

FAQ about SEPA - Single Euro Payments Area

1. What does SEPA mean?

The abbreviation SEPA stands for Single Euro Payments Area. The purpose of SEPA is to use uniform procedures and standards for euro payment transactions in the European Economic Area and to offer uniform and harmonized payment products such as SEPA Credit Transfers and SEPA Direct Debits.

SEPA was introduced on February 1st, 2014 and since then payment transfers and direct debits must always be carried out according to SEPA procedures. This means that domestic payments and as well as cross-border payments within the European Union will be settled under the same unified procedures and standards.

2. SEPA Member States

As of July 2015, SEPA consists of the 28 member states of the [European Union](#), the four member states of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), Monaco and San Marino. This total comprises 34 countries that are members of the SEPA Area.

3. Legal framework

On March 31st 2012, the European Parliament and the Council passed Regulation (EU) No 260/2012 establishing technical and business requirements for credit transfers and direct debits in euro (SEPA Regulation). The core element of this regulation is the single migration deadline (initially February 1, 2014), by which all national credit transfers and direct debit transactions must migrate to SEPA formats.

As of this date, appropriate cashless payments are only possible through SEPA Credit Transfer and SEPA Direct Debit procedures using the International Bank Account Number “IBAN”.

The SEPA Credit Transfer and the SEPA Direct Debits are laid down in the European rules of the European Payments Council, known as rulebooks. European regulations are adopted by the European Payments Council.

4. What are the advantages of SEPA?

With the new SEPA Regulation, non-cash euro payments can be carried out more easily, more quickly and more cost-effectively in the EU.

Consumers can process their entire payment transactions at any bank and/or payment institution across Europe. In the case of SEPA direct debit products, consumers are given new rights: for example, limiting debiting amounts, or block all direct debits drawn by a particular payee.

Also through SEPA companies are given the opportunity to manage their entire cashless euro payments, their account management and cash management in the entire SEPA market efficiently, securely and uniformly, regardless of their domicile or place of residence.

5. IBAN and BIC – What is this?

The **IBAN** - the International Bank Account Number - uniquely identifies an individual account at a specific financial institution in a particular country, thus making all accounts within SEPA reachable. The IBAN consists of up to 34 alphanumeric characters comprising:

IBAN Structure:

Character 1-2: Country code, i.e. **FI** for Finland

Character 3-4: Two check digits, i.e. **12**

Character 5-12: Domestic bank account number, i.e. **7997 7997**

Character 13-22: Account Number (or routing information) i.e. **1234 56**

Holvi's IBAN is composed of 21 characters: i.e. **FI12 7997 7997 1234 56**

The **BIC** (Business Identifier Code, former Bank Identifier Code or SWIFT Code) replaces the previous bank code. It consists of 8 or 11 alphanumeric characters:

BIC Structure:

Character 1-4: Bank code

Character 5-6: Country code

Character 7-8: Location code

Character 9-11: Bank branch code (optional)

Holvi's BIC: HOLVFIHH

6. SEPA Payment Instruments (SEPA Products)

6.1. SEPA Credit Transfer (SCT)

A SEPA Credit Transfer (money transactions) can be used for euro payments in Finland and in any other SEPA participating country. A SCT only requires an IBAN-No. and, in some cases, the BIC. A payment reference can be specified with up to 140 characters.

- How long does a SCT take?

It makes no difference whether a STC is for domestic use (i.e. Finland - Finland) or if the payment is sent to another SEPA participating country. The maximum transaction duration within the European Economic Area (EEA) may not exceed one banking working day.

If a STC order arrives after the so called cut-off time - deadline for receiving payment orders - the order is considered to be “arrived on the next day”, therefore the execution time for that order may, as a result, be prolonged by one banking business day.

You can find Holvi’s specific **cut-off-Time** [here](#).

- How much does a SEPA Credit Transfer cost?

Euro transfers to other EU countries will cost the same as domestic transfers.

- Can a SEPA Credit Transfer be refunded?

Different from the SEPA Direct Debit, it is not so easy to return an already executed and credited SEPA Credit Transaction to the payer’s account. This is only possible if the payment has not been credited at the recipient’s account. If the amount has already been credited, you are dependent on the recipient’s acceptance to return the payment.

6.2. SEPA Direct Debit

SDDs allow customers to make domestic and cross-border (debit) funds collections in euro in all SEPA member countries. The legitimation for a SEPA direct debit is the mandate, the expression of consent and authorization given by the debtor to the creditor to allow the creditor to initiate collections for debiting the debtor’s account. Currently, there are two different types of SDDs: SEPA Core Direct Debits and SEPA Business-to-Business (B2B) Direct Debits.

- **SEPA Core Direct Debit Scheme**

The SDD Core allows a biller to collect funds from a payer’s account, provided that a signed mandate has been granted by the payer to the biller. It is possible to use the SEPA Direct Debit Core for consumers and non-consumers. The SEPA Direct Debit Core can be one-off or a recurrent collection.

- Can a SEPA Direct Debit be refunded?

An authorized SDD (with a valid mandate) grants payers a refund right during the eight weeks following the debiting of a payer’s account. During this time any funds collected via the SDD Core

scheme will be credited back to the payer's account upon request. In the event of any unauthorised direct debit collections, the payer's right to a refund extends to 13 months.

- **SEPA Direct Debit B2B** (*Currently not supported by Holvi*)

The SEPA Direct Debit B2B can only be used by and between businesses. One of the main differences is that the payer is not entitled to obtain a refund of an authorised transaction. Although in the case of an unauthorized SEPA Direct Debit B2B, the payer has a refund right for 13 months following the debiting of the payer's account. Also the timelines are shorter compared to the SEPA Direct Debit Core scheme, but the limited coverage due to the optional nature of the B2B scheme could be an impediment for businesses using the SEPA Direct Debit B2B.

7. SEPA- or International Wire Transfers?

An international payment order is a suitable form of payment when a payment cannot be made as a SEPA payment or the payment is of foreign currency. Currently Holvi does not support international wire transfers.

Domestic and cross-border transfers are treated equal within the SEPA area. Therefore a SEPA Credit Transfer will always have the same costs as local transfers, in the majority of cases, it should be free (the costs will depend according to the specific pricing terms of the Bank or Payment Institution). Meanwhile an international wire transfer causes additional costs, therefore, it is more expensive and more complicated than the SEPA Credit Transfer. An international wire transfer is intended for transfers in a foreign currency and/or outside of European countries.

8. What can I do if I face an IBAN - Discrimination?

Companies and institutions, within the SEPA area, are obligated to accept any IBAN number of any SEPA member country. Some companies allow their customers to pay by direct debit, but only using current accounts held with a credit institution in a specific member state. This limitation is known as "IBAN-Discrimination". This conducts to an infringement of Article 9(2) of the SEPA Regulation (Regulation (EU) No 260/2012). Pursuant a payment account located within the Union shall not specify the Member State in which that payment account is to be located.

Insofar complaints are relating to a company's infringement of Article 9 of SEPA Regulation (EU) No 260/2012) which is under the supervision and subject of a financial supervision i.e. FIN-FSA (Finland), BaFin (Germany), the Financial Supervisory Authority is responsible for complaints.

- **IBAN Discrimination by companies from Austria:**

Consumers in Austria can turn to FMA for complaints. For further information, please visit the "FMA" website:

[Complaints - FMA](#)

- IBAN Discrimination by companies from Germany:

Consumers in Germany can turn to “BaFin” for complaints relating to companies which are subject to its supervision. For further information, please visit following link:

[Complaints - BaFin](#)

Consumers and companies who wish to complain about a company which is not under the supervision of a financial supervision authority, can turn to one of the following qualified entities:

[Qualified entities according to German Injunctions Act](#) (only available in German)

Furthermore complaints may also be submitted to the appropriate chamber of industry and commerce. Please find under following link the different chambers of industry and commerce.

[Chamber of industry and commerce](#) (only available in German)