Royal Bank of Scotland

Single Euro Payment Area

SEPA – Important updates

Over the last few years, we've shared important updates on our ISO 20022 programme, including the Euro to Europe International Payments (Single Euro Payment Area) brochure released in September 2023.

You can still find this on our SEPA webpage here.

The adoption of ISO 20022 XML across the globe will bring many direct benefits for your business. Since then, the European Payments Council (EPC) has published the 2025 Single Euro Payment Area (SEPA) Credit Transfer and Direct Debit Rulebooks, which came into effect on 5 October 2025.

Here's a summary of the key updates and what they mean for you when you're making euro payments.

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SEPA Rulebook 2025 – Key changes

The 2025 SEPA Rulebook introduces several updates designed to make payments and collections across SEPA faster, more secure and easier to access. It marks another important step in the evolution of Europe's payments landscape.

The EPC continues to drive progress towards a more flexible and innovative payments ecosystem, reinforcing its commitment to staying ahead of the fast-moving digital payments space.

Key updates include:

- Introduction of the Hybrid Address format
- 'Country (Ctry)' now mandatory in Unstructured Addresses
- Support for 'Any BIC', 'Legal Entity Identifiers (LEI)' and 'Other' under Organisational ID for Debtor and Ultimate Debtor
- Use of both short and long names in 'Original Message Name Identification'
- Unstructured Addresses to be phased out by November 2026

Introduction of Hybrid Addresses

From November 2025, a new 'Hybrid Address' format will be introduced, sitting alongside existing 'Unstructured' and 'Fully Structured' formats.

Please find a best practice example below:

Unstructured

- No combination with structured ISO20022 address elements allowed.
- Difficulty to interpret data due to co-mingling of address elements (3 x 35 characters).
- AdrLine elements not split out, these can be entered into one address line unstructured.
- Note name – one line of 140 characters

```
<Cdtr>
  <Nm>Hattingsfield and Hoopergardensefeld Conveyancing for Everyone LLP</Nm>
  <PstlAdr>
    <AdrLine>Hattingsfield Valley Farm House, 3</AdrLine>
    <AdrLine>Russia Lane, London EC2 9LU</AdrLine>
    <AdrLine>United Kingdom</AdrLine>
  <PstlAdr>
<Cdtr>
```

Hybrid

- Combination of structured ISO 20022 address elements and up to 2 lines of 70 characters of unstructured "AdrLine" allowed.
- Elements available in structured format must be mapped into the respective structured element (minimum: TownName & Country)

Network Validation rules

- Structured elements must not be repeated in the AdrLine element(s).

Textual Rule

```
<Cdtr>
  <Nm>Hattingsfield and Hoopergardensefeld Conveyancing for Everyone LLP</Nm>
  <PstlAdr>
    <TwnNm>London</TwnNm>
    <Ctry>UK</Ctry>
    <AdrLine>Hattingsfield Valley Farm House 3 RUSSIA LANE, E2 9LU</AdrLine>
  <PstlAdr>
<Cdtr>
```

Fully structured

- All available address data is mapped into one of the 14 ISO20022 fields
- No co-mingling of data.

```
<Cdtr>
  <Nm>Hattingsfield and Hoopergardensefeld Conveyancing for Everyone LLP</Nm>
  <PstlAdr>
    <StrtNm>Russia Lane</StrtNm>
    <BldgNm>Hattingsfield Valley Farm House</BldgNb>
    <BldgNb>3</BldgNb>
    <PstlCd>E2 9LU</PstlCd>
    <TwnNm>London</TwnNm>
    <Ctry>UK</Ctry>
  <PstlAdr>
<Cdtr>
```

Although using Hybrid Addresses is optional, you may need to make some updates depending on the channel you use to submit SEPA payments to us.

Spotlight on our channels

If you're a Bankline User	If you're a Bankline Direct User
• No action required • SEPA payments continue as usual • We'll gradually update how payment addresses are entered to meet SEPA and regulatory requirements	• File Hybrid Address format available (optional) • New MyStandard guides will be available at NatWest Group, ISO 20022 Community page within Natwest MyStandards.

Postal Address: why accurate data matters

Whether you're using Hybrid, Structured or Unstructured Addresses in your PAIN.001 or PAIN.008 files.

Accurate address data, whether in free text or structured format, helps ensure smooth payment processing, reduces rejections and supports compliance with regulations such as the Funds Transfer Regulation. Therefore, it's essential to provide a complete and correct postal address for all relevant parties involved, such as debtors and creditors, including full first name and surname.

Unstructured Addresses to be phased out by November 2026

You can currently use Unstructured, Hybrid or Structured Addresses in your payment and collection files. However, from 15 November 2026, Unstructured Addresses will no longer be accepted in PAIN.001 and PAIN.008 messages. Only Hybrid and Structured formats will be allowed.

We'll continue to support you through this change via our digital channels, but as updating and reformatting address data can take time, we recommend starting your preparations early.

Country of residence: required for SEPA payments or collections outside the EEA

If you're making or collecting payments within the Single European Payments Area, you may already include the country of residence of the Debtor.

Please note, this becomes mandatory when either the debtor or creditor bank is located outside the European Economic Area, such as the UK.

This rule applies to all address formats: Unstructured (until 15 November 2026), Hybrid and Fully Structured.

The benefits of using a Structured Address include

- Improved Straight-Through Processing (STP)
- Reduced payment rejections
- Better regulatory compliance

SEPA Schemes define a postal address as "Information that locates and identifies a specific address, as defined by postal services."

SEPA developments

Beyond these technical updates, here are a few other SEPA developments to be aware of.

RBSI Luxembourg branch is now live with SEPA Instant and Verification of Payee Schemes. This was built on new strategic technology to meet the Instant Payment Regulation for EU based PSPs and provides the foundation technology to widen the offering across NWG in the future.

Bulgaria's move to the euro

From 1 January 2026, Bulgaria will adopt the euro as its official currency, replacing the lev, which will no longer be accepted for payments. This makes Bulgaria the 21st EU country to join the Eurozone.

Since Bulgaria is already part of SEPA, there will be no changes to how euro transactions are processed to or from the country.

Additional countries joining SEPA

On 5th October, Moldova, North Macedonia, Albania and Montenegro joined the Single Euro Payment Area which now consists of:

27 EU Member States and Territories

3 Countries of the EEA

11 non-EEA Countries and Territories totalling 2774 Payment Service Providers (PSPs) across all SEPA Schemes.

Serbia will also join SEPA in May 2026 increasing even further the benefit of trading in continental Europe in Euro. Updated list of countries: **EPC Document**

Contact and support

For more information, please visit our customer webpage:

ISO20022.MigrationManagers@rbs.co.uk

If you have any further questions, please contact us via email at:

rbs.co.uk/business/support-centre/iso-20022.html

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The information enclosed was correct at time of publishing.