

# **SEPA Implementation and Migration in GREECE**

**HELLENIC BANK ASSOCIATION**

**Status of preparation and plans as per July 2007**

## **Table of contents**

(1) Introduction	3
(2) Implementation and migration phases	5
(3) Overview of payment instruments	6
(4) SEPA implementation organisation	9
(5) SEPA implementation Plan	14
(6) Programme management arrangements	19

## **1. Introduction**

In its fourth progress report on SEPA, the Eurosystem requested all stakeholders to prepare detailed national implementation and migration plans to facilitate a smooth start of SEPA and the subsequent migration of a critical mass of domestic payments to the SEPA environment.

The Single Euro Payments Area (SEPA) objective is to create an integrated payments area, in which consumers, companies and organisations will be able to pay and receive payments in euros under the same conditions, rights and obligations regardless of whether the payment is domestic or a cross-border one.

Greek banks are committed to the plans and schedules of the European Payments Council (EPC) in order to realise a Single Euro Payments Area and support the vision of SEPA, notwithstanding the implementation cost and potential revenue loss due to the increase in cross-border competition.

The Hellenic Bank Association (HBA) took the initiative and prepared the Greek SEPA Implementation and Migration Plan, aiming to provide essential information about the SEPA implementation process, migration plan and programme management arrangements to all stakeholders involved.

The plan is intended to cover the following payment-related services, which will be implemented on the basis of decisions and resolutions taken by the EPC.

- SEPA credit transfers
- SEPA direct debits
- SEPA payment cards

Cash has a particular implementation focus within the EPC SEPA programme. The program under the name SECA will concentrate on a new harmonisation and processing framework for the wholesale distribution of the euro and on the development of a SEPA cash repositioning strategy, with the objective of encouraging consumers and merchants to migrate to payment cards and electronic transfers, with considerable savings to society.

Cheques and other non-SEPA instruments will not be used on a cross-border basis within the euro area. These instruments will, thus, ultimately disappear when it becomes clear to their users that other means of payment provide better service. By the end of 2010, once the SEPA instruments have been adopted by customers, the use of cheques and other non-SEPA instruments is expected to follow a clear downward trend (however, national payment instruments for which a SEPA alternative is not available could continue to exist, as long as there is demand for them). Because the use of non-SEPA instruments is so different across countries, it is understood that this process will be monitored at the national level and that the EPC will not be involved.

## **2. Implementation and migration phases**

The Greek implementation and migration national plan and related activities clearly distinguish between two phases:

Phase 1: Ensure availability of SEPA payment instruments to users on schedule alongside the existing national payment instruments, and

Phase 2: Migrate domestic payments to the new SEPA instruments and replace the current national payment systems by the SEPA instruments.

While the first phase entails a clear and well defined launch date for SEPA credit transfers and SEPA payment cards (set for the beginning of 2008) and for SEPA Direct debits (after the transposition of the Payments Services Directive - PSD into national law in the last quarter of 2009), activities concerning the second phase must be seen in the context of how the SEPA instruments will be accepted by customers and how these instruments will be duly supported in other countries.

Greek commercial banks believe that the final decisions and timetables concerning the full migration and replacement of the national payment instruments, should be reexamined in a year from now, in order not only to better justify the adoption of the new services from banks customers but also gain a better understanding of the impact that the PSD will have on payments business.

### **3. Overview of payment instruments**

#### Credit transfers and Direct debits:

The Greek banking community has made all preparations required (incl. notification of customers as to the adoption of the IBAN), in order to introduce, as of July, 1st 2007, the use of IBAN as a prerequisite for the processing of domestic credit transfers on an STP basis.

From the beginning of 2008, the majority of banks operating in Greece will be able to offer SEPA Credit transfers to their customers, in parallel with the existing mass payment domestic credit transfers scheme offered by the local Interbanking Systems S.A. DIAS.

From the beginning of 2008, DIAS, having finalised all the necessary arrangements, will be able to provide organisational, technical and administrative support for the SEPA direct debit-related activities to any Greek bank wishing to offer this product for domestic use to its customers, in parallel with the existing mass payment domestic Direct debits scheme offered by DIAS. Following the transposition of the Payments Services Directive into national law in the last quarter of 2009, the system will allow Greek banks to offer to their clientele a Pan-European SEPA Direct debit product.

It is obvious that, in order to meet customer needs, Greek banks will need to run the new SEPA SCT and SDD schemes, in parallel with the domestic ones. However, efficiency considerations prevent banks from maintaining such a duality of systems for too long. Sooner or later (at a point in the future not yet defined) the current domestic instruments will have to be replaced by their SEPA alternatives. No decision has been taken, as yet, with regard to the date of the abolition of our existing domestic electronic mass

payments credit transfer and direct debit systems, since the current demand of the banks clientele for the implementation of the SEPA credit transfers and direct debits remains relatively low.

#### Cards:

There is no general purpose card scheme designed exclusively for use in Greece and Customers are offered card products consisting of brands enabled by VISA, MASTERCARD, DINERS and AMEX

SEPA for cards is reached through a two-stage process in Greece:

1. Banks deliver SCF compliant payment products to their customers due to the fact VISA and MASTERCARD schemes have declared themselves as SCF compliant. EMV conversion is ongoing and all cards will be SCF compliant by the end of 2010.
2. Banks ensure that Merchants accept one or more SCF compliant payment products due to the fact that the vast majority of the card terminals belong to the acquiring banks. EMV conversion is ongoing and all terminals will be SCF compliant by the end of 2010.

#### Cash and cheques:

Greece is a cash and cheque society<sup>1</sup>. Our banking community, apart from the objective to secure short-term deliverables for compliance with SEPA payment instruments, aims at securing, by the end of 2010, the implementation of the Common Eurosystem terms of reference for the use of cash-recycling

---

<sup>1</sup> Only 8.3 transactions of credit transfers, direct debits and cards (except with e-money cards) per capita in Greece, compared to 127.6 transactions per capita in euro-area. European Central Bank, Blue Book, December 2006, page 34.

machines by credit institutions and other professional cash handlers in the sorting and distribution of banknotes.

In an effort, to minimise the handling cost of Cheques, a domestic standard has been established. The Greek cheques standard covers not only the form and the content of the various fields, but also provides for the use of the IBAN in the Code line of the Cheques. The Code line permits the mechanical handling of Cheques by the sorting machines.



## 4. SEPA Implementation Organisation

### National Implementation Coordinating Bodies

In Greece, the SEPA Implementation Organisation operates at two levels, namely the **SEPA Forum** and the **Executive Committee** of the Hellenic Bank Association.

### SEPA Forum

The **SEPA Forum** is in charge of all communication efforts aimed at informing end-users about the SEPA products, the determination of local particularities with respect to the adoption of SEPA products, the submission to the Government of amendment proposals with respect to the legal and operational framework, with a view to facilitating the use of SEPA products, the endorsement of the SEPA migration plan and the ongoing monitoring of its implementation process.

Participating institutions/associations in the SEPA Forum, which is chaired by the Deputy Governor of the Bank of Greece, are as follows : the Hellenic Bank Association, the members of the SEPA Coordination Committee of the HBA, the Ministry of Finance, the local ACH, the Union of Hellenic Chambers of Commerce, the Federation of Greek Industries, the Athens Chamber of Commerce and Industry, public utilities, and consumer associations.

### Executive Committee

The **Executive Committee** of the Hellenic Bank Association, is the decision making body for the banking industry with respect to SEPA related issues. Members of the Executive Committee are the Deputy Governors or Deputy Managing Directors or Vice Presidents of 7 out of 23 regular members of the HBA.

### Governance bodies & composition

The Executive Committee has established the SEPA Coordination Committee (SCC), which is in charge of all cooperative SEPA activities within the Greek banking sector, including coordination with the EPC, high-level strategic proposals to the Executive Committee, as well as, the communication policy followed in relation to SEPA stakeholders from outside the banking industry.

SCC members are senior executives from several HBAs member banks responsible for payments within their banks. Chairman of the SCC is the Secretary General of the Hellenic Bank Association.

### Working bodies & composition

The HBA Committees and their substructures are in charge of SEPA issues. More specifically, the Interbank Committee for Payment Systems is in charge of CT<sup>2</sup> and DD<sup>3</sup>, the Payment Cards Committee is in charge of cards and the Cash Committee is in charge of cash issues.

Participation in these committees is open to any HBA member bank. Representatives of the Bank of Greece (National Central Bank) and DIAS (local ACH) participate as observers.

Working groups are established on an ad hoc basis. Participation in these working groups is open to any HBA regular member.

HBA's Legal Interbank Committee is informed regularly about SEPA legal issues (e.g. involving SCT and SDD Adherence Agreements, adoption of the PSD, etc).

### Other parties involved

Association of Cooperative Banks

HBA's non-member banks

All parties participating in the SEPA Forum

---

<sup>2</sup> Credit transfers.

<sup>3</sup> Direct Debits.

### Role of National Central Bank

The National Central Bank:

- Chairs the SEPA Forum
- Acts as a catalyst for SEPA
- Facilitates and coordinates the dialogue with all stakeholders involved
- Monitors the SEPA migration process
- Participates as an observer in the HBA Committees
- Supports and promotes the use of IBAN/ BIC

### Role of Ministry of Finance

- Participates in the SEPA dialogue
- In charge of amending the legal framework, including transposition of the PSD into national law

### Role of Public Administrations

No role in national implementation and migration plan

### Role of ACH(s)

DIAS is currently updating its IT systems in order to become a SEPA compliant CSM and participates in the SEPA Implementation Coordinating Bodies at national level.

Moreover, DIAS is active in EACHA, has contributed to the study on interoperability and acts as Technical Facilitator on behalf of several banks operating in Greece.

## 5. SEPA Implementation Plan

The Implementation Plan sets main milestones to be reached, as follows:

### Greek SCT and SDD testing framework

The GREEK SEPA Testing Framework (STF) has been developed by HBA, DIAS and HBA's member banks and establishes Roles and Responsibilities for the provision and operation of SEPA Credit Transfer (SCT) and SEPA Direct Debit schemes.

The SCT Testing Framework has already been certified by the payment systems committee of the Hellenic Bank Association and the respective SDD Testing Framework is currently under preparation.

- The approach to testing (including roles & responsibilities)

The national ACH (DIAS) has defined the national test Scenarios and cases based on the EPC acceptance criteria and test scenarios.

- Community testing

The inter-bank testing, within the community for DIAS SEPA Credit Transfer and SEPA Direct Debits systems will be organised by DIAS from September until November 2007.

- SEPA-wide testing

Will be based on the Greek SEPA Credit Transfers and Direct Debits testing framework according to the SEPA Testing Framework Version 2.2 (14 March 2007) EPC manual.

- Self certification

To be assessed by HBA Secretariat, according to the Greek SEPA Credit Transfers Migration Manual.

#### Development of DIAS as SEPA compliant CSM

In order to create a highly efficient payment infrastructure for the Greek banks in the SEPA environment, DIAS Board has decided that the company should comply with the following requirements:

1. Upgrade its payment systems infrastructure in order to become a SEPA compliant ACH.
2. Enter into the most suitable bilateral or multilateral agreements offering reachability through SEPA to its member banks and participants of its SEPA Credit transfers and Direct debits payment systems.
3. Act as Technical facilitator for SEPA SCT and SDD payments for those banks seeking such services.

All of the above mentioned projects are today under implementation and many Greek banks are supported by DIAS in their evolution towards SEPA.

### Banks reachability

The vast majority of Greek banks will resolve their reachability issue for SEPA Credit transfers by connecting themselves directly or indirectly to EBA STEP2 platform and DIAS Credit Transfers System.

Two Greek banks have already agreed to join the EBA STEP 2 Direct debit platform (M-PEDD). Following the delayed adoption of the PSD, several Greek banks have postponed their migration plan decision for the first half of 2008.

DIAS will be connected to other European ACH's and EBA for the purpose of exchanging files and payment messages between the participants of each system.

### Adherence agreement and operational readiness

The majority of Greek banks are ready to start Testing in the last quarter of 2007 and have already declared their readiness to sign, by December of 2007, the Adherence agreement to SEPA SCT Scheme and their operational readiness to send and receive SEPA Credit transfers from the first quarter of 2008.

The Adherence agreement and operational readiness for the SEPA Direct debit Scheme has not been decided upon.

### Communication policy in relation to other SEPA stakeholders

A number of communication activities have taken place as follows :

- SEPA seminars are offered to bank employees and any other interested individual.



- Publication in the HBA quarterly bulletin of informative articles on SEPA.
- Communication effort is streamlined through the SEPA Forum.
- Banks have launched public information campaigns aimed at keeping their customers informed about their business decisions and added value services on offer.
- SEPA website ([www.sepa.gr](http://www.sepa.gr)) provides information about SEPA and links to other websites of stakeholders.
- A leaflet aiming at informing all end-users is planned to be distributed by the end of 2007.

#### Transposition of PSD into national law

In December 2005, the European Commission published a Directive proposal providing for the harmonisation of the legal framework on payments throughout the European Union. The European Parliament adopted the proposal in late April 2007. The Directive must be implemented into national law by November 2009.

Impact analysis of PSD on all payments has to be conducted in coordination with the Ministry of Finance, the Central Bank and other stakeholders, in order to develop a plan to transpose PSD into national legislation.

## Definition of AOS

DIAS has already initiated a project for the definition of AOS.

## Greek SEPA implementation and migration Timetable

- 2006: Concept creation by the individual banks. SEPA related articles are published in newspapers and magazines.
- 2007: September to December test-phase scheduled for SCTs. The reachability issue will be resolved using EBA. General Communication campaign in progress.
- 2007: The community testing window for SDDs will be ready to start from September 2007.
- 2007: Gradual migration of cards and terminals to EMV. Full migration by the end of 2010.
- 2007: Disclosure of DIAS intention to become a SEPA-Scheme compliant CSM until September 2007.
- 2008: From January 28<sup>th</sup>, 2008, SEPA Credit transfer products will be available to customers in parallel with the domestic credit transfer products. Specific communication campaign from each bank to its customers.
- 2008: SEPA Direct Debit products are offered to customers for domestic use.
- 2009: SEPA Direct Debit products are offered to customers for SEPA wide use.
- Not yet defined: Critical mass migration of payment transactions to SEPA SCT and SDD Schemes.

### Responsibility for plan maintenance & distribution

The Hellenic Bank Association is responsible for the plan maintenance via specific interbank committees, sub committees and working groups.

## **6. Programme Management Arrangements**

### HBA's Role and Responsibilities

- Represent its member Banks as a **National Adherence Support Organisation** ("NASO") providing basic guidance on the adherence process and on the adherence application, on liaising with the Scheme Management Committee with respect of an application (as required), on collecting fees from Participants in its jurisdiction and on other tasks as the EPC or any organ of the EPC may require it to perform from time to time.
- Represent its member Banks who have signed or plan to sign the Adherence Agreements to the SEPA Schemes and represents its member Banks at the EPC's Plenary Roll Out Committee, Programme Management Forum (PMF) and Working Groups.
- Design in cooperation with DIAS and member Banks the Criteria for SCT and SDD Operational Readiness for the Banks and for the Community respectively, i.e. the ones against which its Bank have to report the operational readiness.
- Design together with DIAS and member Banks the set of reporting information needed to confirm Operational Readiness (Declaration of Operational Readiness).

- Receive Declarations of Operational Readiness from individual Banks.
- Examine and certify the Declarations of Operational Readiness and submits such Declarations to the EPCs PMF.
- Report to the EPC per SEPA Scheme on the implementation progress, including status on banks and DIAS.
- Handle communications within the Community.

#### DIAS Role and Responsibilities as a SEPA compliant CSM

- In accordance with the conditions set out in the PE-ACH/CSM Framework, DIAS shall carry out a regular self-assessment, as required by the evolution of SEPA specifications, to demonstrate its compliance with the PE-ACH/CSM Framework.
- Notify its users and owners of its compliance in an appropriate manner.
- Set up all required legal, technical and operational infrastructure to support banks for the provision and operation of SEPA payment instruments, namely SEPA Direct Debit (SDD) and SEPA Credit Transfer (SCT).
- Adapt the Service Level Agreements between DIAS and Banks to comply with the SEPA Scheme Rulebooks and the Payment Services Directive.

#### DIAS Role and Responsibilities as a Program Management Office

- Set up, **by the end of April 2007**, a Program Management Office (PMO) headed by a Programme Manager to organise testing, monitor the progress of implementation and testing, provide help desk services, liaise with other SEPA Communities and the EPC and report to HBA on the implementation and testing results.
- Define, **by the end of May 2007**, test Scenarios and test cases for SCT, based on the EPC's STF document as a minimum for SEPA Schemes compliance and ensure their acceptance by the Banks.
- Define, **by the end of May 2007**, Test Scenarios and test cases to cover the Greek banking community's AOS for SCT and ensure their acceptance by the Banks.
- Define Greek banking community's test plans and communicate those to the Banks and the EPC.
- Involve appropriate CSMs in testing where necessary.
- Coordinate and manage, as appropriate, community and SEPA-wide testing and achieving reachability.
- Carry out tests together with Banks and support Banks in testing activities.

#### Agreed reporting process

The Program Manager reports to the **SEPA Coordination Committee (SCC)**, the payment decision body, responsible for the definition of the policy and strategy for all issues relating to payments for the Greek banking community. SCCs proposals are validated by the **Executive Committee of HBA**, the decision-making body for HBAs member banks.

Process for handling issues and questions of clarity on SEPA Schemes, Rulebooks, and associated documents

Through Payment Systems and Payment Cards Interbank Committees of the HBA and ad hoc subgroups for consultation on issues at EPC working group (SPS, Cards, Cash) level.

Programme Management Forum for the banking sector

SEPA Coordination Committee (SCC) is the Programme Management Forum for the banking sector.

Help desk

HBA/DIAS: For banks and other stakeholders (public authorities, enterprises, consumers).

\*\*\* Programme management arrangements for SEPA Direct Debits have not been finalised yet.

<b>Role</b>	<b>Surname</b>	<b>Name</b>	<b>Institution</b>	<b>Email &amp; Phone</b>
<b>National Adherence Support Organisation</b>	Tavlaridis	Kostas	Hellenic Bank Association Head of Payment Systems Department	E-mail: <a href="mailto:ktavlar@hba.gr">ktavlar@hba.gr</a> Phone: 0030-210 3386579
<b>Backup</b>	Panagiotidis	Vasilis	Hellenic Bank Association Advisor of Payment Systems Department	E-mail: <a href="mailto:vpanagio@hba.gr">vpanagio@hba.gr</a> Phone: 0030-210 3386526
<b>Programme Management Office</b>	Malliris	Anastasios	DIAS Interbanking Systems S.A Head of Business & Operations Department	E-mail: <a href="mailto:mallirisag@dias.com.gr">mallirisag@dias.com.gr</a> Phone: 0030-210 6171 723
<b>Backup</b>	Bousiou	Dimitra	DIAS Interbanking Systems S.A Manager of Business & Operations Department	E-mail: <a href="mailto:bousiouda@dias.com.gr">bousiouda@dias.com.gr</a> Phone: 0030-210 6171 729