

## THE 10 BEST REASONS

# TO PRACTICE S€PA

### WHAT IS SEPA?

⇒ In SEPA (Single Euro Payments Area) customers can make euro payments within and across 31 countries under the same rights and obligations. Standard SEPA payment instruments will gradually replace national payment instruments. SEPA consists of the 27 EU member states, Iceland, Liechtenstein, Norway and Switzerland. The SEPA payment schemes are developed by the European Payments Council (EPC). The European Payments Council is the decision-making and coordination body of the European banking industry in relation to payments.

### WHY SEPA?

⇒ SEPA is a European integration initiative designed to strengthen the euro currency, enhance competition in the payments market and promote technological innovation.

⇒ Re-engineering payment processes based on innovative end-to-end solutions will reduce costs and drive forward standardisation, automation and centralisation. SEPA schemes and standards are an integral part of such solutions.

**Have SEPA products  
custom-tailored for you**

1.

⇒ The SEPA payment schemes recognise that individual banks and communities of banks will provide complementary euro payment services based on the schemes in order to meet further specific customer needs.

2.

⇒ The SEPA Credit Transfer Scheme and the SEPA Direct Debit Schemes developed by the EPC introduce a variety of innovative features, which will facilitate the streamlining of payment processing at any company, regardless of whether business is being done domestically or cross-border.

3.

⇒ The existence of a multitude of different national payment systems and formats posed a significant obstacle to the aspirations of companies seeking opportunities in several euro area markets. Availability of a standardised payment infrastructure in SEPA opens up new possibilities to expand your business beyond national borders.

**Take advantage  
of innovation**

**Do business  
everywhere in SEPA**

## Decrease IT costs

4.

⇒ The introduction of the ISO 20022 XML message standards – the SEPA data format – allows for rationalisation, which in turn will significantly reduce the costs associated today with the maintenance of the different national payment formats and related IT-standards, including system administration.

## Simplify reconciliation

5.

⇒ The SEPA data format streamlines account reconciliation of payables and receivables through the adoption of new standards. The SEPA format is being updated annually according to a predictable release schedule to reflect customer needs.

## Streamline the back office

6.

⇒ Uniform settlement periods and exception processes for all European countries will significantly reduce current complexities. The EU Payment Services Directive (PSD), to be implemented into national law of EU member states by November 2009, will further improve legal certainty and predictability in payments.

## Optimise cash management

7.

⇒ Companies maintaining accounts in other European countries to handle local euro payments will be able to centralise such accounts and the associated liquidity. Current differences between domestic and cross-border euro payments in SEPA will be eliminated.

## Make payment factories work for you

8.

⇒ Payment factories are companies delivering payment-related services on an industrialised scale. The realisation of an integrated euro payments market will boost the trend towards outsourcing payments. SEPA allows payment factories to acquire additional transaction volumes which in turn will generate scale and scope advantages. This development will promote attractive service offerings to companies wishing to benefit from centralised payments processing.

## Reap the economic benefits

9.

⇒ The replacement of existing national payment systems by SEPA holds a market potential of up to €123 billion in benefits, cumulative over six years and benefiting the users of payments services.

## Shape the SEPA schemes and frameworks

10.

⇒ All bank customers are encouraged to actively contribute to the development of SEPA schemes and frameworks: liaise with national SEPA Stakeholder Forums and participate in public EPC consultations (for information visit [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)). Any organisation acting on European level to represent the interests of specific user communities is invited to join the EPC Customer Stakeholders Forum.