

Some Frequently Asked Questions about SEPA

The following frequently asked questions will help you to understand SEPA and its impacts.

Which countries form SEPA ?

27 EU Member States, Iceland, Lichtenstein, Norway and Switzerland.

Which currencies are eligible for SEPA payments?

Only Euro transactions.

What are the objectives of SEPA?

SEPA's purpose is to create standardised payment instruments that can be used within all SEPA countries. Therefore the current national instruments, within the Eurozone, will gradually be replaced by SEPA instruments.

SEPA is intended to:

- Simplify and reduce the cost of payment flows
- Facilitate trade and commerce
- Strengthen Europe's competitiveness

What are the SEPA payment instruments?

SEPA covers the following payment instruments:

- Credit Transfers

- Direct Debits
- Cards

How can your business benefit from SEPA?

The full implementation of SEPA instruments will eventually result in the following benefits:

1) Optimisation of processes:

- Straight - through processing
- Electronic payment processing
- Value-added services e.g. e-invoicing and e-reconciliation

2) Time and cost savings:

- Transparency of pricing
- Consolidating payment and liquidity management in one location

3) Simplify management of payments:

- Perform all payments in euros from one bank account, using SEPA payment instruments
- All incoming and outgoing payments will use the same interbank format

What is a PE-ACH?

A PE-ACH (Pan-European Automated Clearing House) is similar to a domestic clearing house but

with the capability to accept payment instructions from any European payer to any payee.

When will my business start to feel the benefits of SEPA?

The benefits of SEPA will have an effect from the launch of SEPA Credit Transfers January 28th 2008. However, the extent of benefits will depend on the kind of activity in which your company is involved, the volume and type of payments, the markets in which it operates and its degree of centralisation.

What steps should my company take to prepare for SEPA?

If your company sends or receives euro payments within SEPA, then it will be affected.

For example:

- SEPA instruments use the Bank Identifier Code (BIC) and the International Bank Account Number (IBAN) codes as account identifiers for payer and payee. Therefore, you must ensure that BIC and IBAN codes are provided for both payer and payee.

- You must ensure that your computer systems are adapted to receive and send file formats which utilize BIC and IBAN codes.
- With the SEPA format a maximum of 140 characters of remittance information will be available on the transaction instructions. You may therefore want to adjust your systems so that this information is made available to your customers.

Will I need to start using ISO 20022 XML Format?

No. The ISO 20022 XML format is used in the interbank space to support the interbank payment scheme.

Contacts

For further information, please contact your Cash Manager who will be able to assist you.