

Reply form for the Consultation on possible end-date(s) for SEPA migration

Question no.	Questions	Possible answers	Stakeholder's short answer	Indications	Stakeholder's detailed answer
	<p>Introduction</p>	<p>"The aims of the ELV Forum are to adapt the German electronic direct debit system ("elektronisches Lastschriftverfahren" – ELV) to the new framework conditions in the area of payment transactions, to promote standardisation, and to determine the most appropriate interfaces. In this respect, the ELV Forum supports the work being carried out on the development of the Single Euro Payments Area (SEPA). The European electronic direct debit system (electronic SEPA Direct Debit – eSDD), currently under development, may offer a basis for replacing national systems in the SEPA area. However, a possibility must be found to do without the currently established SEPA mandate and/or to develop an eSDD mandate. The ELV-Forum is prepared to assist in the development of such a mandate.</p> <p>The ELV-Forum's concentrates on the subject of direct debit. For this reason the Commission's questions will be answered with a focus on SDD."</p>			

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1	Do you think that under current circumstances there is a need to support SEPA migration by setting (a) deadline(s) for migration to SCT and SDD? Do you consider certain preconditions should be met for setting such (a) deadline(s)?	a) yes, there is a need to set (a) deadline(s) to SEPA migration b) yes, but under certain conditions c) no	c)		<p>- No, at present the ELV-Forum does not see any need for a discussion on end-dates, neither with regard to SCT nor with regard to SDD. On the contrary, we consider that such a discussion could have damaging effects. Competition between old and new schemes cannot take place when it is foreseen that the old schemes will only be in force for a limited time. New procedures would therefore have an unjustified head-start and would be able to win customers even though conditions might be unfavourable.</p> <p>- Moreover, at present there is too much ambiguity surrounding the new services. Today, end-users are not yet able to evaluate and compare the products. An open-ended discussion about deadlines should only be started when there is no longer any significant use for the old system. In this context, some sort of consensus should be reached with the end-users as to when a "critical mass" is reached. A market-driven SEPA migration is needed and must be agreed on with all market participants.</p> <p>- See also annex: "The German ELV"</p>

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2	How much time would be needed to budget and implement technically SEPA migration? What is the anticipated impact of SEPA migration on your organisation/business (eg. on your IT systems, organisation, human resources, communication, or any other area)?				- Currently, no alternative exists to the existing German electronic direct debit system ("elektronisches Lastschriftverfahren" - ELV). Thus, the retail sector is unable to plan and carry out a SEPA migration to SDD.
3	What deadline(s) would you see as feasible for the replacement of legacy euro credit transfers and direct debits by SCT and SDD?				- Deadlines can only be assessed when all factors are known. As far as SDD is concerned, a deadline cannot be envisaged, because the electronic direct debit system (ELV) cannot be migrated to SDD.

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4	Do you think (a) migration end-date(s) should cover only standards (ie. the account identifiers and the payment format to be used) or the schemes' rules as well?	a) only standards b) also the schemes rules c) other (please specify)	c)	Please explain why.	<p>- The German retail sector is not against the introduction of new techniques and standards, such as for instance XML, if they have been developed together with the end-users. All work by the credit industry on new standards so far indicates that effects on end-users are to be expected (e.g. delivery of data and feedback from banks). As soon as possibilities for a migration to new standards emerge, the retail sector will be able to develop changeover scenarios, taking into account the life-cycle of technical infrastructures.</p> <p>- In many parts, a migration to new regulations cannot be carried out because the existing processes cannot be mapped onto the new schemes. Although it is technically possible to make the electronic direct debiting system ("elektronisches Lastschriftverfahren" - ELV) conform to the new standards, the ELV continues to depend on the old regulations. Only when rules exist which represent an alternative to ELV a discussion about end-dates will be possible.</p>
5	Do you think (a) migration end-date(s) should cover only interbank space (ie. bank/bank and bank/infrastructure communication) or the complete end-to-end payment chain (including customer/bank communication)?	a) the interbank space b) the complete end-to-end payment chain c) other (please specify)	c)	Please explain why.	<p>- To distinguish between interbank processes and end-to-end processes seems to make little sense. However, insufficient information is available to allow for a proper assessment.</p>

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6	Do you consider that setting (a) migration end-date(s) should imply that all legacy payments migrate to SEPA payments or could some products be maintained or developed on the market besides the SEPA products?	a) all payments should migrate to SEPA products b) 'niche' products could remain - or be developed - on the market c) other	c)	Please explain why and specify the conditions which would have to be met by such products.	- We are firmly convinced that efficient national payment systems should continue to exist and that the corresponding legal framework must be available. In particular, the ELV cannot be migrated to SEPA processes and should therefore be conducted under the old regulations. - In its vote on the implementation of PSD in July 2009, the German Bundestag expressly welcomed the possibility of a continued existence of the German direct debit system. It thus confirmed its opinion of June 2006 that the national systems fulfil customers' needs and should therefore be maintained.

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7	Do you think there should be a single end-date for SCT and SDD migration or two separate migration end-dates?	a) a single end-date for SCT and SDD migration b) two separate end-dates for SCT and SDD migration	b)	Please explain why.	SCT and SDD are based on different processes, regulations and histories. Inasmuch as this is true, the discussion about deadlines should be carried out separately, provided the requirements are fulfilled (see other answers).
8	What do you think the best approach would be regarding the territorial scope of (a) migration end-date(s)?	a) different national end-dates b) a single EU end-date c) a single EU end-date but with flexibility to set an earlier end-date at national level d) a phased approach e) other	e)	Please explain why and specify your answer for d), and e).	- Given different market conditions in different countries, any discussion on end-dates should be carried out at national level with all national end-users. - It should be expressly stipulated that, at the end of the discussion process, the conclusion may be reached that it is appropriate to continue with ELV indefinitely and/or do without the end-date.
9	Do you think that the migration end-date(s) should be the same for euro payments in euro area countries and in non-euro area countries or that there should be different migration end-dates?	a) same end-date(s) for euro area and non-euro area countries b) different end-date(s) for euro area and non-euro area countries	b)	Please explain why.	It should be left to the individual countries (banks and users) to decide if an end-date is to be established for Euro payments only or for all payments.

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10	If (a) migration end-date(s) was (were) to be established, should this be done by self-regulation or by regulation?	a) pure self-regulation b) regulation c) intermediate solution (self-regulation with political endorsement)	c) all stakeholders must be involved	Please explain why and elaborate on the modalities for each answer (eg. if b) who should be the regulating body).	- Any independent fixing of deadlines by the banking sector entails the risk that systems disappear from the market for which there is no equal alternative. The German ELV is a cost-effective and efficient system for the retail sector and consumers alike. Compared to the debit schemes provided by banks, it offers a high measure of flexibility. Already in the past there have been unjustified attempts by the banking system to suppress this procedure. Migration to SEPA would offer a further opportunity to do this, which must be prevented. Therefore, an end-date must be established in cooperation with the users. If necessary, this should be regulated by law.
11	Do you think that some criteria (such as critical mass) should first be followed before setting any migration end-date(s)?			If yes, please explain why and elaborate on these criteria.	- The most important precondition for any discussion of migration end-dates is the availability of alternative SEPA procedures. As far as the ELV is concerned, this is currently not the case, since SDD does not offer an alternative. For this reason, it is impossible to identify a criterion such as "critical mass". - In order to begin a discussion about end-dates, the end-users of all sectors concerned must be able to establish, beforehand, that in principle a relevant SEPA procedure fulfils the requirements of all users and is able to replace an older procedure. As a second step, they can jointly determine the relevant factors, such as "critical mass", etc.

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	Name of the respondent				ELV-Forum c/o HDE e.V. Am Weidendamm 1A D-10117 Berlin Germany www.elv-forum.de binneboessel@hde.de
	Geographical scope of action				Germany
	Type of stakeholder	a) payment service provider b) technical provider c) public authority d) corporate e) merchant f) SME g) consumer h) national SEPA coordination committee i) other (please specify)	a), b), e),		The ELV-Forum represents Enterprises, using or supporting ELV-Transactions, i.e. Payment Service-Provider, Terminal- and Software-Producers and the retailers federation.
	Volume of payments that you handle or represent			Please provide an answer in euros.	

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ANNEX	The German ELV	<p>- SDD and ELV: The German electronic direct debit system ("elektronisches Lastschriftverfahren" - ELV) is based on a specific nationwide debit procedure. It consists, in essence, of a special card-based debit note which is issued at points of sale (PoS). On the basis of the card data, i.e. the "account number" and "bank code", a debit mandate is issued and signed by the customer. There is no need for the customer to state his/her name and address. The procedure is very popular both in the retail sector and among consumers, and it is one of the most widely used cashless payment systems at PoS in Germany. Should the German direct debit system be discontinued in favour of SDD, this would mean the end of ELV. For as long as there is no equivalent alternative, any discussion about the abolition of the national system is senseless.</p>			