

Now we've met @ SEPA

Where do we go now?



SWIFT Business Forum – Romania - Bucharest
Thursday 07 November



We meet @ SEPA



In... **86** days (and a few hours)

Or....

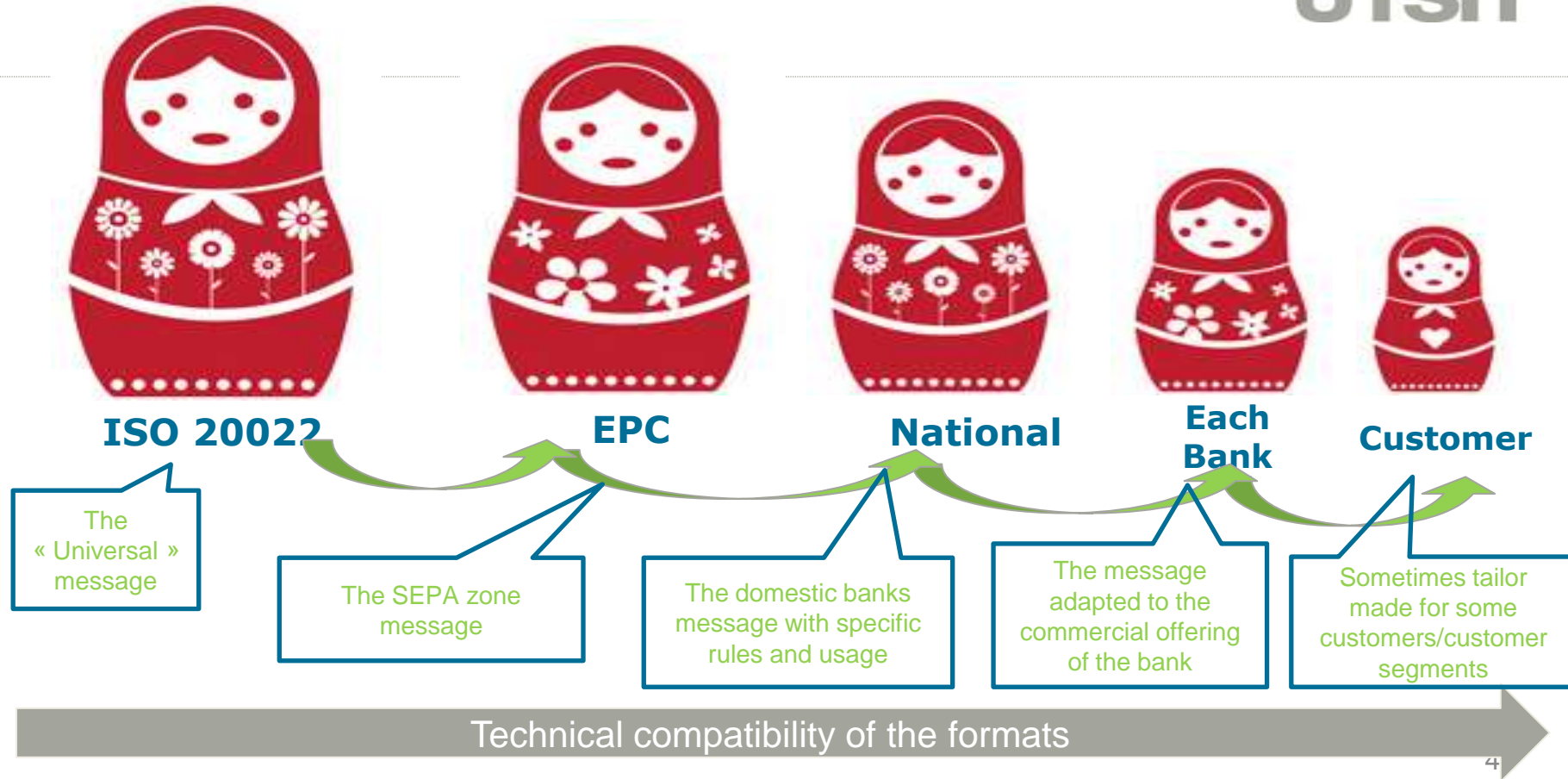
61 days (unless your work WEs)

How do we meet @ SEPA?

- Figures in August 2013:
 - SCT 52,8%
 - SDD 7,18%
- Some good examples and less good ones
- Some good news though : migration plans from big remitters indicate an expected steep curve in numbers
- ECB says that there are two approaches :
‘minimal’ and ‘fully-fledged’



Standardisation 'Russian Dolls'



Much attention as so far been paid to ...

- Looking after the mandatory migration
 - Legacy CT and DDs to SCT and SDDs (and cards)



- But there are two sides to a coin :
 - Reporting messages are as well important !!

- A happy corporate is the one:
 - That can issue and receive payments
 - That gets near real time info on transactions
 - That gets accurate and timely reporting messages for efficient cash management



Situation as regards SEPA migration at domestic level

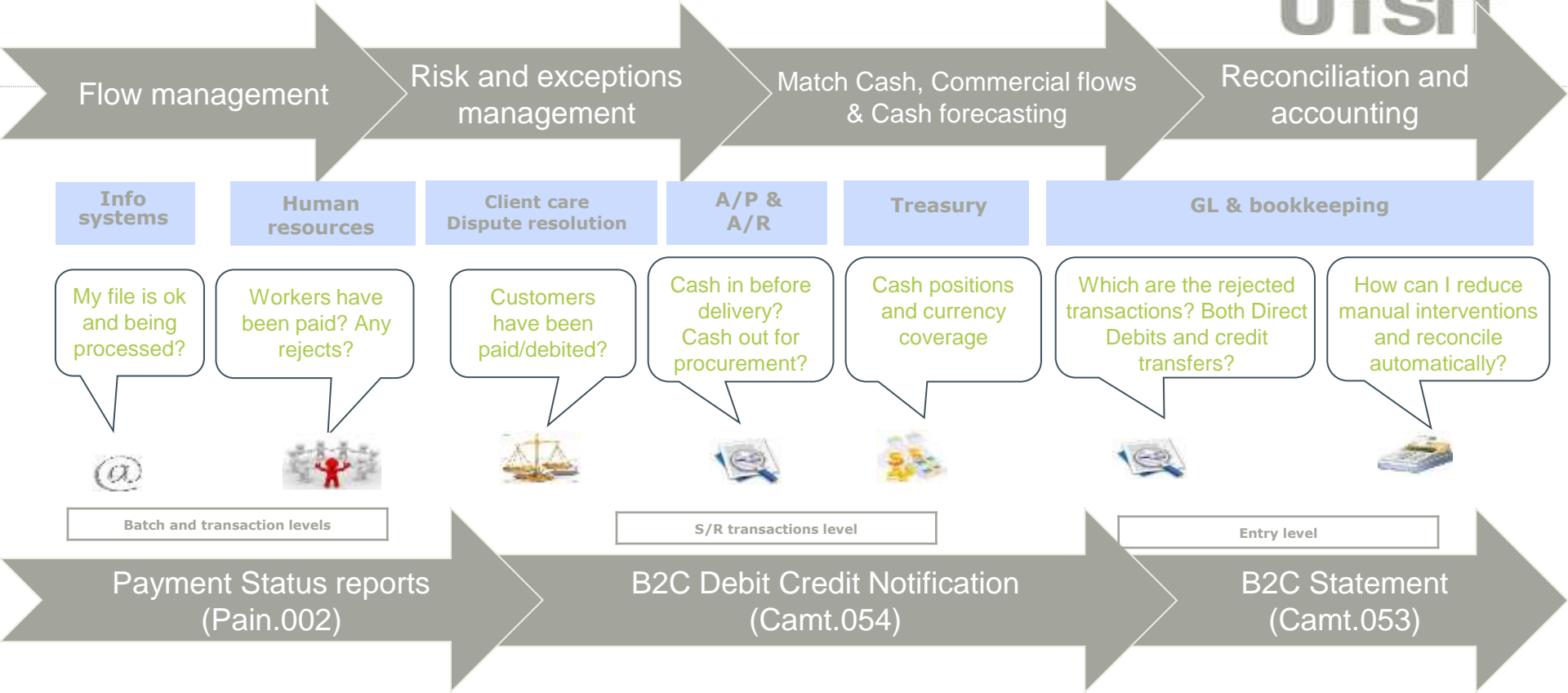
- Domestic context:
 - All banks are ready as regards regulatory obligations
 - Most (big) corporates are as well. Although this is not an easy ride.
 - The mandatory SEPA migration aspects have been taken care of
- The mandatory migration (of a part) of the domestic instruments implies:
 - New needs as regards reporting (e.g. sequence of presentation for SDDs)
 - New expectations towards richness of the reporting
 - For corporates, the prospect of a uniform treatment by their banks
- Migration to XML reporting messages is not mandatory, but:
 - It makes excellent sense ! = XML reporting messages are more adapted
 - The full range of reporting messages allows to more accurately follow up the fate of transactions
 - They allow to react quickly and recycle operations if need be

Issues regarding reporting messages

- Scopes and needs are overlapping : genuinely or because of usage rules in some countries
- Content is sometimes too flexible : lack of guidance or scope too narrow
- In the absence of obligations, the cost/benefit ratio of implementing the full set is difficult to justify for corporates
- The legacy ones have been 'fixed' to address new elements and regulatory obligations : IBANs, ICS, RemInfo, SDD sequence, E2E ID.....



Corporate needs and messages portfolio



Business needs and answers

- Each business line in the corporate needs something fairly simple and to the point.....



-which very often means banks and corporate IT departments in their endeavours to address these multiple needs have to manage....

← THIS

Process to get there

« safe and sound » 1/2



- Work on message content and make sure there is a clear delineation **between the different scopes and contents of the messages and some clear *do's and dont's***
- Make sure customers « buy in » the options within the message implementation guidelines: **where to find relevant information, harmonise practices, use them to their advantage.**

Process to get there

« safe and sound » 2/2

- Beyond message structure care for a number of aspects:
 - « Ancillary » details : error codes, coexistence
 - Legal constraints : account ownership vs. view rights, banking secrecy with banking coordinates
 - Delivery channels : SWIFTNet FA/EBICs/Portals/SMTP
 - Delivery timings and what these mean for the corporate
 - Customer profiles : gross/net entries to accounts, centralisation of unpaid items
 - What works works until it fails... (not always but try and do a international credit transfer reject thru the EPC guidelines to see what it gives).



First experiments...

Necessary adjustments will come

- Implementation guidelines **are still 'in the making'**
- Customer needs are not yet stabilized **and homogeneous**
- **Some** market practices **make the implementation of the messages more complex**

For better understanding and easier fit

Ask yourself the good questions upfront :

- **What are the available elements ?**
 - **Which elements are necessary and for whom/what ?**
-
- Organise an 'across the board' in depth thinking about reporting messages
 - Team up with your **banks to assess the gap and means to fill it between the current and target situations**
 - Don't under estimate the test workload **and make sure you plan ahead**

Conclusions

- **Although migration to the SEPA instruments was rather « technical », reporting messages are more complex to handle:**
 - They don't really match « one for one » the existing messages
 - Migration to these necessitate an in depth thinking regarding investment opportunity and expected benefits
 - They are (far) richer than current messages (for some operations)
- **Expected benefits:**
 - Logical add-on to the news SEPA means of payments
 - More automation and more reactivity
 - Weigh these carefully, make a business case, compare offerings before taking decisions
- **Some adjustments are still necessary...**
 - Guidance and market practices are still 'in the making'.
 - Customer needs have not been thought through yet and certainly not stable
 - Need to have critical mass to redress the specifications : first customers will set the trends
 - Banks are fine tuning their offerings based on experiences

Q&A



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