

SEPA End Date – Time to Act

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Insights London Conference:

A New Era in Operational Excellence & Customer Service

Agenda



1. What makes a payment?
2. What are the SEPA rules?
 - 2014 in Euroland
 - 2016 all SEPA countries
3. Your project until 30 October 2013
 - channels to your banks
 - convert account numbers into **IBAN**
 - convert files into XML ISO 20022

1. Financial Flow Management



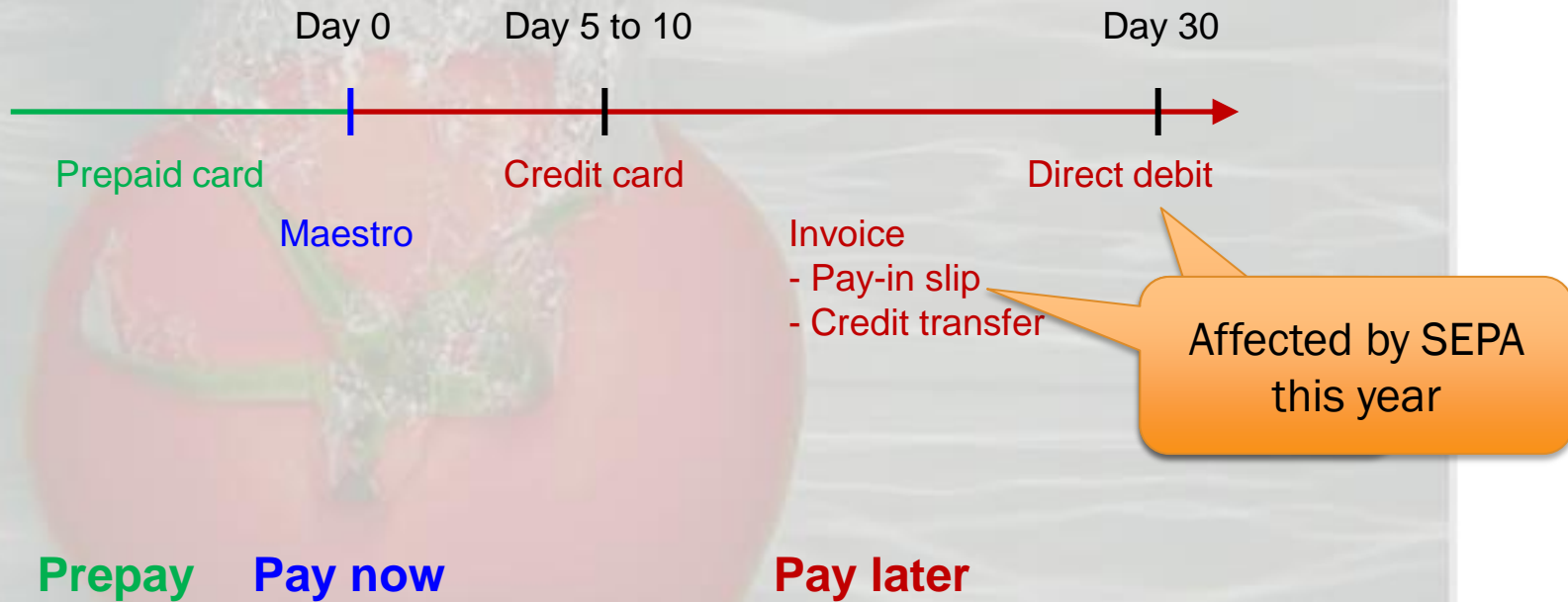
Every purchase results in a payment



1. Payment Transactions



You can pay an  in different ways.



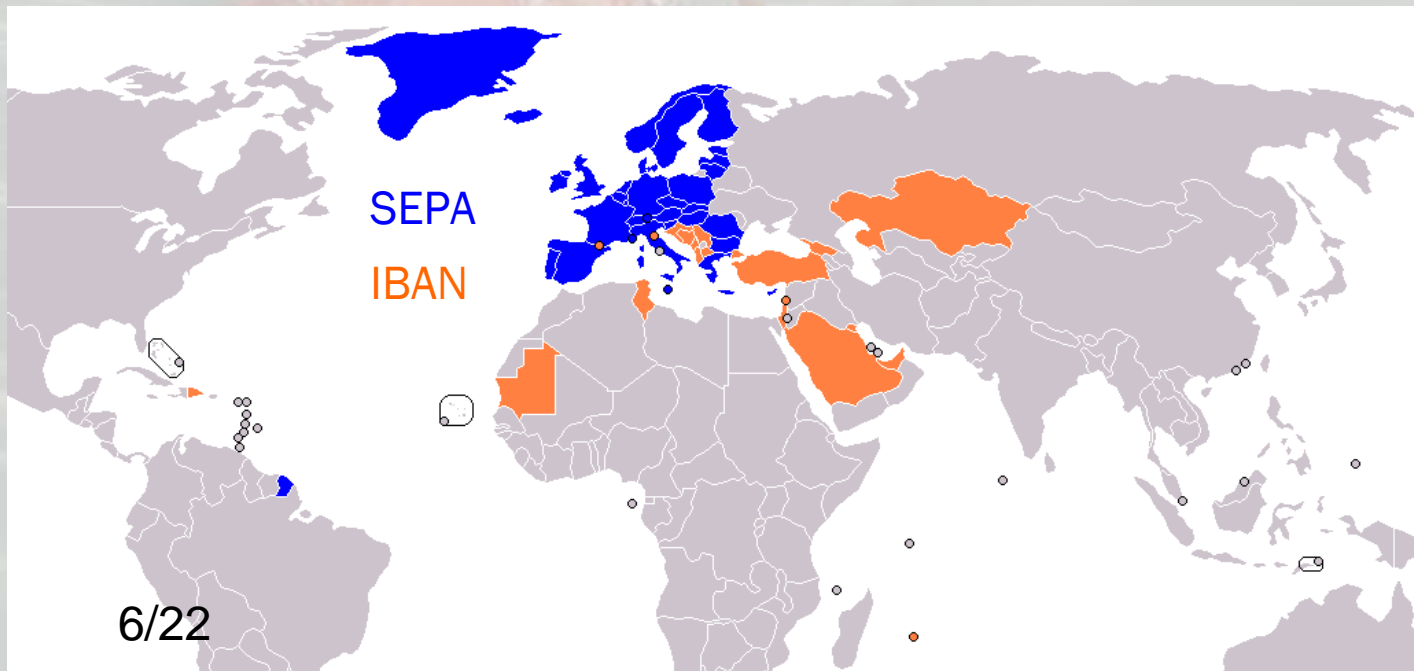
1. Payment Transactions

- ▶ You can pay in different ways
- ▶ Prepay, pay now, pay later (invoice)
- ▶ *Pay later* methods:
 - Pay-in slip
 - Credit transfer: single/bulk payment
 - bulk payments:
 - Local format
 - XML ISO 20022 (different standards)
 - SEPA
 - SWIFT
 - Direct debit **SEPA-DD**



2. Single Euro Payments Area

- ▶ EEA + Switzerland + Monaco
- ▶ Initiated by the banking industry to ensure technical standardisation of EU Transfers, which is going to be replaced technically by SEPA Transfers.



2. Borderline Cases

- ▶ Other countries (Switzerland, Croatia, Serbia, Turkey...) with or without IBAN: banks are free to define their transfer fees



2. SEPA Countries



EUR countries 1 Feb 2014

Non-EUR countries 1 Oct 2016

EU

- Austria
- Belgium
- Cyprus
- Estonia
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Malta
- Netherlands
- Portugal
- Slovakia
- Slovenia
- Spain

EU

- Bulgaria
- Croatia
- Czech Republic
- Denmark
- Hungary
- Latvia
- Lithuania
- Poland
- Romania
- Sweden
- United Kingdom

Non-EU

- Iceland
- Liechtenstein
- Monaco
- Norway
- Switzerland

**For EUR act now,
for Non-EUR plan now**

2. EU Credit Transfer Mandatory Rules



- ▶ EEA = EU + EFTA (Iceland, Norway, Liechtenstein)
- ▶ EU Directive on Pricing 2560/2001 + 924/2009: Transfers with IBAN and BIC in EUR with shared fees must have the same price from one EU country to another as domestic transfers. No transfer amount limit.
- ▶ Payment Services Directive PSD 2007/64/EC: Since 1 Jan 2012, payments have to arrive by the next day (V+1)
- ▶ Prices are to be shown separate from payment
- ▶ Banks checks IBAN only from 2014/2016

For high value payments continue with SWIFT MT101

2. SEPA Schedule

EUR Countries

- ▶ Since 30 March 2012 no transfer amount limit for SEPA payments. SEPA transaction fees must not be higher than domestic transaction fees.
- ▶ From 1 February 2014, banks only accept mass payment files in XML ISO 20022 format. Domestic payments with IBAN only. Crossborder payments IBAN + BIC.
- ▶ From 1 February 2016, also crossborder payments are IBAN only.



2. SEPA Schedule

Non-EUR Countries

- ▶ From 31 October 2016, banks only accept mass payment files in XML ISO 20022 format. Payments with IBAN only.



2. SEPA Traps



- ▶ Payment is not made to a name anymore, but to a number: IBAN (and until 2016 BIC). Therefore you better make sure...
 - 4-eye principle when entering master data
 - 4-eye principle when sending payments
 - Receive IBAN from your counterparties (supplier/client). A conversion or calculator may lead to errors.

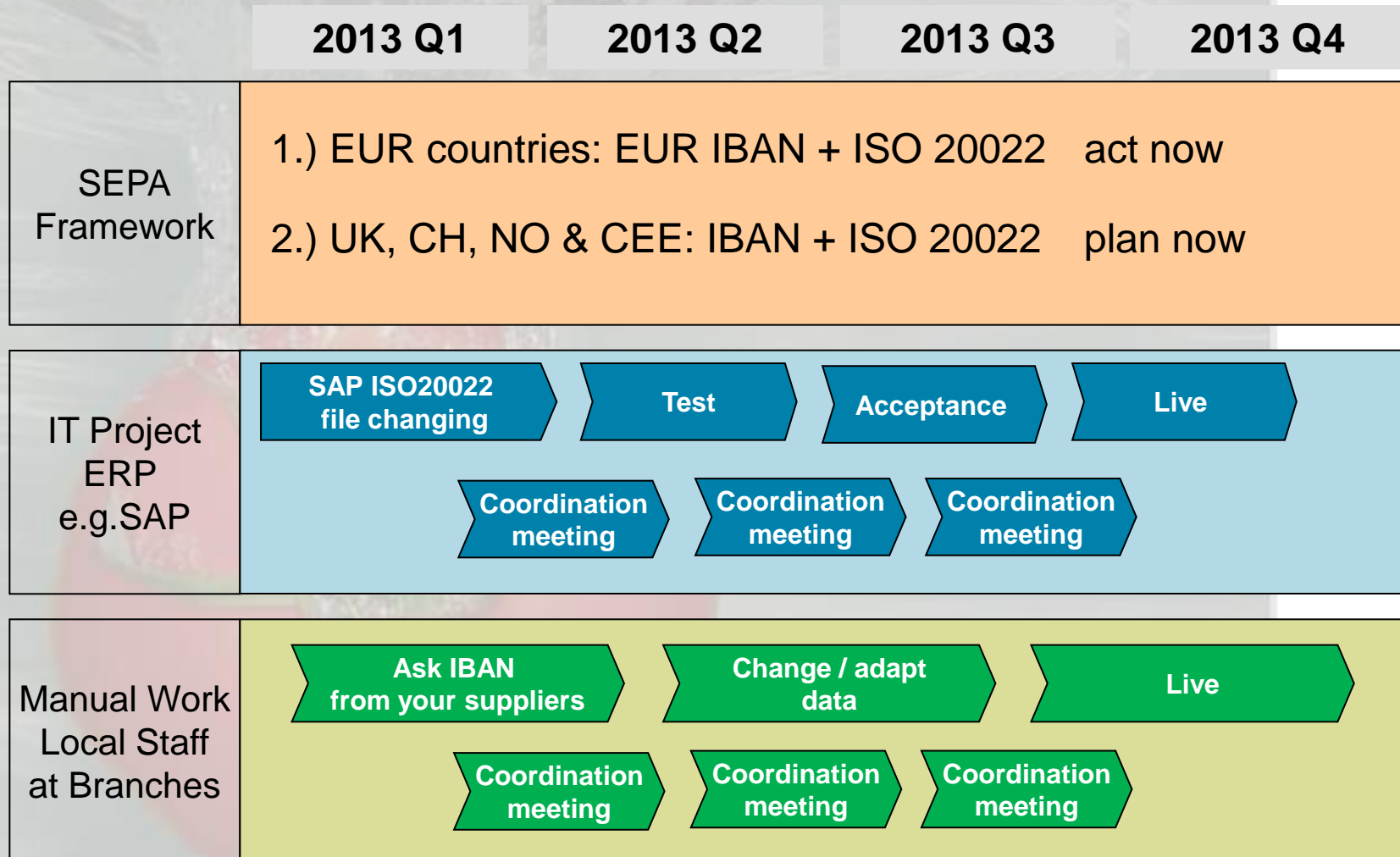
3. Time Frame



- ▶ Make sure this project is finished by 30 October.
Why?
 - November is your reserve month
 - December is IT freeze and festivities
 - January is accounting for year 2013

- ▶ Project 2013 covers EUR countries:
 - Local payment files into ISO 20022
 - Suppliers' credit transfers: routine task which takes some time
 - Order to cash:
SEPA-DD to receive the CI from your Bank
(Creditor Identifier, e.g. IT000000194450219)

3. Your Project until 31 Oct 2013



3. IBAN Plays the Music



- ▶ Why ask the IBAN directly from your suppliers and clients?

Banks are not obliged to verify if IBAN fits with beneficiary name.



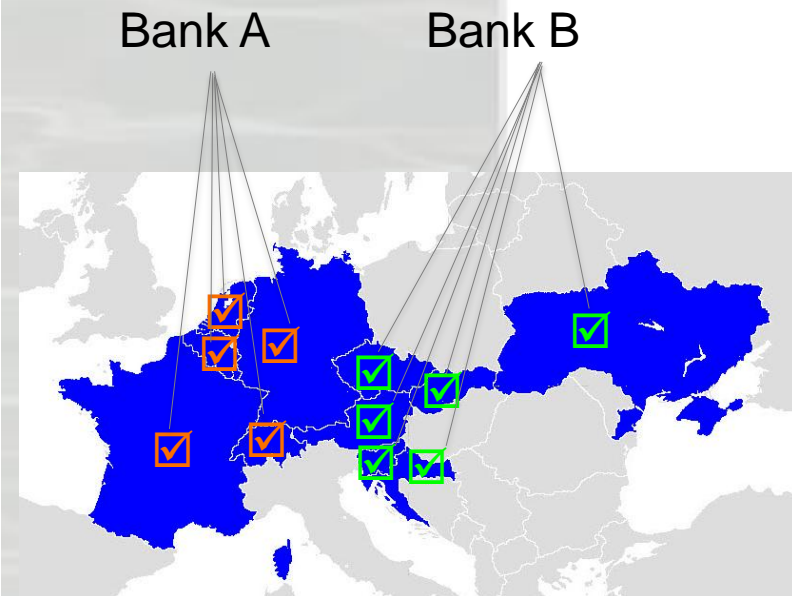
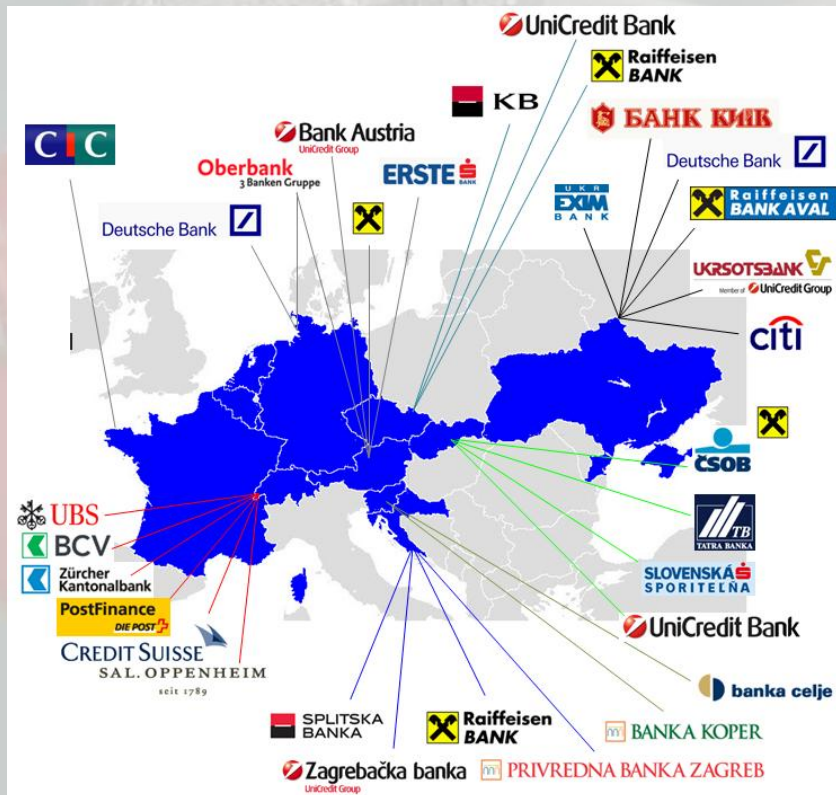
- ▶ Make sure the payment file produced by your ERP (e.g. SAP) is secured from manual changes. And when changing payment data in your ERP, act prudentially with four-eyes principle when changing an IBAN
- ▶ Also in regard of your ICS (internal audit)



3. Channel Your Payments



- ▶ Heterogeneous bank relations with e-banking
- ▶ Maintained locally, complex, bad overview
- ▶ Internal control and liquidity planning is difficult



3. Channelling Options



- ▶ Group-wide channelised payments:
 - H2H Host-to-host e.g. one gateway to one Bank for many countries
- ▶ There are only few transaction banks who can serve corporates throughout the world



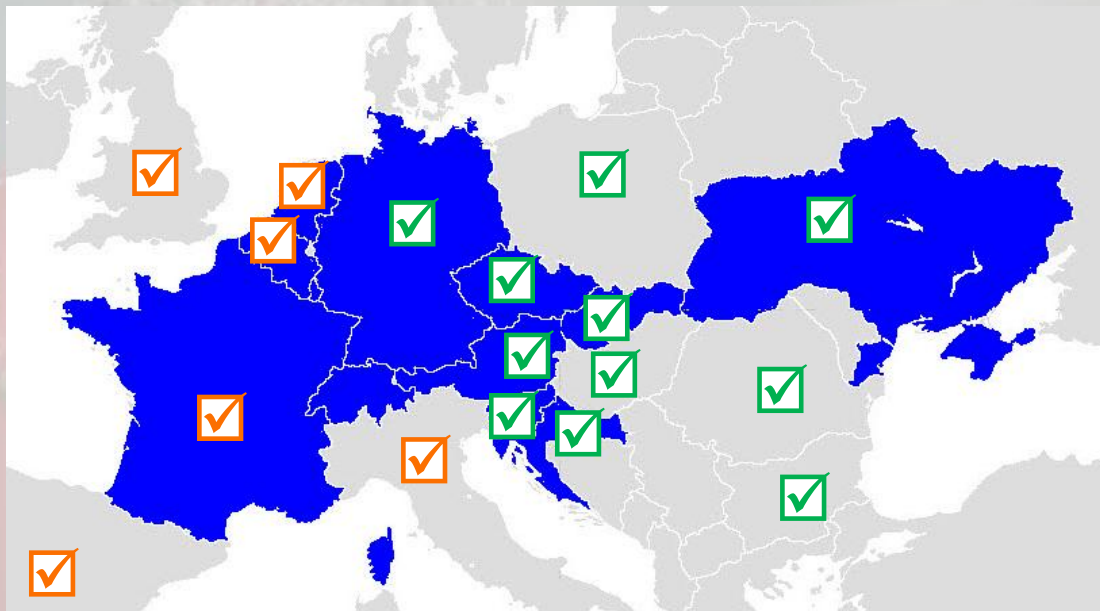
- ▶ Or Swift for Corporates with Fundtech



e.g. also for Swift we prefer Topbanks only

3. Bank Coverage

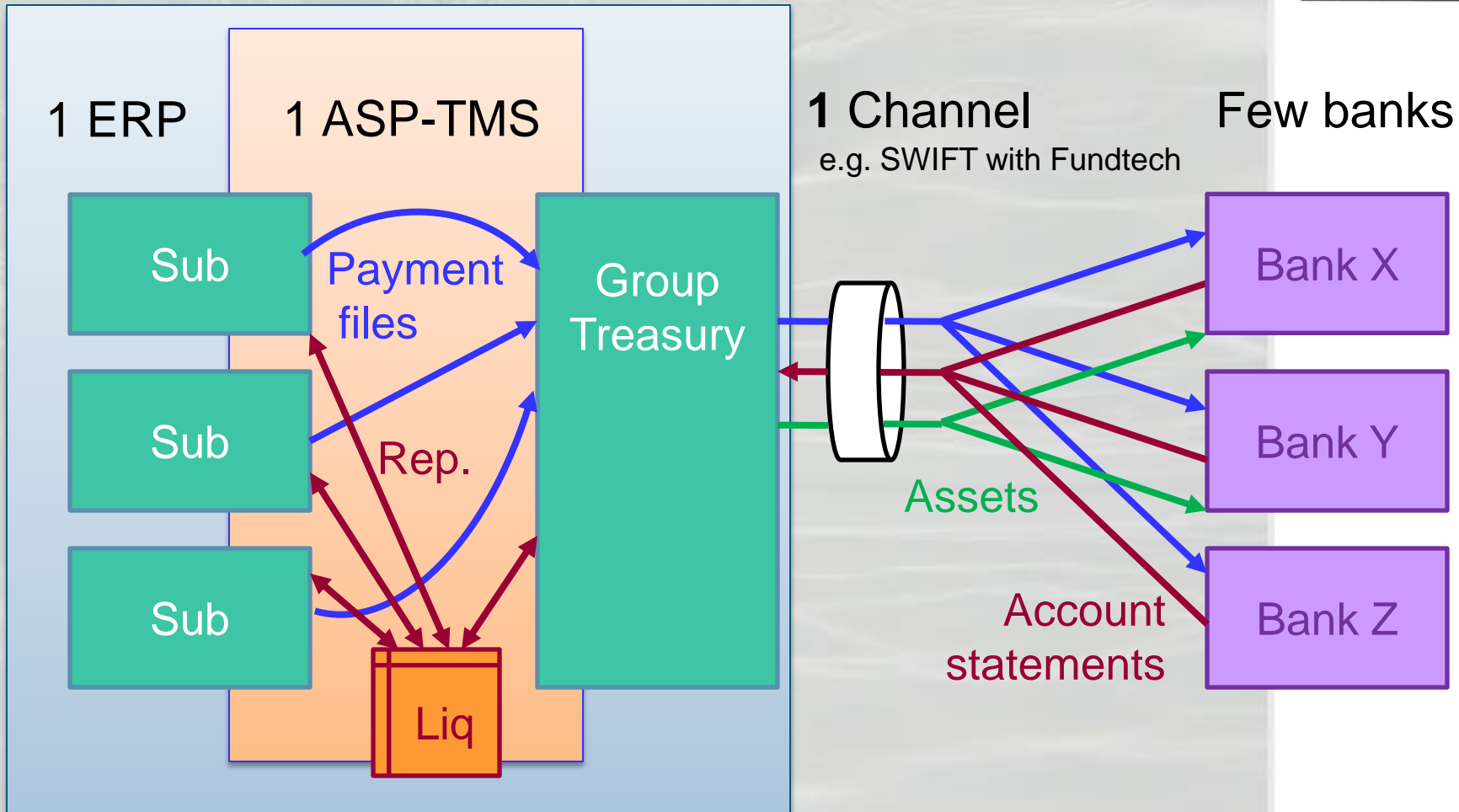
- ▶ The Corporate landscape should match the landscape of your chosen few banks.



3. Ideal



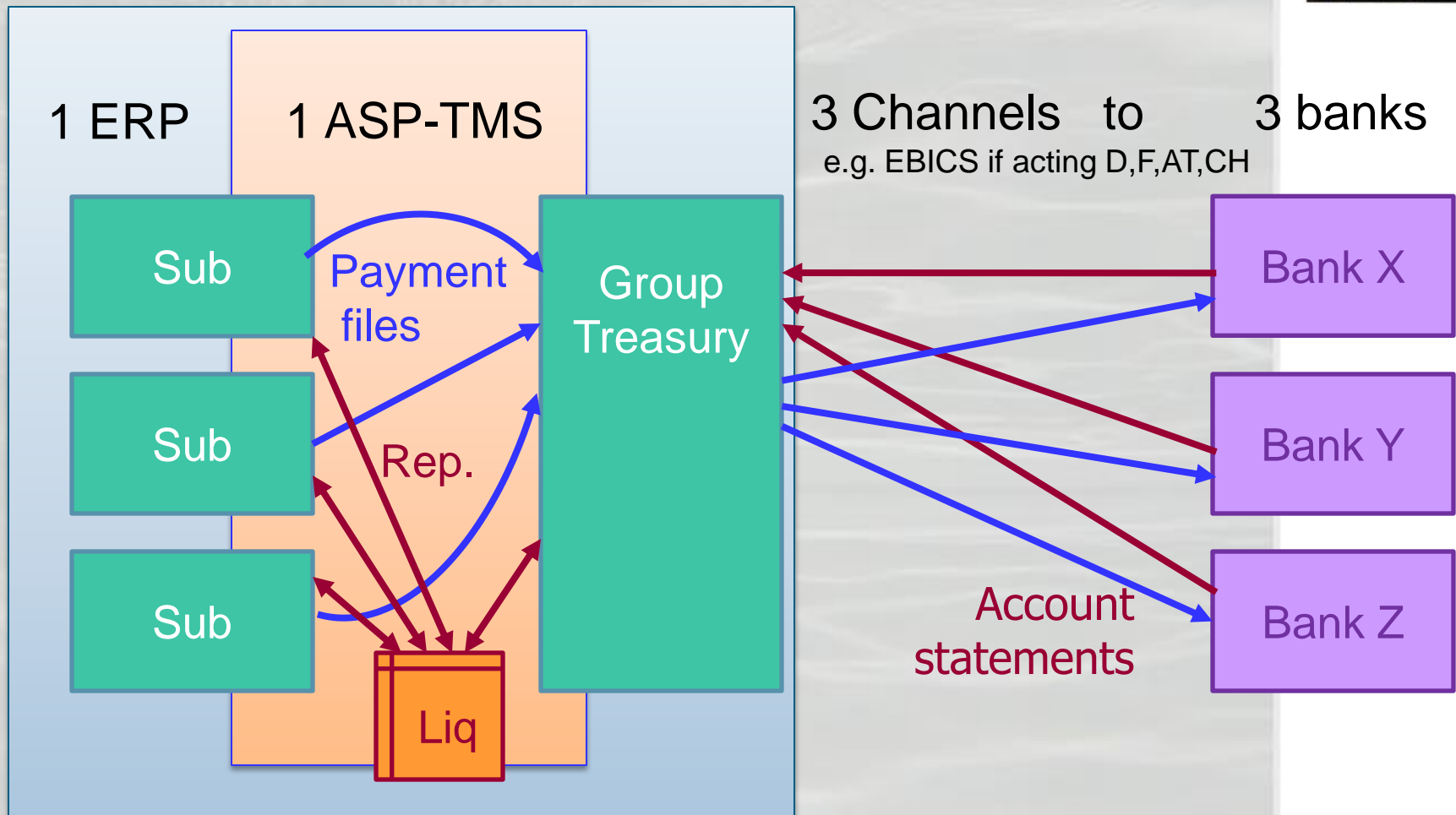
- ▶ Ideal case: group-wide 1 ERP, 1 TMS



3. Still good



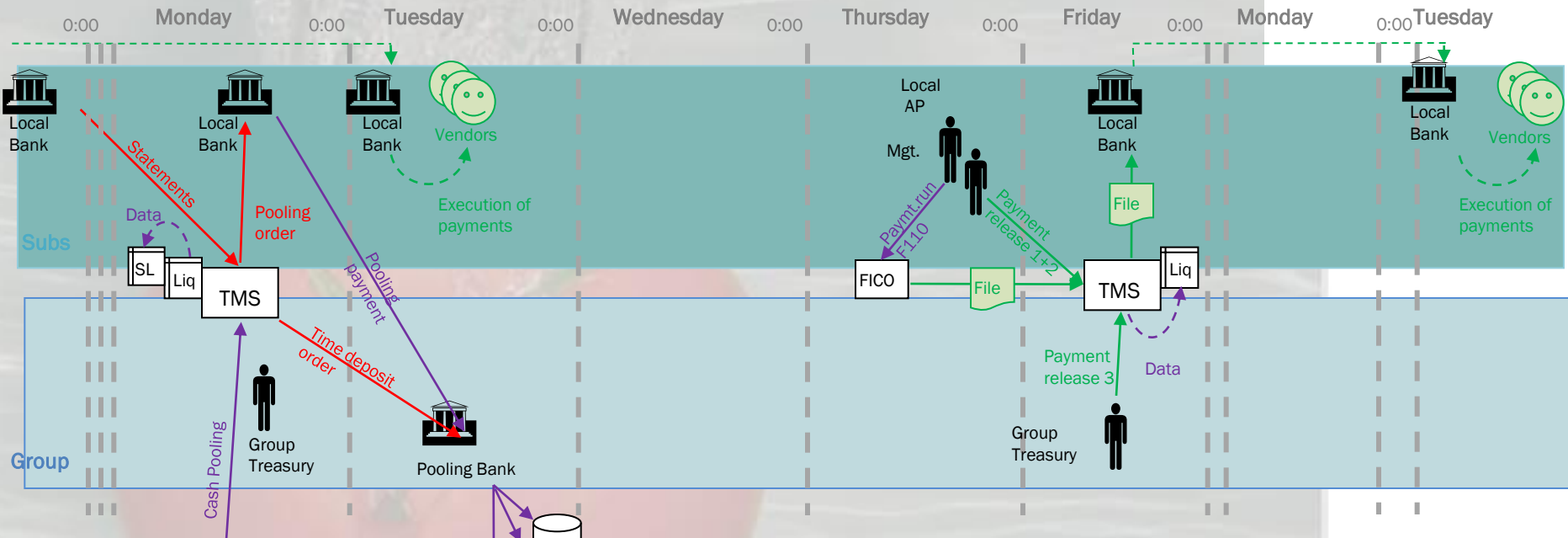
- ▶ As few payment channels as possible



3. Financial Flow Management



▶ Déjà vu, now advanced

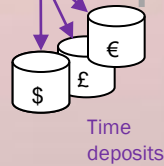


Cash Pooling Example:

Liquidity Management e.g. Subsidiary X

Bank accts. balance yesterday	USD +1.7 Mio.
next vendor payments	USD -0.5 Mio.
Salary payments tomorrow	USD -0.4 Mio.
Local cash reserve	USD -0.1 Mio.
Excess cash until next Monday	USD +0.7 Mio.

Pooling payment to Group USD -0.7 Mio.
 Subsidiary X Bank accts. Balance after pooling USD 0.1 Mio.



SL: SAP Short Term Loan

Liq: SAP Liquidity planning

TMS: SAP Treasury Management

FI/CO: SAP Finance and Controlling

For Questions and Answers

SEPA Checklist

<http://www.tomato.ch/SEPA-schedule.html> English

<http://www.tomato.ch/SEPA-fahrplan.html> Deutsch

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