



EUC comments on SEPA Governance paper

15 April 2010

Introduction

The Payments System End-users Committee (EUC) welcomes the establishment of the SEPA Council which is among the priorities defined by the Commission's SEPA Roadmap for 2009-2012. The fact that the EU authorities are taking the initiative to change the governance of SEPA, which has been actively requested by SEPA end-user representatives for a long time, is laudable.

In fact, the SEPA project, as it now stands, is still run by the banking industry, which takes all decisions through the EPC plenary in a very untransparent way without taking other stakeholders' opinions into consideration. The SEPA Roadmap likewise acknowledged the shortcomings of this governance model. Further, according to the roadmap, the overarching SEPA governance model at EU level must ensure that SEPA "*meets the needs of end users*".

The EUC takes this opportunity to provide its view as regards the Commission communication of 15 March announcing the imminent establishment of the SEPA Council. Our comments aim at improving the proposed structure and functioning of the SEPA Council to the benefit of all stakeholders.

1. Members of the SEPA Council

The EUC appreciates the EC and ECB intention to bring together all actors on an equal footing. Although the specific members of the Council have not yet been decided, we take the view that all members on the demand side should be from organisations with a wholly demand-side membership. The participation on the demand side of representatives with a mixed banking/business membership might well raise conflicts of interests among SEPA end-users. Further, according

to the Commission communication, the EUC would not have its own representative on the SEPA Council, while the European Payments Council (EPC) will have a representative on the supply side. This would mean that a number of smaller organisations, which are an integral part of the EUC, would have no voice. The EUC therefore suggests the following remedies for the problem:

- *Remove banking representatives from the demand side.*
- *Ensure participation of an additional high-level EUC representative to ensure proper representation of the wider end user community.*

2. Mandate of the SEPA Council

As far as we understand it, a significant rationale behind the establishment of the SEPA Council is the failure of the current governance structure to properly represent both sides of the payment market. The realisation and success of SEPA to the benefit of all is only possible if all relevant aspects of the project are discussed and agreed by all stakeholders. The EPC governance structure has not been able to offer such a possibility which now should be provided by the SEPA Council. We therefore fully support the stated aim of the Council to ensure accountability and transparency of the SEPA process through the involvement of all actors concerned. However, it would be naïve to assume that consensus will be reached among stakeholders upon every topic discussed. In cases of disagreements, we fear that the EPC would always have the last word. The EUC therefore urges the addition of the following provision to the mandate of the SEPA Council:

- *Disagreements between the demand and supply sides on any particular issue should be brought to the attention of the SEPA Council. The Council's mandate should include procedures to mediate such disagreements and suggest solutions.*

3. Meetings

According to the Commission communication document, meetings of the SEPA Council shall take place twice a year. EUC members consider this frequency is not sufficient, especially if the Council wants to play a dynamic role in the SEPA process, and given the substantial number of pending and future issues. The EUC therefore suggests the following:

- *Meetings of the SEPA Council shall take place at least four times a year.*

4. Technical working group

We also wish it made clear that the SEPA Council should in no way replace the more detailed consultation, currently carried out in the EUC/EPC stakeholder workshops (previously Customer Stakeholder Forum). There will be a continuing need for such specific, technical work and consultation. Since there has been some difficulty in the structure of this forum/workshop, the EUC suggests the following:

- Regular, detailed consultation between the EPC and the EUC on the evolution of the SCT and SDD should continue within a new body under an independent chair.
- This new body, with the suggested name of the SEPA Customer Forum, should, in structure, be a sub-group of the SEPA Council. It should set its mandate and agenda in consultation with the SEPA Council.
- The format of this body would be very similar to that of the current workshops and the EUC would support the current chair continuing his role as independent chair of the new body.
- In respect to the SEPA Council's future work on cards, the technical working group is the current Cards Stakeholders Group (CSG), which should continue its present role.

EUC members strongly believe that consideration of the above recommendations will contribute extensively to the promotion of the realisation of an integrated euro retail payments market which is the objective of the SEPA Council.