

SEPA DIRECT DEBITS

Payment instrument for a borderless Europe

With SEPA (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 Debit
- SEPA Cards Framework

With Danske Bank you can transact your euro payments in SEPA without any geographical restrictions.

Direct Debits

A Direct Debit is a transfer initiated by the payee (the receiver) via the payee's bank after agreement between the payee and payer (the sender). Direct

Debits are often used for recurring payments with a pre-authorised agreement having been established with the payer. Direct Debits are also used for one-off payments where the payer authorises a single payment.

The SEPA Direct Debit scheme is an interbank payment scheme that defines a common set of rules, processes, service levels and a timeframe for Direct Debits denominated in Euros.

As a payment instrument for the entire SEPA, the SEPA Direct Debit will replace, within the Eurozone, today's multiple and varied national Direct Debit schemes. During the changeover period, the new SEPA Direct Debits will co-exist with the old payment systems. It is expected that the new SEPA Direct Debits instrument will be in place in 2009.

Features of the SEPA Direct Debit scheme

- The maximum settlement time of five business days for the first payment, and two business days for recurring payments
- The maximum refund period for the debtor of six weeks after due date (debit day)

- A comprehensive set of rules for rejected and returned payments

Benefits

- Simplifies payment management
- Consolidation of payment and liquidity management

Formats

The Interbank payment scheme of SEPA Direct Debits will follow the new ISO 20022 XML format.

Contacts

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