

## Financial Guideline 2013/2014 - 07

# SINGLE EUROPEAN PAYMENTS AREA (SEPA)

### 1. INTRODUCTION

SEPA will standardise euro electronic payments across Europe. In total, there are 33 countries in the SEPA area. These are the existing 28 EU member states of the European Union, together with Iceland, Lichtenstein, Monaco, Norway and Switzerland.

SEPA comes into full effect on 1 February 2014, changing the way euro electronic payments are processed across Europe. It will mean that you can make and receive payments seamlessly, collect a direct debit on any euro account or make a credit transfer to any euro account within SEPA.

### 2. WHAT ARE THE MAIN CHANGES THAT SEPA BRINGS?

From 1 February 2014, existing national payment schemes will be closed down following which euro electronic payments will be processed through new SEPA schemes.

By that stage, all national direct debits and credit transfers must be SEPA-compliant. This will include everything from staff payroll to paying creditors or receiving a euro electronic payment from customers within SEPA.

National sort codes and account numbers will be replaced by an International Bank Account Number (IBAN) and a Business Identifier Code (BIC).

### 3. WHAT WILL IT MEAN FOR SCHOOLS?

From 1 February 2014, all euro direct debits and credit transfers within the designated 33-country area will be executed under the same conditions. This will create a more efficient borderless payment area by standardising euro electronic payments.

All schools must be ready for SEPA, as all existing national systems will close on 1 February 2014. You will need to ensure that your payroll, direct debit and accounting systems are SEPA ready before 1 February 2014 so that you are able to make euro electronic payments after that date. A key benefit for businesses is that faster settlement and simplified processes will improve cash-flow and potentially reduce cost.

#### **4. ARE YOU OBLIGED TO CONFORM TO SEPA STANDARDS?**

Yes, EU regulation 260/2012 means that all schools **must** conform to the new SEPA standards before the end-date of **1 February 2014**.

#### **5. WHAT IS THE SEPA TIMEFRAME?**

SEPA has been introduced on a phased basis. The rollout of SEPA credit transfer and direct debit capabilities began across the 33 SEPA countries in 2008.

By 1 February 2014, all existing national credit transfer and direct debit schemes must move to the SEPA credit transfer and direct debit payment schemes. At that point, IBAN and BIC codes will replace national sort codes and account numbers for all euro electronic payments.

#### **6. WHAT DO YOU NEED TO DO NOW?**

##### ***Step 1: Contact your Bank to ensure you are SEPA ready***

Your bank will be able to advise you on any actions that you need to take to make sure that you are fully SEPA-compliant in good time for the 1 February 2014 deadline.

##### ***Step 2: Contact your payroll software provider e.g. Thesaurus, Quickpay***

Your software provider will advise you when their software updates will be completed.

##### ***Step 3: Contact your accounts software provider if NOT using TAS***

Your software provider will advise you when their software updates will be completed.

***NOTE: If you are using TAS to prepare your school accounts, you will be contacted directly by Breda Murphy if you need to make changes to your software.***

More detailed information on SEPA may be found on the websites of the [Central Bank of Ireland](#), [the European Central Bank](#), [European Payments Council](#) and [the Irish Payments Services Organisation \(IPSO\)](#).

***If you have any other queries please contact your FSSU Accountant.***

- *Kathleen Moloney can be contacted on 086-0405128 or [kathleenmoloney@jmb.ie](mailto:kathleenmoloney@jmb.ie)*
- *Anna Brennan can be contacted on 086-8519116 or [annabrennan@jmb.ie](mailto:annabrennan@jmb.ie)*

**Louise McNamara, Director,  
JMB Financial Support Services Unit  
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