

# Changes in the payment operations system related to the introduction of SEPA in the Republic of Croatia

## What is SEPA?

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SEPA is the **Single Euro Payments Area** where consumers, businesses entities and public authorities can make and receive payments in euro under the same basic conditions, rights and obligations, regardless of their location.

The main goal of the SEPA project is the replacement of current national payment schemes by **uniform payment schemes** throughout the euro area and in other European countries where the euro is not the national currency, but euro payments are accepted, and which belong to SEPA (*payment schemes are a set of rules and technical standards for the execution of transactions*).

## Scope of SEPA payment schemes

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SEPA includes **34 countries: all EU member states plus Iceland, Liechtenstein, Norway, Switzerland, Monaco and San Marino**. **Across SEPA countries, payment transactions are executed in accordance with SEPA standards, rules and procedures.**

## SEPA payment instruments

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Basic SEPA payment instruments are:

- **SEPA credit transfers** (payment orders)

**Credit transfer** is a national or cross-border payment service for crediting a payee's account for a single payment transaction or a series of payment transactions from a payer's account, by the payment service provider which manages the payer's account, based on the instruction given by the payer.

- **SEPA direct debits** (previous name: standing order - authorized withdrawal)

**Direct debit** is also a national or cross-border payment service for debiting a payer's account when the payment transaction is initiated by the payee based on the payer's consent.

Common technical standards have been introduced for such transactions, aimed at **fully electronic, continuous processing of payment transactions from the payer to the payee**.

Basic standards for **SEPA credit transfers and SEPA direct debits**:

- **accounts of the payer** and the payee are defined by **IBAN**,
- **payment service providers** (banks) of the payer and the payee are defined by **BIC**,
- payment transactions are executed in accordance with the **ISO 20022 XML payment message format (payment message format for electronic payments – payment order files and bank statement files)**.

## SEPA project in Croatia

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The National Payment System Committee adopted the **National SEPA Migration Plan** which, inter alia, outlines the action plan and migration process, with defined deadlines.

- The deadline for the implementation of **SEPA credit transfers** is **June 6, 2016**. It refers to **EUR and HRK payments in national and cross-border payment operations** (credit transfers), which also includes the **submitting of payments by using the xml file format**.
- The deadline for the implementation of **SEPA direct debits in HRK** is **February 1, 2017**. Direct debits shall be executed only in HRK.

**SEPA project in the Republic of Croatia official website:** [www.sepa.hr](http://www.sepa.hr)

At [www.sepa.hr](http://www.sepa.hr) you can find all information and news about the SEPA project in Croatia, SEPA payment services for small and medium-sized enterprises, large companies, public sector, IT companies, sole traders and consumers, as well as answers to frequently asked questions.

For more information about the SEPA project, please contact your Relationship Manager.