

National SEPA Working Group Progress Report No.7

The National SEPA Working Group (NSWG) Progress Report No.7 comprises the tasks accomplished during the period 6 May–30 November 2011 and provides information on further tasks envisaged for implementing SEPA in Latvia.

1. On 22 November, the NSWG meeting reviewed and approved draft Version 3.0 of Latvia's National SEPA Plan comprising information on the tasks accomplished and decisions made in 2011: extension of the deadline for launching the SEPA direct debit payment infrastructure – SEPA direct debit system of JSC Itella Information until 1 January 2013; the decision on maintaining the SEPA creditor identifier in the databases of the Enterprise Register of the Republic of Latvia as of the euro changeover day; the plan of the Association of Latvian Commercial Banks (ALCB) to resume the discussion on developing a version of FiDAViSta (single standard for financial data exchange) after the draft Regulation COM (2010) 775 of the European Parliament and of the Council of 16 December 2010 establishing technical requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (Regulation on SEPA Migration End-date) has been adopted and to approve a national standard compliant with the UNIFI (20022) XML standard for the customer-to-bank domain in the first half of 2013, and to extend the deadline for accomplishing the introduction of the bank-to-bank domain of the SEPA credit transfers until the end of 2011; the progress made in implementing the security standard for the points of sale in the second domain of SEPA Cards Framework, inter alia the recommendations to all SEPA cards framework stakeholders approved by the Sub-group of SEPA Cards Framework, as well as the support of the Sub-group of SEPA Cards Framework to the initiative to introduce a European card, and changes in the domestic interbank card payment processing in Latvia based on bilateral interbank agreements; the accomplished task of supplementing websites of Latvian banks with SEPA information and the information on SEPA issues included in the seminars for bank employees. Proposals for high level SEPA implementation measures for amending Annex 1 "Action Plan for Introduction of the Single European Currency in Latvia" to Latvia's National Euro Changeover Plan have also been revised in line with the above changes.

The NSWG submitted to the SEPA Project Steering Committee – the Money and Payment Systems Working Group (MPSWG) of the Republic of Latvia Euro Project Steering Committee – the draft Version 3.0 of Latvia's National SEPA Plan and revised proposals for high level SEPA implementation measures for Annex 1 "Action Plan for Introduction of the Single European Currency in Latvia" to Latvia's National Euro Changeover Plan for their further submission to the Cabinet of Ministers under the Euro Implementation Project.

2. Over the reporting period the NSWG proceeded with its tasks related to the European Forum on the Security of Retail Payments (European Forum) established by the European Central Bank. On 27 June the NSWG held an ad hoc meeting, discussing the topical issues raised on the European Forum and the answers prepared by the NSWG to

the European Forum survey on the security of card payments on the internet. The Bank of Latvia representative participated in the European Forum meetings on 20 June and 29 September. Drafting of recommendations for the security of internet bank payments and card payments on the internet are priorities in 2011. After reviewing the draft recommendations at the European Forum meeting on 1 December public consultations with EU Member States will be organised.

3. Meetings of the Sub-group of SEPA Cards Framework were held on 17 August and 26 October. The Sub-group of SEPA Cards Framework continued its work commenced in the previous period (development of liability shift procedures in case of fraudulent transactions, the second domain of SEPA Cards Framework requirements for merchants, etc.) as well as approved several recommendations for card framework stakeholders:

- on 12 May invited consumers to apply for the service "Secure payments on the internet" offered by Latvian banks free of charge;
- on 19 September invited merchants to read the information on "Secure e-shop certificate" awarded by the Latvian Merchant Association.

4. From 23 May to 20 August the NSWG participated in the consultations organised by the European Payments Council (EPC) on amendments made to the SEPA Scheme Rulebooks. The respective proposals were reviewed by the SEPA Working Group of the ALCB at the meeting of 28 May and an overall opinion of the banks was defined and the NSWG notified thereon. Latvia's joint opinion was delivered on 19 August.

5. The NSWG provided its opinion on the draft Regulation on SEPA Migration End-date to the financial attachés of the Ministries of Finance and Foreign Affairs of the Republic of Latvia.

6. The representative of the Bank of Latvia participated in the EU forum of the National SEPA Coordination Committees, organised by the European Commission, held on 18 May and 9 November. The key issues discussed were the migration progress of SEPA core products and SEPA communication activities, and SEPA governance.

7. As regards SEPA communication process, the following activities were implemented:

- on 20 May the Ministry of Finance of the Republic of Latvia and the Treasury organised a SEPA seminar for public authorities, with the participation of the State Social Insurance Agency and the Bank of Latvia;

- on 28 July the SEPA barometer was updated as per the results of the survey "The Monetary and Banking System in Latvia" conducted by SIA *Factum* in May 2011. Most of the survey respondents (58.9%) were not aware of the new euro payment instruments whereas 37.2% of the respondents were aware of SEPA. It is also positive news that in comparison with 2010 the share of well-informed persons has increased twice (from 1.7% to 3.4%);

- on 14 September and 16 November the EPC SEPA brochures for IT providers and consumers respectively were placed on the SEPA Latvia website.

8. Over the reporting period, Latvian payment service providers continued to provide statistics collated on SEPA core products to the NSWG. 88.4% of customer credit transfers in euro were compliant with the requirements of SEPA credit transfers in the bank-to-bank domain in the first half of 2011, and 99.3% of credit cards and 98.7% of debit cards were issued in line with the SEPA requirements (EMV Standard) at the end of the first half of 2011, and 99.3% of POS terminals and all ATMs in Latvia were also

consistent with the requirements of the EMV standard. 74.1% of card payments at terminals located in the country with cards issued in the country were EMV compliant.

9. In the next period, the NSWG will continue to coordinate the SEPA Project, including the adoption of the Regulation on SEPA Migration End-date and revision of the timeline of Latvia's National SEPA Plan, implementation of the standard for the customer-to-bank and bank-to-customer domains and security standards for the points of sale in the second domain of SEPA Cards Framework. The NSWG will also implement further measures for the execution of the communication plan as well as work on the issues related to retail payment security. Each institution and company involved in SEPA Project pursues the work in line with the individual SEPA plan.