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POLICY BRIEFING
MOLDOVA

Moldova's SEPA membership – Estimation of economic benefits

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Executive summary

Introduction

- » SEPA is an EU initiative to harmonise electronic euro payments in Europe, launched in 2008
- » All EEA (EU27 + NOR, ISL, LIE) and six additional countries (GBR, CHE, AND, MCO, SMR, VAT) are members. Recently, four new members were admitted: MDA and MKD joined in Mar-25, after ALB and MNE (both Nov-24). SEPA becomes fully operational in these countries in Oct-25

Process and status quo

- » Reforms to the legal and institutional framework are necessary in order to join SEPA. Supported by an [EU-funded twinning project](#), MDA submitted its application in Jan-24
- » The European Payments Council (EPC) approved MDA's inclusion in Mar-25. This allowed payment service providers (PSPs) operating in MDA to join SEPA schemes and begin offering SEPA services, with the earliest operational readiness date set for Oct-25
- » By May-25, all seven Moldovan commercial banks that submitted applications were accepted as SEPA participants, ensuring full participation from launch

Benefits of SEPA membership

- » **Lower costs for foreign trade payments and money transfers/remittances.** According to our estimation, SEPA membership could lead to savings of up to **EUR 52.8 m** annually in the long term (EUR 36.5 m for foreign trade payments and EUR 16.3 m for remittances)
- » **Progress in EU approximation.** SEPA membership positively affects the reception of EU funds (EU Growth Plan) in the medium run and EU accession process in the long run
- » **Increased competition.** SEPA membership leads to more competition and thus to lower costs for domestic electronic payments. As a result, the acceptance of non-cash payments might increase, driving financial transparency and inclusion

Structure

1. Introduction
2. Background: SEPA process and status quo
3. Benefits: remittances and foreign trade payments
 - I. Estimation of savings through reduced foreign trade payments costs
 - II. Estimation of savings through reduced remittance costs
 - III. Summary
4. Additional benefits
 - Annex 1: detailed calculation steps
 - Annex 2: comparison of remittances costs

Introduction

- » SEPA is an EU initiative to harmonise electronic euro payments in Europe, launched in 2008
- » The project is mainly driven by
 - European Commission (EC): mandate to propose and enforce EU law relating to SEPA, establish legal requirements
 - European Central Bank (ECB): mandate to steer SEPA process through high-level boards
 - European Payments Council (EPC), an association of European payment service providers (PSP): mandate to implement SEPA and to decide about readiness of new countries and PSPs for inclusion into SEPA
- » All EEA countries (the 27 EU countries plus NOR, ISL, LIE) and six other countries (GBR, CHE, AND, MCO, SMR, VAT) are members
- » In March 2025, Moldova was included in the SEPA geographical scope, alongside North Macedonia. This followed the accession of Albania and Montenegro in November 2024. All four countries share the same operational readiness date (ORD) of 5 October 2025
- » For Moldova, accession preparations were supported by an [EU-funded twinning project](#), which:
 - Helped harmonise the legal and regulatory framework with EU standards
 - Strengthened the institutional capacity of the National Bank of Moldova (NBM)
 - Supported the technical readiness of Moldovan PSPs for SEPA membership

Background: SEPA process and status quo

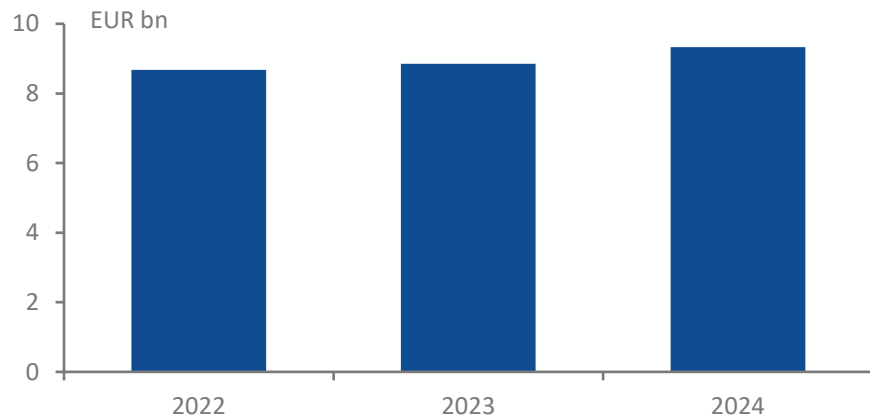
- » Moldova's process to join SEPA progressed in several key steps
- » The NBM coordinated the alignment of payment systems and legislation with SEPA standards, supported by the aforementioned EU-funded twinning project
- » On 30 January 2024, Moldova formally submitted its application to the EPC
- » On 6 March 2025, the EPC approved Moldova's inclusion in the SEPA geographical scope with the operational readiness date (ORD) set for 5 October 2025
- » The inclusion allows financial institutions from MDA to join SEPA schemes such as SEPA Credit Transfer (SCT), SEPA Instant Credit Transfer (SCT Inst) and SEPA Direct Debit (SDD)
- » Several banks are backed by foreign institutional investors or part of international groups, which facilitated the technical and governance alignment
- » The Association of Banks of Moldova (ABM), acting as the National Adherence Support Organisation (NASO), supported the coordination of bank applications, technical preparations, and regulatory alignment
- » On 9 May 2025, all seven commercial banks were admitted as SEPA participants ahead of the ORD

Benefits: foreign trade payments and remittances

- » Benefits from joining SEPA will materialize gradually after local banks start operating within SEPA schemes
 - SEPA does not limit the fees that banks can request from clients
 - Instead, it creates room for fee reduction mainly by reducing the number of entities involved in a transaction
 - Joining SEPA schemes early thus gives PSPs a cost-advantage over their peers
 - Competition will exert pressure on other MDA PSPs to join and will lead to lower fees for cross-border transactions over time
- » All monetary payments in the balance of payments will be affected by the lower fees for cross-border payments. For practical reasons, the analysis is focussed on the items with the highest economic (and social) significance, namely:
 1. Costs for foreign trade payments
 2. Cost for money transfers (mainly remittances)
- » Note: we do not include EU funds in support of MDA as they are temporary by design
- » In the following slides, the total savings in the costs of foreign trade payments and remittances resulting from SEPA membership are estimated
 - The analysis considers the long-run, in which all PSPs in MDA have joined SEPA schemes
 - The estimated cost-reduction can only serve as rough prediction, that necessarily involves many assumptions and is limited by a lack of data
 - A reduction in cross border payment costs is not equivalent to a pure economic benefit for MDA, since the beneficiaries include non-residents such as the MDA diaspora, foreign trading partners, foreign businesses operating in MDA and consumers importing goods/services from MDA

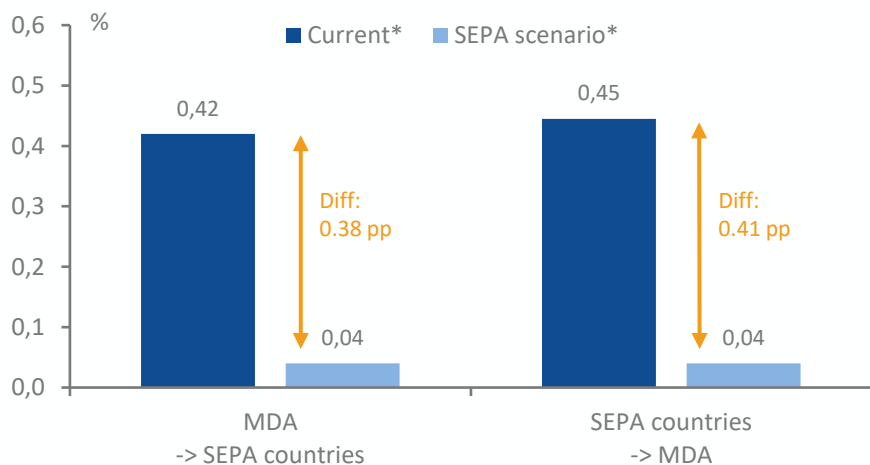
Foreign trade payments: volume and costs (in %)

Volume of foreign trade with SEPA countries



Source: National Bank of Moldova, National Bureau of Statistics of the Republic of Moldova, UN Comtrade. Note: Distribution of services trade not available by country, proxied by distribution for goods trade

Costs of foreign trade payments (in %)



Source: World Bank; Note: *own estimation based on B2B data from H1 2023

Volume of foreign trade payments

- » The volume of foreign trade is the sum of all payments received/made for exporting/importing goods and services
- » Payment costs for trade with SEPA countries will decrease following a SEPA membership
- » In 2024, foreign trade payments between MDA and SEPA countries reached EUR 9.3 bn, with slightly increasing trend

Costs of foreign trade payments (in %)

- » Both the current and (counterfactual) SEPA scenario costs are estimations (Annex 1)
- » Basis: World Bank study on cross-border B2B payment costs in WB6 countries for SMEs
 - Reasoning: NBM referenced the report, we thus assume similar cost structure
 - Methodology: "OUR option" (fee covered by the sender) when available
- » We expect costs to decrease from 0.43% to 0.04% following SEPA membership
- **Joining SEPA will lead to a reduction of 0.39 pp in foreign trade payment costs**

Foreign trade payments: costs and savings (in EUR)

Calculation of foreign trade payment costs and savings (in EUR)

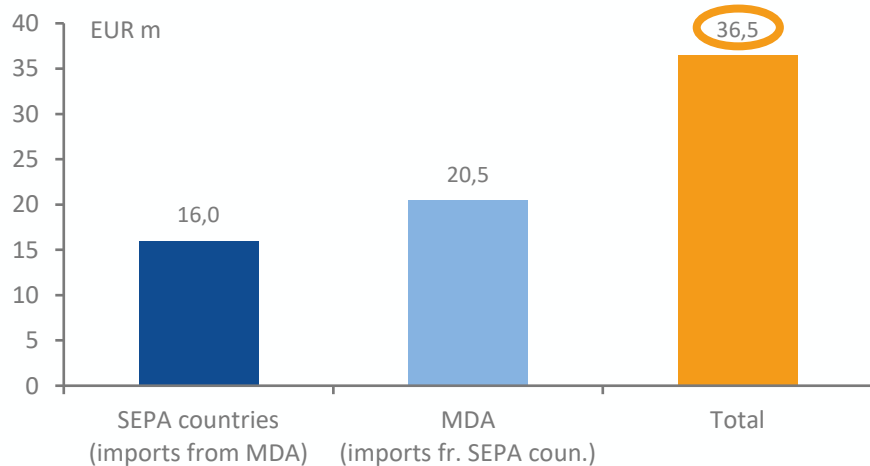
	Percent	EUR
Volume of foreign trade with SEPA countries	100%	9.3 bn
Current costs	0.43%	40.2 m
Costs in SEPA scenario	0.04%	3.7 m
Cost reduction / Savings	0.39 pp	36.5 m

Source: own calculation; Note: all figures are estimates based on 2024 data

Costs and savings (in EUR)

- » Using volume of foreign trade and estimated costs (current vs. SEPA scenario, in %), the savings in EUR can be calculated (see table)
- » Estimated savings: EUR 36.5 m
- » Note: this is an upper estimate
 - Volume: effect of integrated value chains not captured
 - Current costs: “OUR” most expensive; large firms have lower costs than SMEs
 - SEPA scenario: EU cost level is assumed
- » These savings benefit businesses/citizens in MDA but also their trading partners abroad
- » Distribution of savings
 - Slightly higher saving for importers in MDA than for importers in SEPA countries (EUR 20.5 vs. 16.0 m)
- SEPA membership could save annually up to EUR 36.5 m in foreign trade payment costs

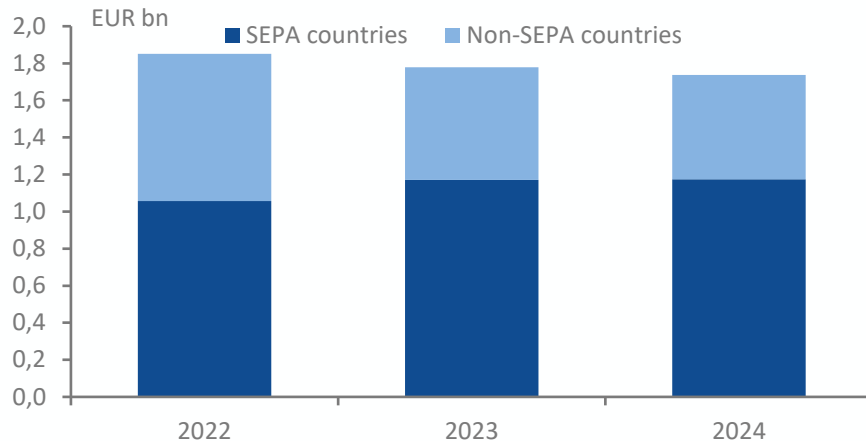
Distribution of savings by trade flow and region



Source: own calculation; Note: all figures are estimates based on 2024 data

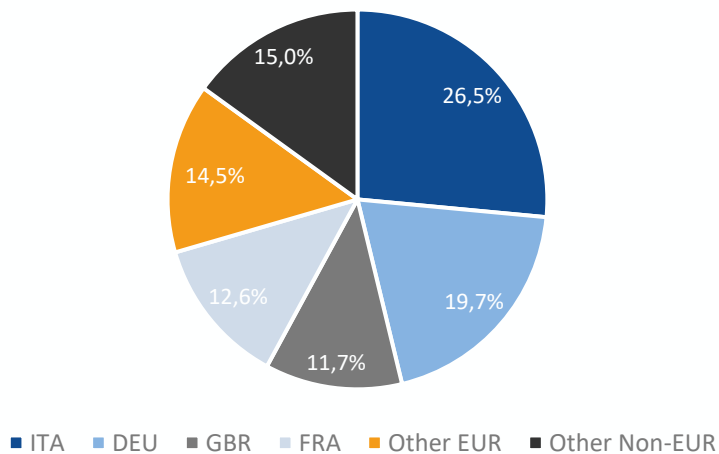
Remittances: volume and structure

Volume of personal remittances



Source: National Bank of Moldova, own calculations. Note: SEPA share estimated using data on EU for the respective year plus GBR share from 2020 (as no more current data available for GBR)

Net remittances from SEPA countries by country of origin



Sources: National Bank of Moldova, own calculations; Note: extrapolated from data for 2020

Volume of money transfers/remittances

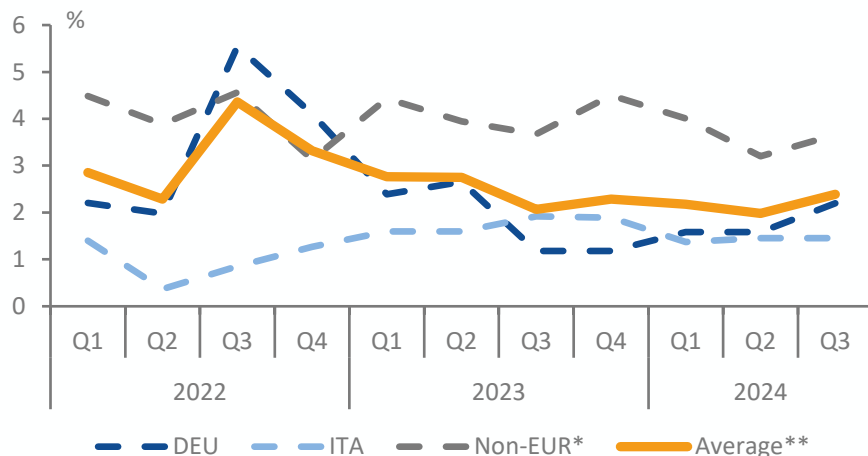
- » The cost of money transfers sent from SEPA countries will decrease following an inclusion of MDA into the SEPA system
- » In 2024, MDA received EUR 1.7 bn in money transfers from its diaspora, mostly in the form of remittances
 - Estimation: EUR 1.2 bn (68%) was sent from SEPA countries
 - Sizeable increase compared to previous years as share of RUS falling

Structure of remittances

- » Problem: detailed data on the distribution of remittances from SEPA countries not publicly available, but needed for the calculation of weighted average remittance costs (slide 10)
- » Solution: Use NBM data for net remittances in 2020. Reasoning: structure of remittances *within SEPA* assumed to be fairly stable in short- to medium-term
- » Among SEPA countries, ITA (26%) and DEU (19%) were the most important countries

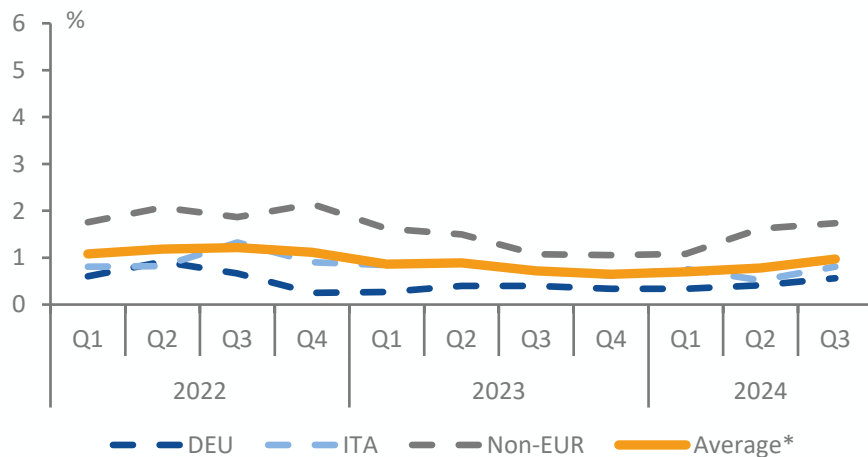
Remittances: costs (in %)

Current remittance costs (in %)



Source: World Bank's Remittance Prices Worldwide; Note: *no data for non-EUR SEPA countries, proxy: costs for transfers from GBR to ALB; **own estimation

Remittance costs in SEPA scenario (in %)



Source: World Bank's Remittance Prices Worldwide; Note: *own estimation

Remittance costs before SEPA inclusion

- » Remittance costs consist of a transaction fee and a FX margin
- » The graphs on the left depict remittance costs by country of origin based on the World Bank's remittance prices database
- » Trend: costs for transfers from DEU decreasing
- » The estimated weighted average of current remittance cost was 2.23% in 2024
 - The detailed methodology is explained in the annex

Remittance costs after SEPA inclusion

- » Costs for remittances in the SEPA scenario are counterfactual and thus have to be estimated (see annex)
- » The estimated weighted average "SEPA scenario" cost amounts to 0.84%
- Joining SEPA would lead to an estimated reduction of 1.39 pp in remittance costs

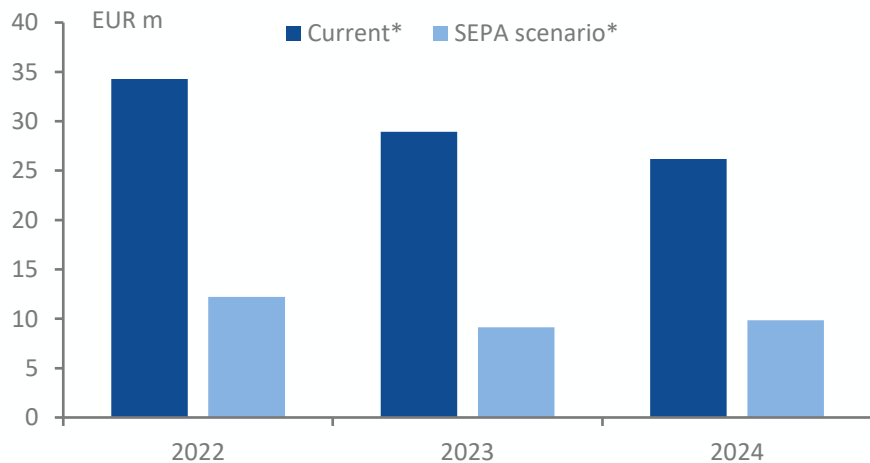
Remittances: costs and savings (in EUR)

Calculation of annual remittance costs and savings

	Percent	EUR
Remittances from SEPA countries	100%	1,174.4 m
Current costs	2.23%	26.2 m
Costs in SEPA scenario	0.84%	9.9 m
Cost reduction / Savings	1.39 pp	16.3 m

Source: own calculation; Note: all figures are estimates based on 2024 data

Current foreign trade payment costs and costs in SEPA scenario



Source: own calculation; Note: *own estimation

Remittance costs and savings

- » Remittances costs (in EUR) are calculated analogous to foreign trade payment costs
- » In 2024, remittance costs with current SEPA countries totalled EUR 26.2 m
- » Note: downward trend in costs already before SEPA inclusion as fees for transfers from DEU declining
- » We estimate annual costs after the inclusion (SEPA scenario) to be around EUR 9.9 m
- » SEPA membership will thus lead to estimated savings of EUR 16.3 m
- » Thus: savings in remittances relatively low
 - Main reason: cost structure
 - Current costs for major diaspora countries such as ITA and DEU already low, limited savings potential
- » But: social aspect for households relying on remittances should not be neglected
- SEPA membership will save remittance costs of around EUR 16 m per year

Summary: foreign trade payments and remittances

Summary of costs and savings for foreign trade and remittances

(in EUR)	Foreign trade	Remittances	Total
Volume from SEPA countries	9,329.8 m	1,174.4 m	10,504.2 m
Current costs (pre-SEPA)	40.2 m	26.2 m	66.4 m
Costs in SEPA scenario	3.7 m	9.9 m	13.6 m
Cost reduction / savings	36.5 m	16.3 m	52.8 m

Source: own calculation, Note: all figures are estimates based on 2024 data

Cost reduction / savings

- » Total SEPA savings potential: EUR 52.8 m
 - Foreign trade payments: EUR 36.5 m
 - Remittances: EUR 16.3 m

Assessment

- » Strong decrease in foreign trade payment costs, higher than for remittances
- » But sizeable decline of costs benefit households relying on remittances

NBM estimation

- » Short term: EUR 12 m
- » Medium term: up to EUR 20 m

Why difference NBM-GET?

- » NBM estimates only savings for MDA residents (i.e. imports from SEPA countries), while GET estimates overall savings
- » GET estimate for MDA residents (see slide 8): EUR 20.5 m; almost identical to NBM
- SEPA membership could save costs of up to EUR 52.8 m annually

Additional benefits

- » The full long-term economic implications of SEPA inclusion will likely go beyond a reduction in cross-border payment costs
 1. Joining SEPA positively affects the reception of funds from the new EU Growth Plan in the medium term
 2. Joining SEPA positively affects Moldova's EU accession process in the long term
 3. Joining SEPA may lead to increased competition on the domestic PSP market, reducing the costs of domestic bank transfers as well
 4. A reduction in the costs of domestic bank transfers may lead to increased acceptance of non-cash payment methods, which would in turn:
 - substantially reduce the costs for domestic retail payments in MDA, for which the large share of payments in cash is the biggest driver
 - lead to more transparency and a decrease in the informal economy
 - enhance the access to the financial market for MDA residents
 5. A reduction in the costs of sending remittances via bank transfer would lead to an increase in the use of formal remittance channels
 - Currently, a large share of remittances are sent in cash, causing high transaction costs
- » These additional benefits cannot be quantified ex-ante, but are relevant to consider

References

- » Dashi, E., Banka, H., Laco, M., & Ardic, O. (2024, August). Measuring the cost of B2B cross-border transfers: WB6 cost report. World Bank.
- » World Bank. (2016, June). Getting SmaRT about remittance price monitoring: Methodology for the Smart Remitter Target (SmaRT). Payment Systems Development Group, World Bank.
- » National Bank of Moldova. (2022, January 18). Twinning project “Strengthening supervision, corporate governance and risk management in the financial sector” implemented in the Republic of Moldova by the European Union.

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Energy, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Within the framework of project activities in Georgia, we are in contact solely with reform-oriented partners for the time being; in Belarus advisory activities are suspended.*

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Implemented by



Annex: detailed calculation steps

Foreign trade payments

1. Extract volume of payments related to trade with current SEPA countries per quarter
 - » Relevant data: Volume of imports and exports of goods and services from/to SEPA countries
 - » Distribution of services by country not available, use distribution of goods trade as proxy
2. Approximate current costs and SEPA scenario costs for foreign trade payments (in %) with business-to-business (B2B) payment costs
 - » Rationale: payment costs (in %) are dependent on the amount sent. The amount sent when paying for imports is much higher than that for remittances, since most goods/services are imported on a large scale by businesses
 - » Problem: no detailed comprehensive data on costs of payments from/to the EU available for MDA
 - » Solution: a [World Bank report](#) lists the average costs of sending EUR 5,000 and EUR 20,000 between EU countries and the WB6 countries
 - Note: The NBM [referenced the report](#) on their Q&A regarding SEPA inclusion
 - Estimate B2B payment costs for each channel: take the average over sending EUR 5,000 and EUR 20,000

- Use these proxies:

Approximated payment cost	Current costs	SEPA scenario
Imports from SEPA countries	Avg. cost for B2B payments from WB6 to EU	Avg. cost for B2B payments from EU to EU
Exports to SEPA countries	Avg. cost for B2B payments from EU to WB6	

Annex: detailed calculation steps

3. Estimate yearly current payment costs (in EUR)
 - » Multiply volume of imports from current SEPA countries with proxy for current payment costs for imports from current SEPA countries for each year
 - » Multiply volume of exports to current SEPA countries with proxy for current payment costs for exports to current SEPA countries for each year
 - » Sum up all of these costs for each year
4. Estimate yearly SEPA scenario costs (in EUR)
 - » Repeat the steps above using proxy for SEPA scenario for each year
5. Estimate annual cost-reduction in foreign trade payment costs (in EUR)
 - » Subtract SEPA scenario costs (in EUR) from current payment costs (in EUR) for 2024

Annex: detailed calculation steps

Remittances costs

6. Extract volume of remittances from NBM
7. Proxy the distribution of remittances by the [structure of net remittances in 2020](#) as published by the NBM
8. Estimate quarterly current remittance costs (in %) by sender country
 - » Use World Bank's Remittance Prices Worldwide dataset
 - It lists ca. 10 remittance services and their prices for sending USD 200 and USD 500 for a number of channels (e.g. DEU to MDA) for each quarter
 - Calculate [SmaRT-average](#) costs for sending USD 200 and USD 500 for each channel and quarter
 - Calculate average over costs of sending USD 200 and USD 500 to obtain a single estimated cost (in %) per channel and quarter
 - » Costs for remittances from DEU and ITA to MDA can be derived as detailed above
 - Remittance costs from other SEPA countries have to be approximated due to data limitations
 - » Approximate costs of other SEPA countries
 - For other SEPA countries that use EUR as currency: use data for DEU
 - For other SEPA countries that use other currency: use costs for sending money from GBR to ALB. Reasoning: For SEPA countries outside the euro area, transfer costs are assumed to be higher than for euro-area senders; using GBR → ALB data as a proxy reflects this qualitative difference

Annex: detailed calculation steps

9. Estimate quarterly weighted average current remittance cost (in %)
 - » Take share of total remittances sent in a given quarter as weight for each SEPA country
 - » Calculate weighted average remittance cost per quarter
10. Estimate SEPA scenario remittance-costs (in %) by sender country and quarter
 - » Since this is a counterfactual scenario, all figures have to be estimates
 - » Idea: estimate (maximum) future costs for remittances to MDA with current costs for remittances to BGR or ROU
 - Rationale: costs to BGR/ROU exemplify costs of remittances between SEPA countries that involve foreign exchange
 - Note: SmART averages for transfers from DEU to ROU were close to zero for many quarters, BGR (which is slightly) higher was used to reflect this
 - » For DEU and non-EUR countries: Use costs of sending money to BGR
 - » For ITA: use costs of sending money to ROU (as BGR is not available in the database)

Annex: detailed calculation steps

11. Estimate weighted average SEPA scenario remittance cost (in %) per quarter
 - » Again, use structure of net remittances in 2020 as weight for each SEPA country
12. Estimate reduction of remittance costs (in %) due to SEPA-inclusion per quarter
 - » Subtract SEPA scenario costs from pre-SEPA costs for each quarter
13. Estimate annual reduction of remittance costs (in EUR)
 - » Multiply volume of remittances from SEPA countries with cost-reduction (in %) for each quarter
 - » For Q4-2024: use cost data from Q3-2024 (latest available data)
 - » Take the sum of all four quarters in 2024 to derive an annual estimate

Total savings

14. Estimate total annual savings from reduction in costs for foreign trade payments and remittances (in EUR)
 - » Add reduction in foreign trade payment costs (in EUR) to reduction in remittance costs (in EUR)