



Single Euro Payments Area

Migration experience and Nordic impact

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Agenda

1. The starting point
2. Migration experience
3. Nordic impact
4. After the migration

SEPA - Market reactions



1. Where are the benefits?

2. Oh no, another regulation...

Corporate reactions

Or... perhaps I can use SEPA as a driver...

3. Do we really need to change?

4. Please convert for us, so that we do not need to change...

SEPA End Date Regulation - overview

REGULATION (EU) No 260/2012

Q1-13			Q2-13			Q3-13			Q4-13			Q1-14			Q2-14			Q3-14			Q4-14		
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec



EUR countries: 2014 deadline

1 Feb 2014



Non-EUR countries
2016 deadline

31 Oct 2016

1

End date for non SEPA payment products in EUR

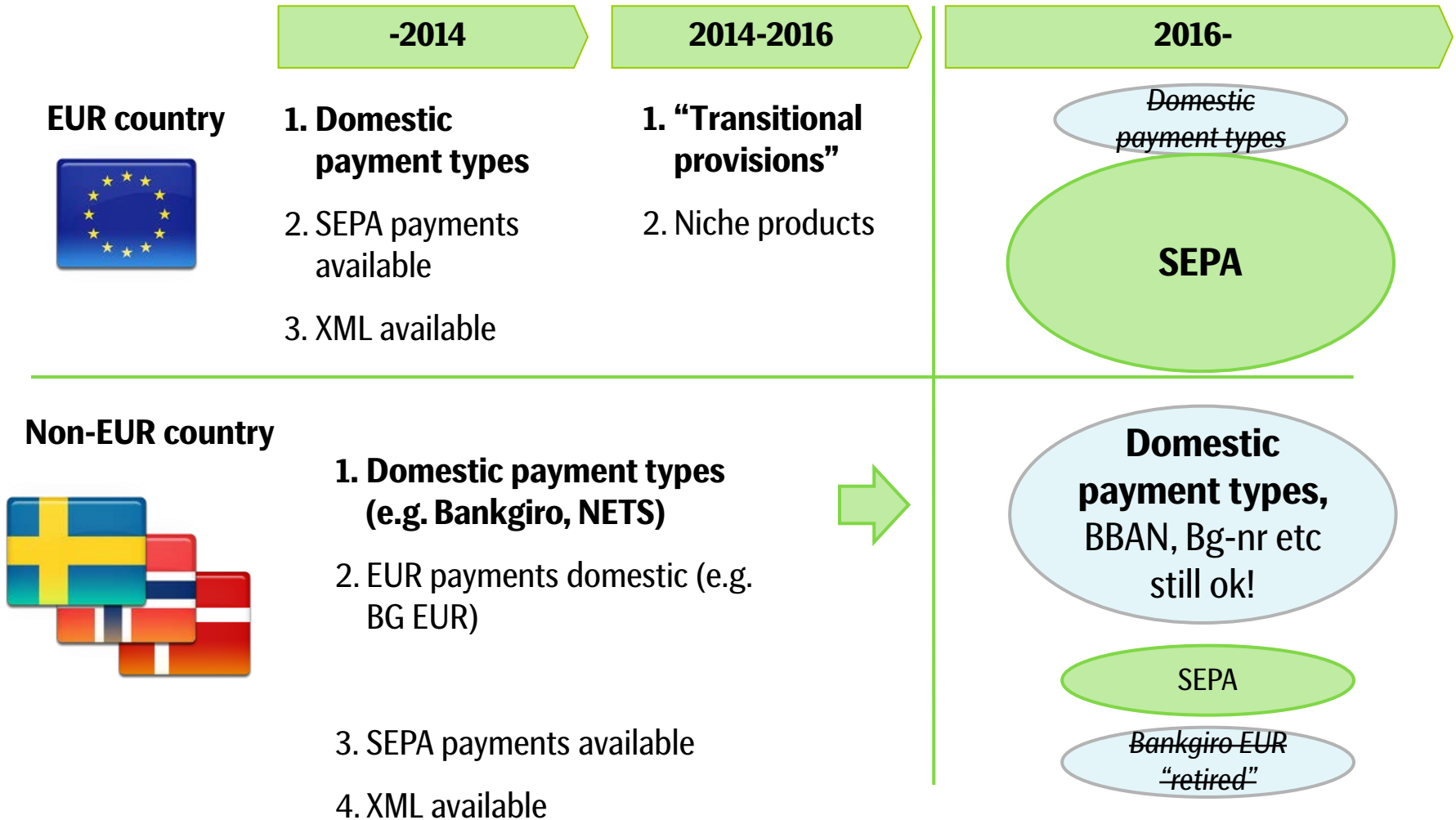
2

ISO 20022 XML format

3

IBAN and “IBAN only”

SEPA End Date Regulation - summary of impact



Agenda

1. What's in it for the corporate?

2. Migration experience

3. Nordic impact and challenges

4. After the migration

Migration starting point... Finland



Market

- **Characteristics:** Small market , few banks, strong coordination in national SEPA forum
- **Bank connectivity** - Middleware suppliers: Opus Capita, Basware. Web services channel

Standards

- E-invoice
- ISO 20002 for all payment types
- Structured reference (SCOR) – ISO 11649
- In general , follows CGI recommendations

Local specifics

- **Reporting and reconciliation** – TITO statements, PATU channel,
- **Product deviations:** AOSes*, night clearing

*Additional Optional Services

Migration starting point... Germany



Standards

- Direct debit important
- Local standard, Deutsche Kreditwirtschaft
- ... DK variant a deviation from CGI standard, and only SEPA products available

Market

- **Characteristics:** Big market - thousands of banks, Less visible central coordination
- **Bank connectivity** – Multibank-electronic banking tools “Multicash/Multiweb/EBICS host-host”

Local specifics

- **Reporting and reconciliation** – MT940 DK and DTI reporting
- **ERP suppliers, Service bureaux e.g. salary** - only supporting DK version
- **Other specifics:** Handling of salary coding, batching etc

Migration experience...

Internal collaboration is challenging

- Countries
- Business units
- System areas

Avoid dependencies...

- Easy in theory...
- Functions needed for migration
- Infrastructure consolidation

The SEB logo is centered on the page. It consists of the letters 'S', 'E', and 'B' in a bold, white, sans-serif font, each separated by a vertical white line. The logo is set against a solid green square background.

Customer migration – start early

- Communication
- Support
- Central coordination

The devil is in the details

- Payment initiation and reporting
- Local features
- Standards and deviations

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Impact – Main challenges



1. ERP systems –
ISO 20022
readiness



2. Channel and
format –
duplicated...



3. Market
communication
and
coordination



4. Local features
requested?

Challenge 1: ERP System readiness



ERP systems –
ISO 20022
readiness

Germany and Finland experience – bank independent tools ...

- ERP providers readiness?
- ERP providers in Sweden and Norway?
- Cloud based services e.g. Visma Autopay
- Conversion services?

Challenge 2: Channel(s) and format(s)



Channel and
format –
duplicated...

Short term - duplication?

- In Sweden many customer use Bankgiro channel and format – those will remain for domestic payments...
- Telepay and SEPA...?
- Format waiver for Micro enterprises?
- Bankgiro and NETS long term development?

Challenge 3: Market communication



Market communication and coordination

A blue rounded rectangle containing a white circle with an icon of two stylized people (one green, one blue) and a speech bubble. Below the circle, the text "Market communication and coordination" is written in white.

Customer dialogue: Product, Format, Channel...

- Only a partial market transformation
→ Complex message
- Old ways remain (not stopped by regulation)
- Do all banks have same view?
- Central coordination of activities, and market message, by Bankers association?

Challenge 4: Local features



Local features
requested?

Can we avoid further deviations?

- Salary payments: Still in local flavour
- Structured reference, ISO 11649, KID, OCR etc
- Credit notes, Batching/bundling of payments – all the way to receiver, a local feature

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After SEPA end date... then

Moderate challenge: Corporate can impact

Tougher challenge to migrate to SEPA

Salaries

Tax, Social security etc

Cash, cheques, "Out of scope"

Complexity – within SEPA scope

Not in SEPA..

Outgoing supplier payments

Incoming supplier payments

"Niche products"

My own reflections – how to make SEPA a success

Market

- Agree **one** structured reference
- Agree use of credit notes
- Non-euro market infrastructure move to ISO



Regulation

- Central bank reporting and similar
- Clarify that tax/social security → always SEPA

S|E|B