



UNION EUROPEENNE DE L'ARTISANAT ET DES PETITES ET MOYENNES ENTREPRISES  
EUROPÄISCHE UNION DES HANDWERKS UND DER KLEIN- UND MITTELBETRIEBE  
EUROPEAN ASSOCIATION OF CRAFT, SMALL AND MEDIUM-SIZED ENTERPRISES  
UNIONE EUROPEA DELL'ARTIGIANATO E DELLE PICCOLE E MEDIE IMPRESE

## Comments on Completing SEPA: a framework for action 2009-2012

### GENERAL REMARKS

UEAPME, the European organisation representing Crafts and SMEs, thanks the European Commission for the possibility to comment on the draft action plan aiming to complete the Single Euro Payments Area.

UEAPME and its members are convinced that SMEs will reap the full benefits of the Euro introduction if it will be supported by a single Euro payment system. Therefore, UEAPME has always shown support for the SEPA project.

UEAPME welcomes the initiative from the European Commission and the ECB to support the completion of SEPA by a framework of action and to react on the current situation, which is unsatisfying to all stakeholders. However, UEAPME strongly doubts that such a framework for action will be enough to end to current blockade of the project, which has many reasons.

Individual SMEs are not very strong players on the payment systems market. Therefore, the acceptance of new offers will depend on two sets of conditions:

1. From the more individual point of view of businesses:

SMEs will start considering changing over to SEPA if the new payment products are competitive with the current national or regional systems as regards the price **and** the features.

Most of all SMEs have only payments at national level. For them, SEPA will only be an attractive alternative, if will deliver better products and better conditions. SEPA may not lead to higher prices without real benefits.

2. From a political point of view:

The SEPA implementation by a market driven approach, which UEAPME has always supported, means something different than a "(banking) industry" driven approach. The current concept, even it worked perfectly and all partners delivered their commitments, does only work if there is sufficient competition in the market to avoid the surfacing of costly, quasi monopolistic, structures at the cost of weak customers.

If there is not sufficient competition in the payments services market, which is obviously the situation we have at the moment, a changeover can only be accepted if all stakeholders – including SMEs – are closely involved in the development of products and if regulators, including competition authorities, take a tougher stance on service providers to exclude any abuse of dominant position.

UEAPME is in principle in favour of **end dates** for the changeover to SEPA products in order to avoid the costs of running double systems, but such end dates must be decided separately for each product (SCT, SDD and cards) and such decisions may be taken only if certain preconditions are fulfilled.

These preconditions are:

- The product must be introduced in the market and must work to the satisfaction of a sufficient number of customers.
- The prices for services must be known and must be competitive compared the prices of the current system.
- Sufficient competition in the relevant markets must be ensured.
- No fixing of end dates without the agreement of the relevant stakeholders (including customers).

It is obvious that at the moment none of these conditions are fulfilled for any payment services products in the SEPA framework.

## **SPECIFIC REMARKS ON DIFFERENT SEPA PRODUCTS**

### Credit Transfer

- The problem with standardised remittance information is still not sufficiently solved, which will create – especially for SMEs – difficulties with end-to-end processing.
- Many of our national member organisation are reporting that the banking industry in their countries have not yet offered any SEPA products to SMEs and that any information, when available, is only very general.

### Direct Debit

- UEAPME strongly doubts that the EPC will be able to launch SDD as of November 2009, because we see too many open questions and too many differences between different members in EPC and between different main stakeholders (including national governments).
- UEAPME has strong concerns that SDD – as it is designed today – will become significantly more expensive and less attractive compared to the current system, at least in some relevant markets (i.e. Germany).

- UEAPME urgently expects a solution on interchange fees (MBF), which is in line with the offer made by the DG Competition and the ECB (including a new business model, which works in future without such fees).

### Card payments

- UEAPME is very concerned that competition will not be sufficient in this market, which is dominated by a handful of players. The EPC and the incumbents have not shown much initiative to come up with new open standards, which could attract new market participants. Self governing does not seem to work in this sector and regulators must therefore take a tougher stance on industry.
- As for SDD, UEAPME expects a solution as regards interchange fees, which must be in line with the EU competition rules.
- Many SMEs are afraid to be confronted with new products, which are significantly more expensive and less flexible than the current national ones.

### **SPECIFIC REMARKS ON SEPA GOVERNANCE**

UEAPME welcomes the proposal to create a SEPA steering committee to strengthen the governance of the SEPA project, but we would insist that also customers are represented in such a committee.

Furthermore, UEAPME has reasonable doubts that the EPC has / will draw enough competences from its members to ensure sufficient compliance with its own rules.

For further information please contact:

Gerhard Huemer  
Director for Economic Policy  
Tel: +32 2 2307599  
M: g.huemer@ueapme.com