

## SUMMARY - Overview of the results of the survey on the checking obligations in existing legacy direct debit schemes in the EU

**Circulation:** Publicly available  
**Restricted:** No

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### 1. Introduction

The proposal for a Regulation of the European Parliament and of the Council establishing technical requirements for credit transfers and direct debits in euros and amending Regulation (EC) No 924/2009 mandates several requirements for direct debits which are currently not part of the SEPA SDD Core Scheme. These requirements include the possibility for a payer to limit the amount and/or periodicity of direct debit transactions, the obligation for the payer's bank to check the amount of a direct debit collection in case a no-refund scheme is used, and the possibility for a payer to establish "black" and "white" lists of payees.

The European Payments Council ('EPC') considered that it would be useful to draw up a list of communities where checking is common practice and where not. The EPC therefore circulated a questionnaire to obtain feedback from all national banking communities.

This document provides an overview of the feedback received.

### 2. Summary of the findings

#### Responses

Answers were received from 23 banking communities, related to 25 schemes (two countries operate more than one direct debit scheme) representing 99,9 % of the total market volume of direct debits in the EU. Direct debit payments executed under a dedicated business to business scheme only accessible to corporate customers have not been taken into account, as the high amounts involved in such payments require very specific measures.

#### Question A: Which scheme model is used: CMF, DMF, mixed model (explain how)

This question requires some clarification:

- CMF stands for Creditor Mandate Flow, which means that the mandates describing the elements of the consent given by the payer, are stored by the payee. The payee is identified in the scheme as the 'creditor'.
- DMF stands for Debtor Mandate Flow, which means that the mandates describing the elements of the consent given by the payer, are stored by the bank of the payer. The payer is identified in the scheme as the 'debtor'.
- Mixed model: in some countries, a mixed model is used, containing both elements of the CMF and the DMF model

The survey reveals that:

- the CMF model is used as the single solution in 6 communities/schemes,
- the DMF model is used in 15 communities/schemes,
- while a mixed model is used in 4 communities/schemes.

But the market share of the direct debits executed under a CMF scheme is around 73,5% of the total market (see question B).

### **Question B: Number of payments per year (2009)**

The total number of direct debit payments reported in the survey has been cross-checked with the ECB blue book figures.

On a total of 20.595 million direct debits:

- 15.142 million payments are part of a CMF scheme.
- 4.279million payments are executed under a DMF scheme,
- while the remaining 1.174 million direct debits are executed under a mixed scheme.

So 73,5 % of all direct debit payments in the EU are executed under a scheme using the CMF model. 20,8% are executed under a DMF scheme, and the remaining 5,7% under a mixed scheme.

By relating the country volumes to the country population, the average number of direct debit payments can be determined. The number of companies per country who are also users of direct debit schemes has not been counted in the same way as consumers but this correction would not fundamentally change these figures, due to the overwhelming number initiated on consumer's accounts. On top of that the number of companies is probably also related to the population.

In general, the number of direct debits per person is the highest in the CMF communities. The average number of direct debits on a yearly basis is as follows:

- 68 in the CMF countries,
- 23 in the DMF countries,
- 13 in the countries with a mixed scheme model.

### **Question C: Are PSPs obliged by the scheme**

#### **1. to check on maximum amounts accepted:**

- Yes: 8
- No: 17 (all 6 CMF schemes gave this answer)

#### **2. to check on frequency of payments:**

- Yes: 2
- No: 23 (all 6 CMF schemes gave this answer)

#### **3. to check on existence of a valid mandate to cover for the payment presented:**

- Yes: 19
- No: 6 ( 5 CMF schemes gave this answer)

**4. to check on the explicit agreement of the payer to execute the payment:**

- Yes: 2
- No: 23 (all 6 CMF schemes gave this answer)

**5. to check on the correctness of the identity of the creditor presenting the payment:**

- Yes: 14
- No: 11 (5 CMF schemes gave this answer)

The conclusion is that the CMF schemes, where the bank of the payer does not store the mandate as a scheme obligation, provide fewer checks on incoming direct debits than the DMF schemes. But this aspect does not seem to have a negative impact on the market acceptance of direct debit as an efficient and trustworthy way to make payments.

**Question D: Has the introduction of the PSD refund right changed these practices compared to the period before the PSD? :**

- Yes: 3
- No: 22

The introduction of the refund right during eight weeks (and thirteen months for unauthorised transactions) did not have a strong influence on the rest of the whole direct debit process in the banks.

**Question E: Do any features exist which could be considered as alternatives to black and white lists, such as the possibility for users to check the mandates in force, or the direct debits received during the last 12 months (or any other similar feature)?**

The most frequently mentioned service is the electronic home-banking access for payers to the list of their mandates (for creation, consultation and cancellation of mandates).