

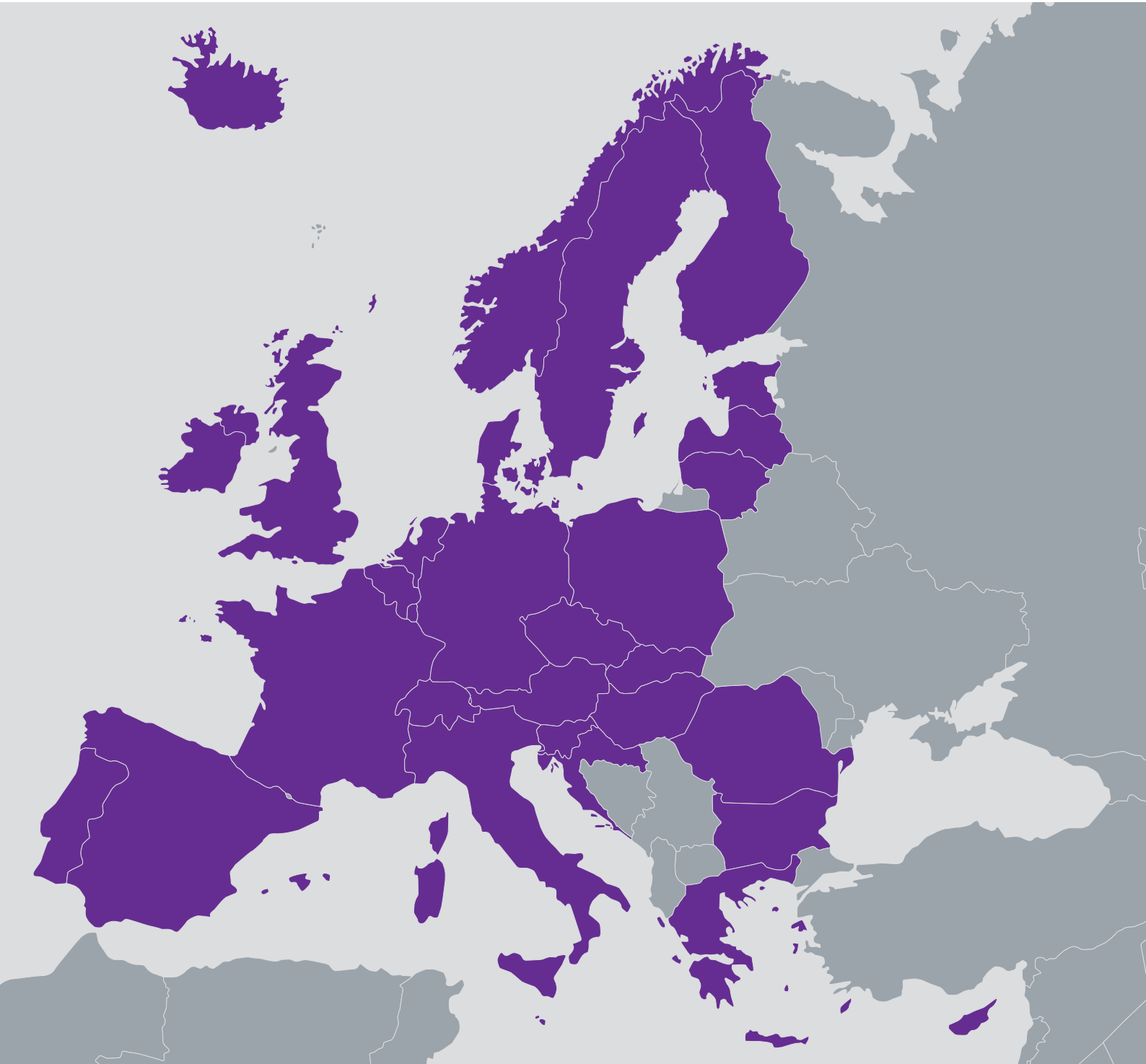
# SEPA European Direct Debits

An optimised payment solution



BANQUE  
INTERNATIONALE  
À LUXEMBOURG

There are 36 countries in the SEPA zone: the 27 EU member states + United Kingdom, Iceland, Liechtenstein, Norway, Switzerland, Monaco, San Marino, Andorra and Vatican City State.



Austria | Belgium | Bulgaria | Cyprus | Croatia | Czech Republic | Denmark | Estonia | Finland | France | Germany | Greece | Guernsey  
Hungary | Iceland | Ireland | Isle of Man | Italy | Jersey | Latvia | Liechtenstein | Lithuania | Luxembourg | Malta | Monaco | Netherlands  
Norway | Poland | Portugal | Principality of Andorra | Romania | San Marino | Slovakia | Slovenia | Spain | Sweden | Switzerland  
United Kingdom | Vatican City State / Holy See

# SEPA EUROPEAN DIRECT DEBITS

**SEPA European direct debits, which are intended to replace national direct debit systems, offer your clients greater ease in making payments, with numerous advantages for you.**

## An attractive payment offer

- A European payment solution that allows you to set up automatic direct debits with debtors in 36 countries;
- A single, standardised solution for all euro-denominated direct debits;
- European direct debits include both recurrent and one-off direct debits.

## Better cash management

- You can handle all your debtors' direct debits through BIL, regardless of the European country in which their account is held.
- You choose the date of the direct debit (your client will be debited on the same date).
- You receive a detailed, standardised report of all your payments in respect of each direct debit arrangement.

## BACKGROUND TO SEPA EUROPEAN DIRECT DEBITS

The European or SEPA direct debit system has been developed as part of SEPA.

An abbreviation of Single Euro Payments Area, SEPA is a unique platform for euro-denominated payments that offers a range of payment methods common to all European countries.

SEPA has been designed to allow citizens, companies and other economic agents to make electronic payments under the same conditions everywhere in Europe: the same rules, the same prices, the same cut-off times and with the same level of security.

## Mandatory from February 2014

A European regulation provides for the replacement of existing direct debit systems in Luxembourg and other European countries by European direct debits by **1 February 2014**. Until then, the national and European direct debit systems will co-exist.

## PRINCIPLE BEHIND EUROPEAN DIRECT DEBITS

European direct debits will make it possible to automatically receive your recurrent or one-off payments in euro, regardless of whether they are domestic payments or cross-border payments between SEPA countries. They will not be valid until your client has signed a mandate authorising you to debit its account. You keep this mandate.

## OPTIMISED OPERATION

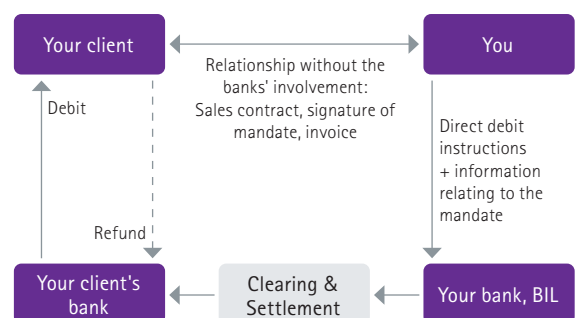
European direct debits involve four parties:

**Your client**, the debtor, signs a mandate authorising you to carry out one or more direct debits on their account.

**You**, the creditor, send your bank a direct debit instruction together with the mandate data, following the predefined format and cut-off times.

**Your bank** processes the direct debit instruction and the mandate data, and sends this information to the debtor's bank via the Clearing & Settlement system.

**Your client's bank** processes the instruction received and debits the appropriate account.





## TWO TYPES OF EUROPEAN DIRECT DEBIT TO MEET YOUR REQUIREMENTS

The European direct debit system offers two different schemes:

- The basic B2C (Business to Consumer) or Core scheme, which is intended for both retail and professional clients.
- The B2B (Business to Business) scheme, which is intended for professional clients only.

### Do you work with retail or professional clients?

Discover the key features of the B2C scheme.

#### Mandate

- The mandate is a standardised form with predefined content.
- You keep the mandate. You do not need to send it to your bank.
- In the event that a mandate is invalid, your client can dispute the amount debited from their account for up to 13 months from the date of the debit.

#### Transactions

- Transactions take place between two euro-denominated current accounts held with banks in the SEPA zone.
- Direct debits can be recurrent or one-off.
- The debtor's account is automatically identified by its IBAN and BIC.
- You send direct debit instructions to your bank using the XML - ISO20022 format.

#### Cut-off times

- You choose the date on which the account is debited. Your client's account will be debited and your account will be credited on this date.
- The cut-off times set by BIL as creditor bank for sending debit instructions and information relating to the mandate are:
  - for a first or one-off direct debit: 16:00 on D-6
  - for a recurrent direct debit: 16:00 on D-3

- Your client's bank has up to five days from the date of the direct debit to cancel a payment (Return).
- Your client has up to eight weeks from the date of the direct debit to dispute the payment. Their objection will be processed automatically (Refund).

### Do you work with professional clients only?

Here are some of the specific features of the B2B scheme:

#### Mandate

- The B2B scheme specifically requires your client to have the direct debit mandate approved by their bank before the first payment takes place.
- Your client cannot be a natural person.

#### Cut-off times

- The cut-off time set by BIL as creditor bank for sending debit instructions and information relating to the mandate is closer to the debit date. For one-off and recurrent direct debits and for the first debit: D-2.
- The maximum return deadline is also shorter, at two business days after execution of the payment.
- Your client is not entitled to claim a refund within eight weeks or lodge a complaint within 13 months if the mandate is invalid.



### DO YOU ALREADY HAVE DIRECT DEBIT MANDATES?

Your existing mandates can still be used as their validity is guaranteed by law. However, if you wish, you can sign new ones.

If you opt for the B2B scheme, however, we advise you to adopt the new mandate format.

### SUPPORT FROM BIL FOR ALL YOUR PROJECTS.

Setting up European direct debits may require modifications to your systems and procedures, thereby affecting your company's various departments.

To avoid a last-minute rush, we can start helping straight away, providing assistance from the preparatory stage to the effective implementation of European direct debits.

#### Step 1

BIL will help you to familiarise yourself with this European project by providing a detailed explanation of what it involves for you and your clients.

#### Step 2

Depending on your requirements and situation, BIL can offer you:

- Clear, detailed documentation;
- Answers to your technical and procedural questions;
- Help with tests carried out before the actual launch of European direct debits;
- A standard mandate, which you may customise according to your needs and to which you may add your logo.

**Your Relationship manager is available to provide you with any further information you may require about SEPA direct debits.**



Download the free BILnet Mobile app, available on App Store and Google play.

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Full documentation is available at:



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