

Date 12th December 2012
Topic **Countdown to SEPA – How ready are corporates for the February 2014 compliance deadline?**
Respondents 273 corporate treasury & finance professionals

BACKGROUND & CONTEXT

- The Single Euro Payments Area (SEPA) is an EU initiative to improve the efficiency of cross-border euro payments across 27 countries.
- The EU has mandated that by February 2014, SEPA Credit Transfers (SCT) and SEPA Direct Debits (SDD) will effectively replace national credit transfer and direct debit schemes.
- The February 2014 deadline means that corporates affected need to update their systems and databases to accommodate the new SCT and SDD formats by this date. The objective of this survey was to measure where corporate SEPA currently stands relative to this deadline.

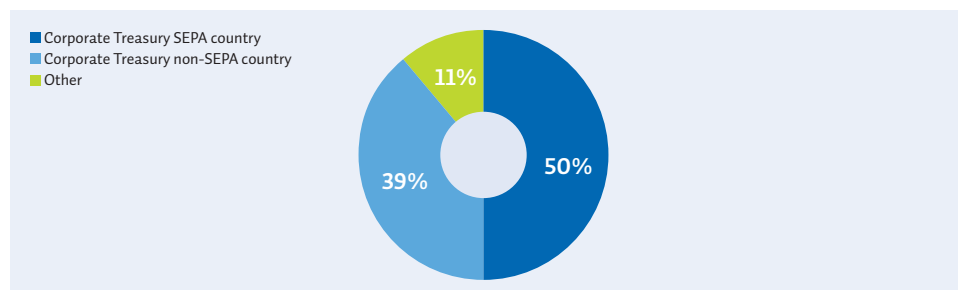
KEY FINDINGS

- More than half (52%) of corporates in the SEPA zone have not yet started their SEPA project, and almost a quarter of these have not even started to investigate the issue. Of those who have already started their SEPA project, 8% are already behind schedule, illustrating the size of the challenge ahead. (Question 3)
- 59% of corporates are only targeting 'basic compliance' (no rejected payment instructions) and a further 13% have set no goals for their company's euro payments by February 2014. Only 28% are currently using SEPA as a platform for creating efficiencies. (Question 2)
- There is still a lot of uncertainty among corporates about what is required for their payments to be SEPA compliant by February 2014. 31% of treasury and finance professionals inside the SEPA zone state that they do not know exactly what will be required for their companies to be compliant by the deadline. (Question 1)

THE SAMPLE

A total of 273 finance and treasury professionals responded to the survey, which was sent out on 27th November 2012. Respondents by organisation type:

89% of the respondents were from corporate treasury / finance departments. For the purpose of the analysis of the data, the answers have been broken down for corporates based inside and outside the SEPA zone.



THE QUESTIONS

Respondents answered an online poll comprising of the following questions:

1. I know exactly what my company needs to do to be SEPA compliant by February 2014 (Yes/No)
2. Which of the following best describes your company's goals for euro payments by February 2014?
3. What is the current status of your company's SEPA project?

MORE INFORMATION

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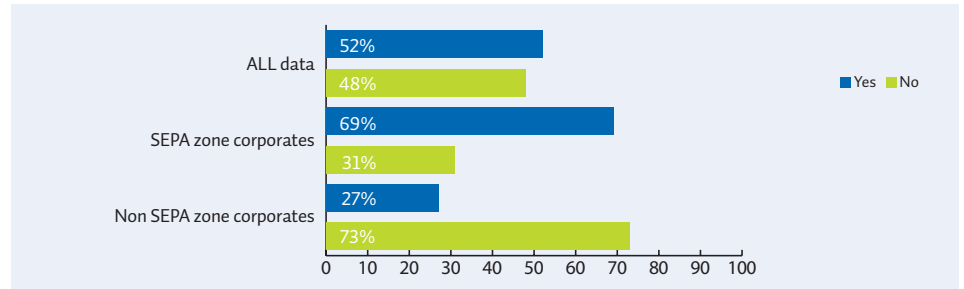
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RESULTS & ANALYSIS

QUESTION 1

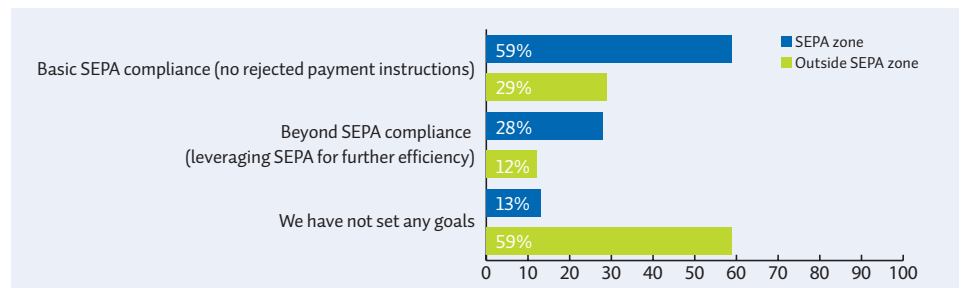
I know exactly what my company needs to do to be SEPA compliant by February 2014.



- 31% of corporate finance and treasury professionals within SEPA zone countries are still uncertain about what is required for their company to be SEPA compliant by February 2014
- Reasons cited for this include:
 - Receiving conflicting advice from different banks about the interpretation of European Payments Council (EPC) rules
 - Uncertainty over when local payment formats will be replaced by SEPA formats and about periods of coexistence of the two formats
 - Uncertainty about XML ISO 20022 data formats and rules affecting their implementation

QUESTION 2

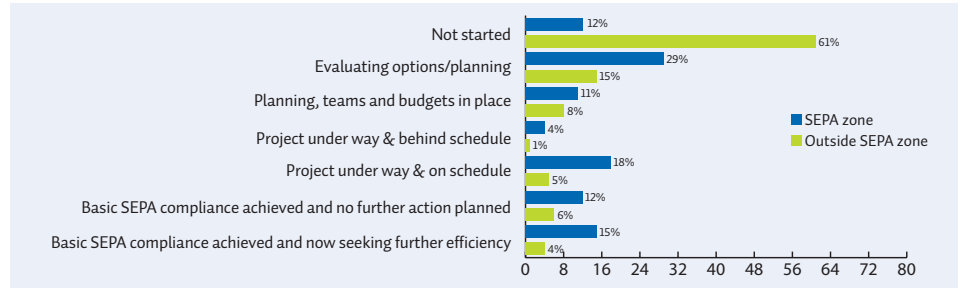
Which of the following best describes your company's goals for euro payments by February 2014?



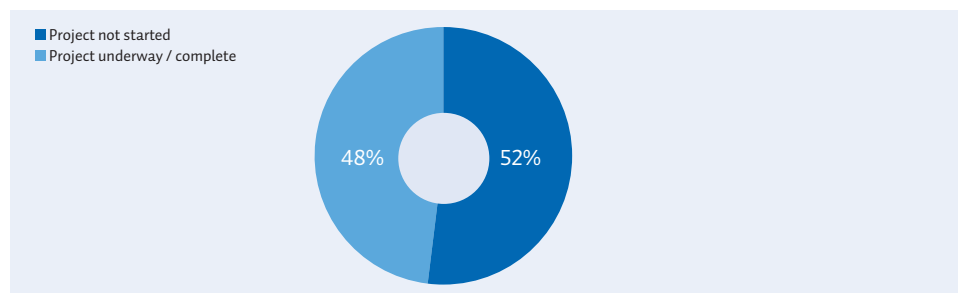
- The goal of SEPA is to improve the efficiency of cross-border euro payments and 28% of companies are currently planning to achieve this result
- Of the rest, the majority (72%) have either set no goals or are aiming for 'basic compliance', i.e. having no rejected payment instructions and associated charge back costs after February 2014. This may be explained by the emerging realisation of the complexity of projects as illustrated in the following question.

QUESTION 3

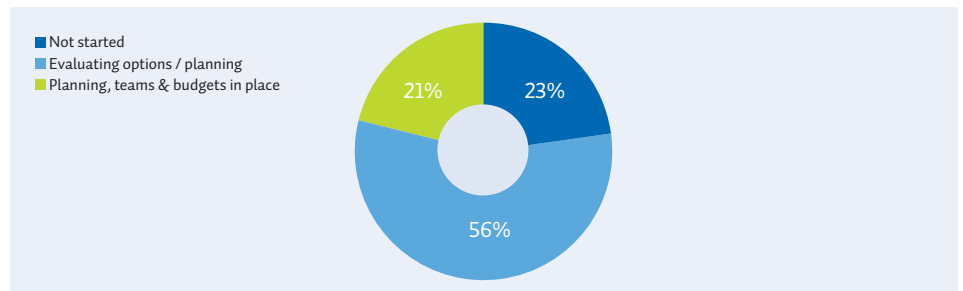
What is the current status of your company's SEPA project?



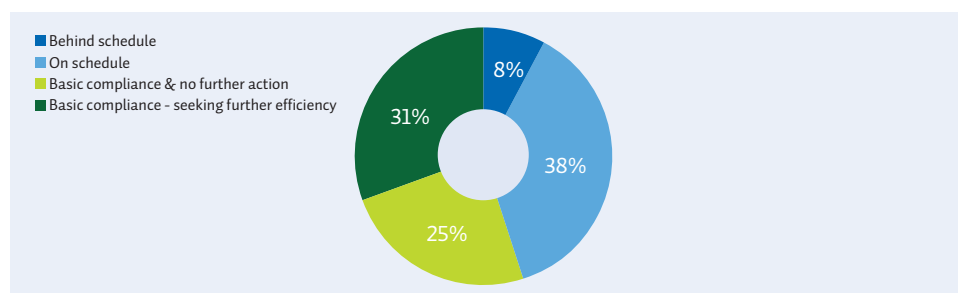
Analysis of SEPA zone corporates projects



Project not started



Project underway / complete



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Deutsche Bank



Deutsche Bank has been processing SEPA credit transfers and SEPA direct debits since the first day of each instrument's introduction. As such, we are extremely experienced in processing both SCTs and SDDs.

We have invested heavily into a brand-new, state-of-the-art SEPA processing engine and connected our Eurozone, UK, Switzerland, Poland, Czech-Republic and Hungary branches, thereby allowing you to initiate and receive SEPA transactions from your existing account. We were also the first bank to announce domestic pricing for all bulk cross-border transactions within the SEPA area – even for amounts exceeding EUR 50.000 or not executed as SCTs. This also means that we have treated all SEPA-compliant transactions as domestic transactions from the start. As such, we have shaped the market for the benefit of our clients.

Deutsche Bank has been offering format-conversion services since 2008 and has facilitated clients' SEPA migration for a number of years. As per Regulation 260 / 2012, the XML format will be binding for the exchange of bulk transactions between corporates and banks from 1 February 2014. However, banks may continue to accept other formats from customers for the instruction of SEPA transactions under certain conditions (which still need to be determined). Deutsche Bank (under certain conditions) also supports other global formats (EDIFACT, CSV, IDOC) and local cross-border formats (e.g. German DTAVZ), and is planning to support certain local domestic formats (e.g. German DTAUS) for a temporary period. In addition, we will have referral agreements with two vendors who can also support you with conversion solutions.

Deutsche Bank also offers a variety of other value-added services. Among them are:

- Local IBAN Conversion Services in Europe
- Population of missing receiving bank's BIC
- Support of processing priorities and various booking preferences
- As debtor bank, optional mandate checks

Deutsche Bank's experience in and commitment to the payments business can support corporates through the preparation phase and enable a smooth transition to SEPA.

For more information, please go to: www.gtb.db.com/content/en/841.html

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