

III. Regulation (EC) No 924/2009

[Regulation \(EC\) No 924/2009](#) of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 prescribes that charges for cross-border payments **in euro** (payments between payment service providers located in different EU member states, including Norway, Iceland and Lichtenstein) must be on the same footing as charges for corresponding national payments (payments between payment service providers within the same member state) in the same currency.

The provisions of the above Regulation do not prescribe that such payment transactions are free of charge, but that payment service providers levy the same charges for corresponding payment transactions irrespective of whether these are national or cross-border payment transactions.

Regulation (EC) No 924/2009 also prescribes standardisation for the purpose of simplifying the execution of cross-border payments, i.e. the use of the International Bank Account Number (IBAN) and the Bank Identifier Code (BIC).

IV. Regulation (EU) No 260/2012

[Regulation \(EU\) No 260/2012](#) of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 prescribes deadlines for the migration from existing national credit transfers and direct debits in euro to the SEPA credit transfer and direct debit schemes in accordance with the defined rules and technical standards. Regulation (EU) No 260/2012 prescribes the mandatory application of technical standards and defined rules, including the use of the International Bank Account Number (**IBAN**) and the financial services messaging standard (**ISO 20022 XML**) for all credit transfers and direct debits in euro in the European Union.

Member states that have not introduced the euro, including the Republic of Croatia, are obliged to fulfil SEPA requirements prescribed by the said Regulation at the latest until **31 October 2016**.

The deadline for member states that have introduced the euro for the migration to SEPA credit transfers and direct debits was **1 February 2014**. The deadline was later prolonged pursuant to **Regulation (EU) No 248/2014** of the European Parliament and of the Council of 26 February 2014 amending Regulation (EU) No 260/2012 until **1 August 2014**.

V. Act on the Implementation of EU Regulations Governing Payment Systems

With the aim of implementing Regulation (EC) No 924/2009 and Regulation (EU) 260/2012, in the segment defining the authorities competent for exercising supervision and dealing with complaints, regulating out-of-court complaints and redress procedures and defining infringements of regulations, the Republic of Croatia adopted the Act on the Implementation of EU Regulations Governing Payment Systems (OG 54/2013) in 2013.

Since in the meantime Regulation (EU) No 2015/751 on interchange fees for card-based payment transactions was adopted, the new [Act on the Implementation of EU Regulations Governing Payment Systems](#) (OG 50/2016) was prepared, governing the subject areas (supervision, dealing with complaints, out-of-court complaint procedures and redress procedures and infringements) for all of the above EU regulations governing payment systems.

VI. Regulation (EC) No 1781/2006

[Regulation \(EC\) No 1781/2006](#) of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds imposes the obligation on payment service providers to have transfers of funds accompanied by accurate and meaningful information on the payer so that it is always possible to trace the transfer of funds back to the payer himself, regarding activities related to the prevention, investigation and detection of money laundering and terrorist financing.

On 20 May 2015, the European Parliament and the Council adopted the [Regulation \(EU\) No 2015/847](#) of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006. The Regulation shall apply from 26 June 2017, and from that date Regulation (EC) No 1781/2006 shall cease to apply.

SEPA infrastructure for the clearing and settlement of payment transactions

Regulation (EU) No 260/2012 requires the operators of euro retail payment systems in the European Union or their participants to ensure that the payment system is technically interoperable with other retail payment systems in the EU.

Specifically, the SEPA infrastructure for the clearing and settlement of payment transactions must be capable of processing SEPA euro payments made between all SEPA scheme participants. The reachability of all SEPA scheme participants, irrespective of in which country of the SEPA area they are located, can be ensured by establishing technical interoperability of payment infrastructures.

According to the National SEPA Migration Plan, a single national payment infrastructure for the clearing of national and cross-border SEPA credit transfers in euro will be set up in the Republic of Croatia, in line with the agreement with the Croatian banking community.

The EuroNCS payment system became operational on 6 June 2016. It is a new payment system in the Republic of Croatia that executes the clearing of euro payment transactions implemented according to the rules of the SEPA Credit Transfer (SCT) scheme for credit transfers of the European Payments Council.

In addition, for the purpose of maintaining euro accounts of banks, the Croatian National Bank has set up the TARGET2 HR national component of the payment system to settle the clearing of national and cross-border payment transactions in euro. TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is a centralised large-value payment system in euro, which is supervised by the European Central Bank.

The TARGET2-HR national component, in which the settlement of the clearing in EuroNCS is executed, started production operations on 1 February 2016, in accordance with the National SEPA Migration Plan. For more information on the TARGET2 payment system see the website of the [Croatian National Bank](#).

In addition, with regard to the EuroNCS system becoming operational, on 6 June 2016, the National Clearing System (NCS), a payment system for the clearing of payment transactions in kuna, launched the clearing of payment transactions according to the Rules of the HRK SCT scheme. Previously, all banks accepted the above scheme as a single set of rules for the execution of credit transfers in the Republic of Croatia.

Useful Links

All information related to the SEPA project in the Republic of Croatia is available at the official website of the Croatian [SEPA](#) project.

Other links:

[EUROPEAN CENTRAL BANK](#)
[EUROPEAN PAYMENTS COUNCIL](#)
[EUROPEAN COMMISSION](#)

Video on SEPA

The European Central Bank has published an informative [video](#) on the SEPA.

[1] The main tasks of the National Payment System Committee relate to all aspects of functioning of the domestic payment system, including defining and proposing the implementation of joint measures within the payment system, aimed at ensuring a uniform implementation of regulations and proposing guidelines for the development of the domestic payment system in accordance with EU Directives and accepted international standards.

[Help us improve](#)

[Assistance Finder](#)

[Report an obstacle](#)