

# SEPA CARD PAYMENTS

## Payment instrument for a borderless Europe

With SEPA (the Single Euro Payments Area), the electronic payment landscape in Europe will change. All electronic payments in euros within SEPA will be regarded as domestic payments - even if they cross national borders.

An important element in the work of harmonisation is to create standardised payment instruments that can be used within SEPA. Therefore the current national payment instruments, within the Eurozone, will gradually be replaced by SEPA instruments based on common SEPA schemes. These schemes are:

- SEPA Credit Transfers
- SEPA Direct Debits
- SEPA Card Framework

SEPA covers the following 31 countries: 27 EU Member States, Iceland, Lichtenstein, Norway and Switzerland.

With Danske Bank you can transact all of your Euro payments and cash withdrawals in SEPA without any geographical restrictions.



### Card Payments

Two main types of payment cards (general purpose cards) can be identified:

- Debit cards, which allow the cardholders to make purchases and ATM cash withdrawals
- Credit cards, which allow the cardholder to make purchases within a certain credit limit

The SEPA card payments will take place according to a set of high-level principles and rules with which issuers, acquirers, card schemes and operators will have to comply. These principles have been developed by the European Payments Council (EPC) and are referred to as the SEPA Cards Framework (SCF).

The SEPA Cards Framework will enable European customers to use cards to make payments and cash withdrawals in Euro throughout the SEPA with the same ease and convenience as they do in their home country.

### Features of the SEPA Cards Framework

- Cardholders can pay with one card all over the SEPA
- Cardholders and merchants will be able to make and receive card payments throughout SEPA in a common and consistent manner

### Benefits

- Allows over 300 million people to use cards across SEPA as easily as they do right now in their home country
- Payment card processors will be able to compete with each other and offer their services throughout SEPA, making the processing payment card market more competitive, reliable and cost-efficient
- Consumers will be able to use the same card for all euro payments and therefore will have less need to carry cash

### **Fraud prevention**

Fraud rates are typically low at a national level and high at cross-border level. As the SEPA project is intended to result in significant increases in card payments, it is vital that measures be put in place to prevent an increase in fraud. To this end, by the end of 2010, all SEPA cards must have embedded chip technology. Retailers must have the ability to request the use of a PIN number with cards. By using chip in combination with PIN it should be possible to significantly reduce fraud levels.

### **Contacts**

For further information, please contact your Cash Manager who will be able to assist you.