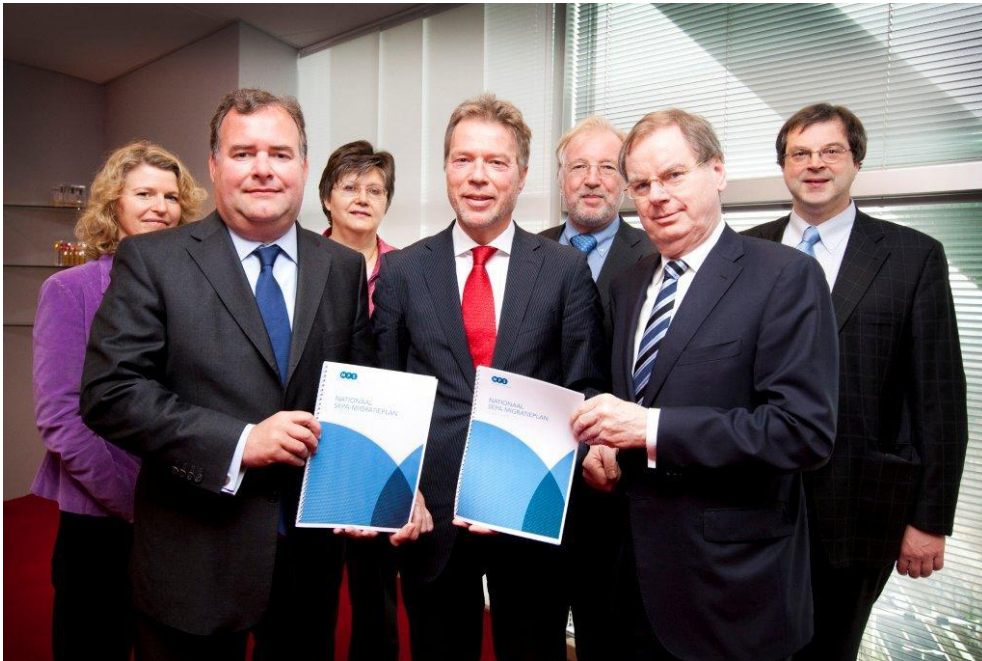


IBAN/SEPA-migration of the Netherlands



Michiel van Doeveren

Macedonian Financial Sector
Conference on PSSS

Ohrid

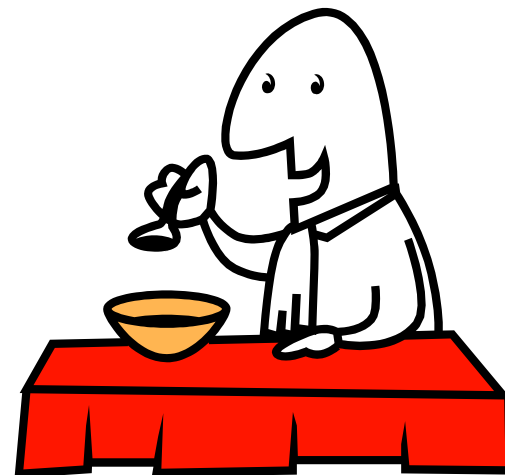
5 June 2012



Nationaal Forum SEPA-migratie

Agenda

- Background of SEPA
- SEPA products
- SEPA Migration Monitor
- National Forum for SEPA migration
- SEPA communication
- Concluding remarks



SEPA, what is it?

- **Political vision:**

One internal “domestic” market for euro retail payments, generating economies of scale and promoting competition

- **Aim:**

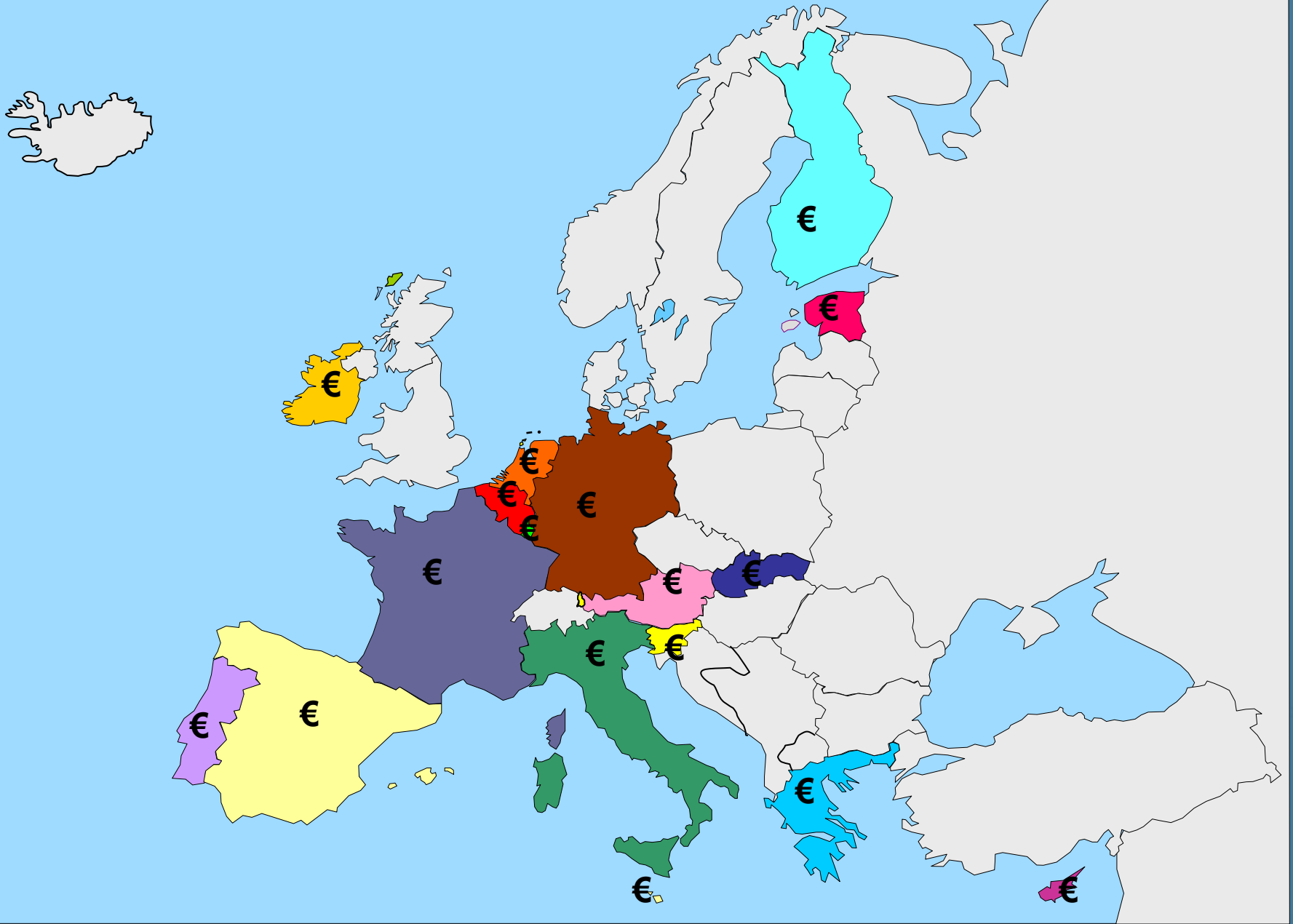
Consumers and businesses will be able to make and receive payments in euro within Europe under the same basic conditions, rights and obligations, regardless of their location

- **Concretely:**

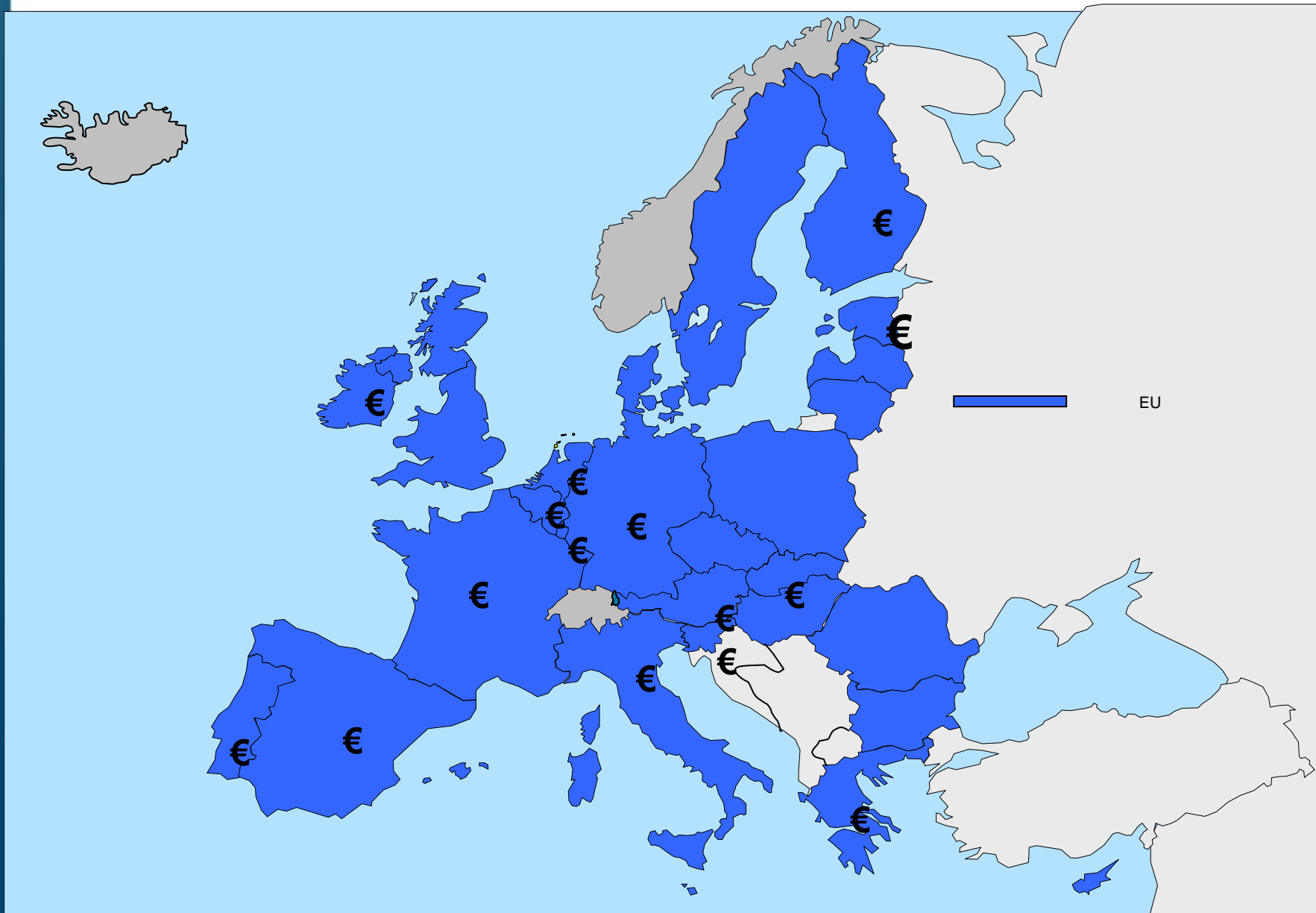
European payment instruments for both cross-border and domestic payments in euro: credit transfers, direct debit and cards



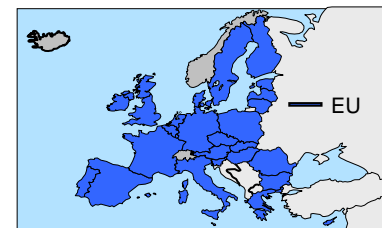
The euro is the common currency of 17 countries today, but retail payments are still organised nationally



... goal is to achieve a uniform Euro payments market



European Payments Market



End of 2010	NL	EU 17	EU 27
Inhabitants (mio)	16.6	330.0	501.5
GDP (Eur bio)	588.4	9,161.5	12,257.5
Payment service providers	309	6,456	8,604
Payment accounts (mio)	24.0	392.1	646.4
Transactions (bio)	5.4	60.2	86.7
POS terminals (ths)	258	6,558	8,806
ATM's (ths)	7.9	319.7	434.2
Cards (mio)	30	473	727

SEPA, how?

1. Self-regulation by European banks in European Payments Council:

*Common rules and standards
for euro payments in Europe*

2. Legal harmonisation of all European legislation:

*Payment Services Directive for euro
and non-euro payments*

3. SEPA Regulation:

*End date(s) for national
payment instruments*



What specifically will change?

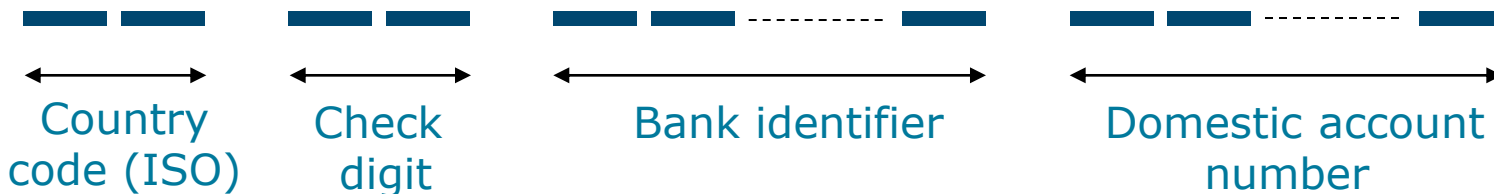
1. Account number becomes IBAN
2. SCT becomes standard for credit transfers
3. SDD becomes standard for direct debits
4. XML becomes technical standard (ISO20022)

Clear but with a major impact



IBAN

- IBAN : International Bank Account Number
- Administrator of national IBAN registers (ISO): SWIFT



- Notes:
 - The bank identifier is country-specific
 - The length of the bank identifier differs from country to country
 - Each country has its own Basic Bank Account Number system
 - The Netherlands has an 18-digit IBAN

SEPA Credit Transfer

EPC Interbank standard for credit transfers in euro 2008

Main characteristics:

- Payments are made for full original amount
- IBAN and BIC
- ISO 20022 UNIFI standards
- 140 characters of remittance information are delivered to beneficiary
- Unstructured or restructured remittance information as agreed between partners

End dates:

- 1 February 2014 (31 October 2016 non-euro countries)

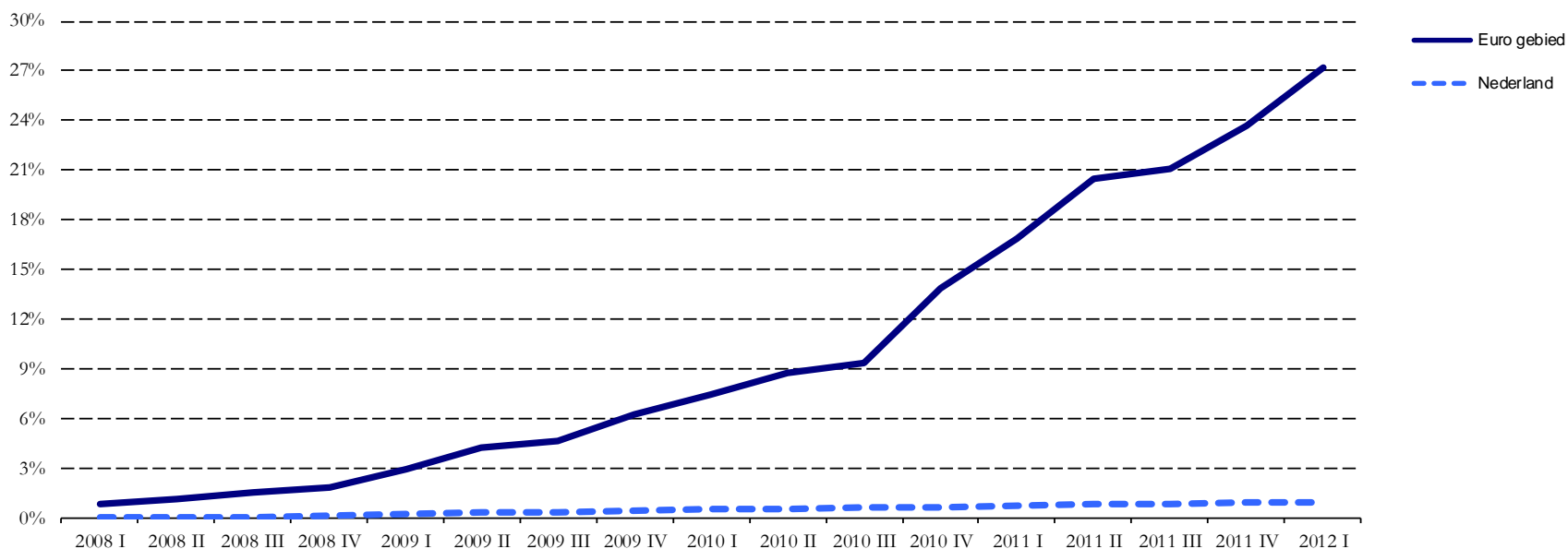


Migration status SCT

Transactions processed in SEPA format as % of total transactions

Grafiek Migratieratio Europese Overschrijving (SEPA Credit Transfer)

Percentage van totaal overschrijvingen



Bron: ECB en Banken.



SEPA Direct Debit

EPC Interbank standard for direct debits in euro - introduced in 2009

Main characteristics:

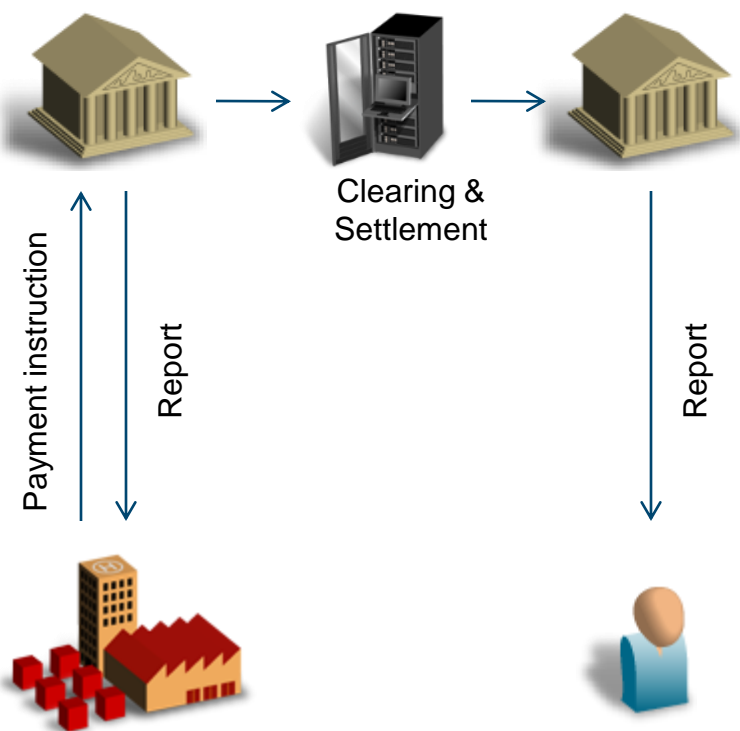
- Payments are made for full original amount
- IBAN and BIC
- ISO 20022 UNIFI standards
- One-off or recurrent
- A mandate is signed by debtor (e-mandate)
- Pre-notification (14 calendar days in advance)
- Refunds (PSD: 8 weeks) and returns

End dates:

- 1 February 2014 (31-10-2016 for non-euro countries)
- No domestic MIF after 1 February 2017



Information flows and choice of channel

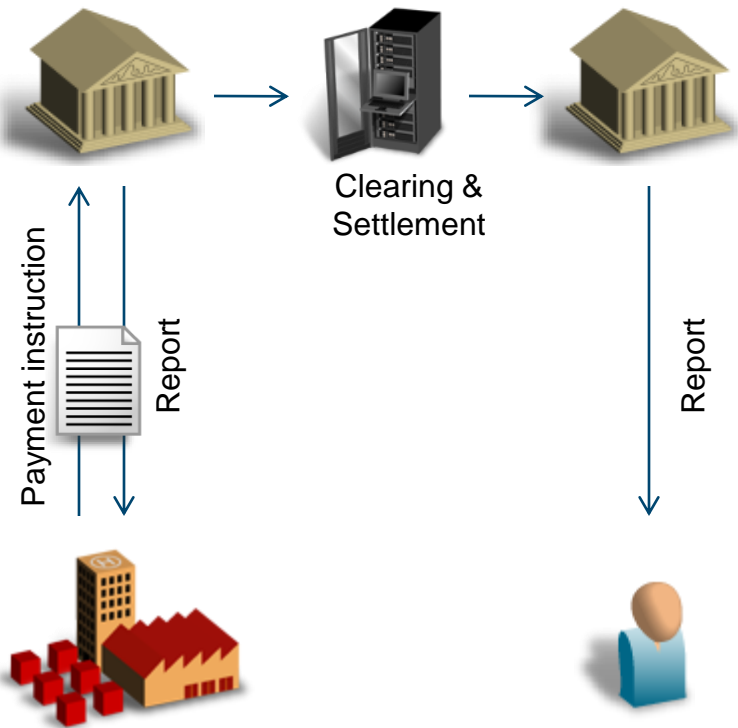


- Basis: business-to-consumer relationship with business as initiator
- Business delivers payment instructions to bank and receives reports back
- Customer's choice of channel driven by various considerations:
 - Timing: carefully determine when instructions are executed and fast account reporting;
 - Functionality: payment products and formats (from back office) as desired;
 - Completeness: correct reference information in instructions (end-to-end) and reports (for automated reconciliation);
 - Secure: payment files cannot be manipulated.

Channels

- Banks offer their customers various channels for exchanging payment instructions and account information
- Choice of channel depends in part on type of customer (retail, wholesale), products used and volumes
- Main channels
 1. Paper
 2. Internet banking
 3. Client application
 4. Bulk channel

1. Paper



Features

- Forms (based on BBAN) for initiation
- Account statements for reporting
- Only for very low volumes
- High cost per transaction
- Generation and processing by customer not computerised

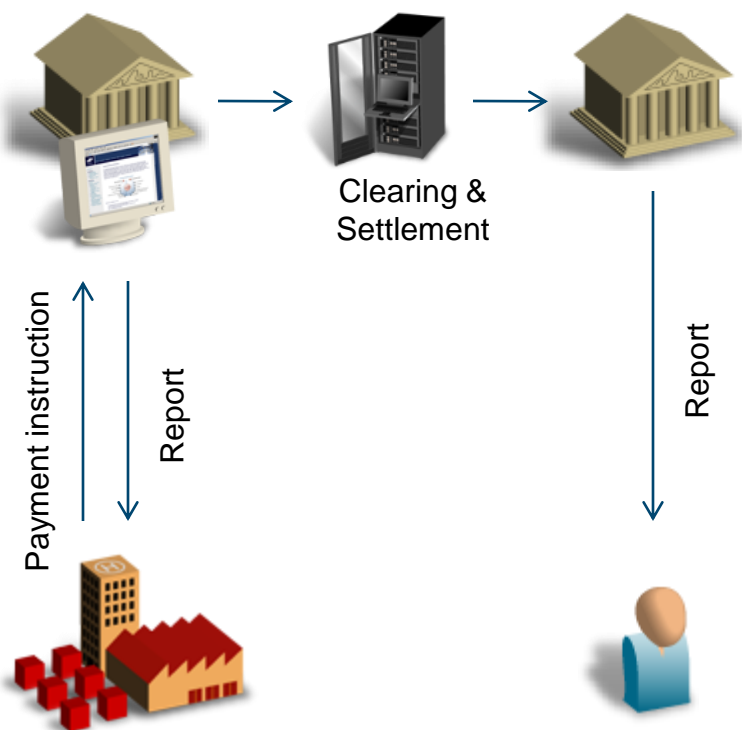
Impact of SEPA

- Adjust forms to IBAN
- Report must include mandatory information (rule books), including IBAN, reference, (original) initiator

Examples

- Supported by most banks, used by customers with little computerisation or non-standard instructions (e.g. urgent payments)

2. Internet banking



Features

- Automation by banks
- Manual input of payments or upload
- Reporting on screen or downloaded
- Limited volumes (100-1,000 tx/day)
- Limited integration possible with back office systems

Impact of SEPA

- Adjust screens (IBAN) and upload and download format (to XML)
- Bank decides migration date
- Bank can offer central migration support services

Examples

- Almost all banks have extensive websites

File formats will change under SEPA

- Most currently based on national formats
 - Payment instructions: ClieOp3, BTL-91
 - Reporting: incl. MT9xx, Verwinfo, bank-specific formats
- Additional information in SEPA messages, does not fit current formats:
 - IBAN (SCT, SDD)
 - Creditor scheme identifier (SDD)
 - Mandate information (SDD)
- Therefore, change to ISO 20022 XML for SEPA products:
 - Payment instructions: mandatory via PAIN messages
 - Reporting: CAMT messages (not mandatory)
- Banks' own reporting formats permitted provided they meet SEPA requirements



SEPA for Cards

EPC Cards Framework

Ideal situation: 'Any card at any terminal'

- Schemes which are accepted throughout Europe
- Open non-discriminatory card scheme membership
- Uniform pan European processing for all schemes and processors

Options for SEPA Compliancy

- Make national schemes SCF-compliant
- Replace national by international schemes
- Co-branding

Initiatives for additional European Card Scheme

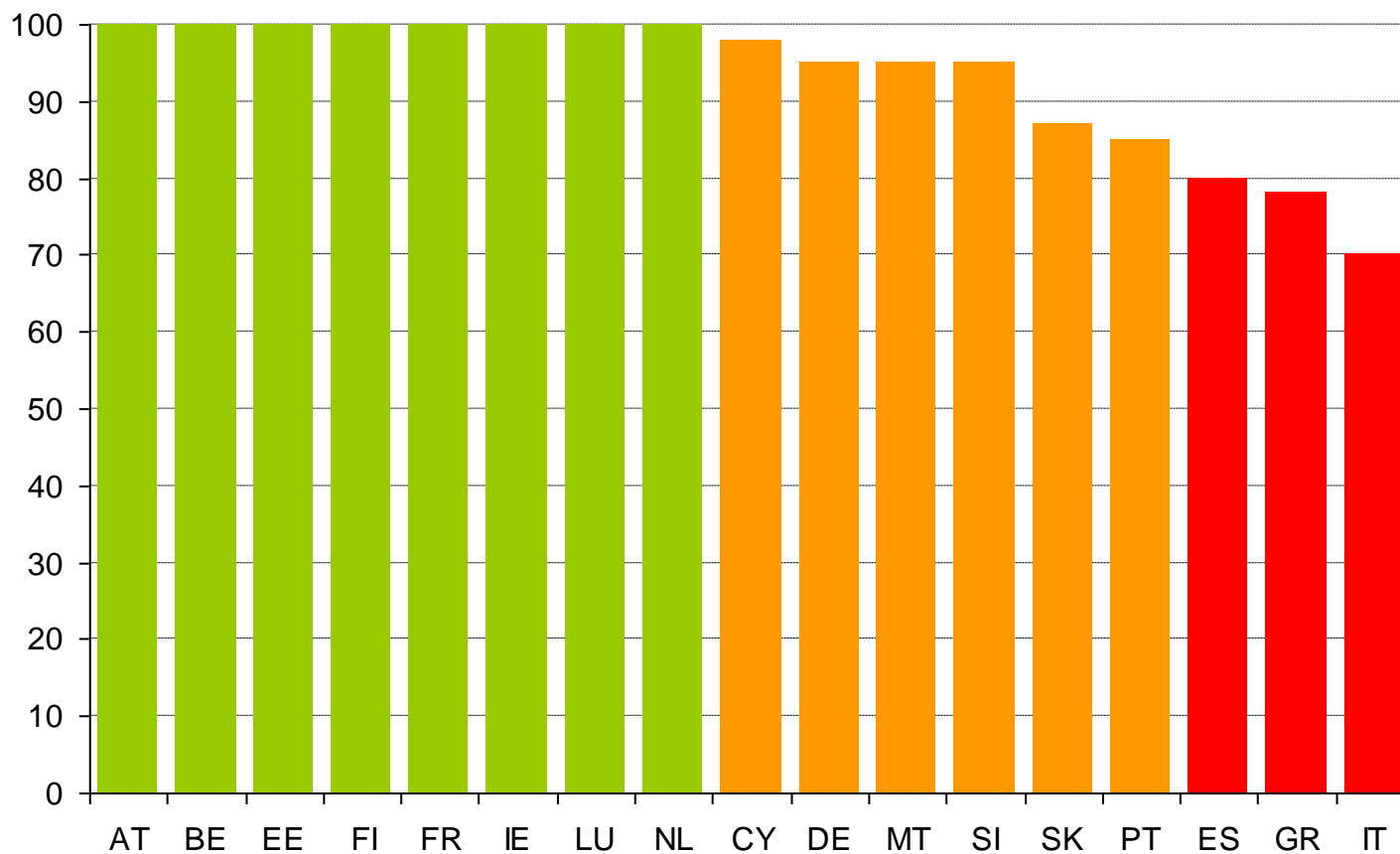
Safety

- EMV-implementation: Chip and PIN code



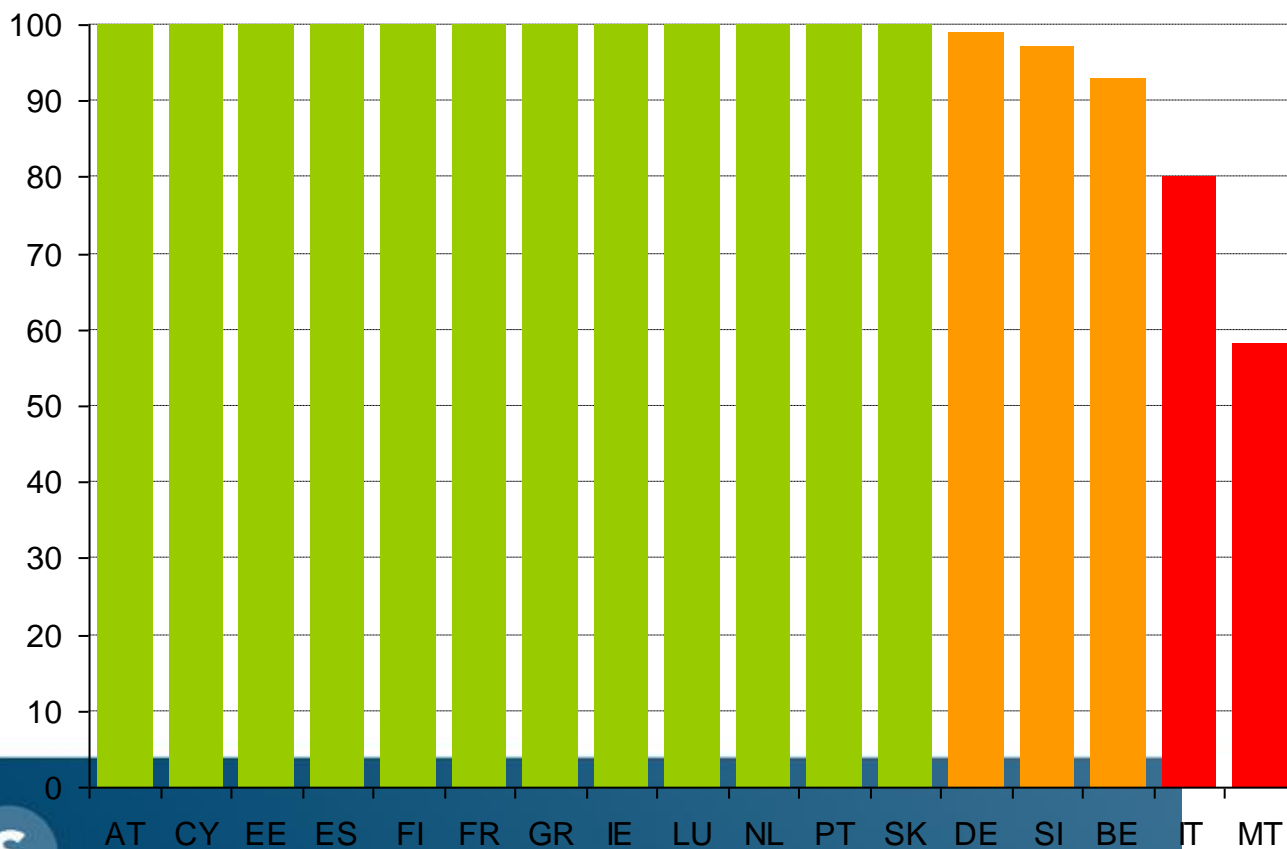
Migration status EMV cards

Status 2011 (Source: EPC)



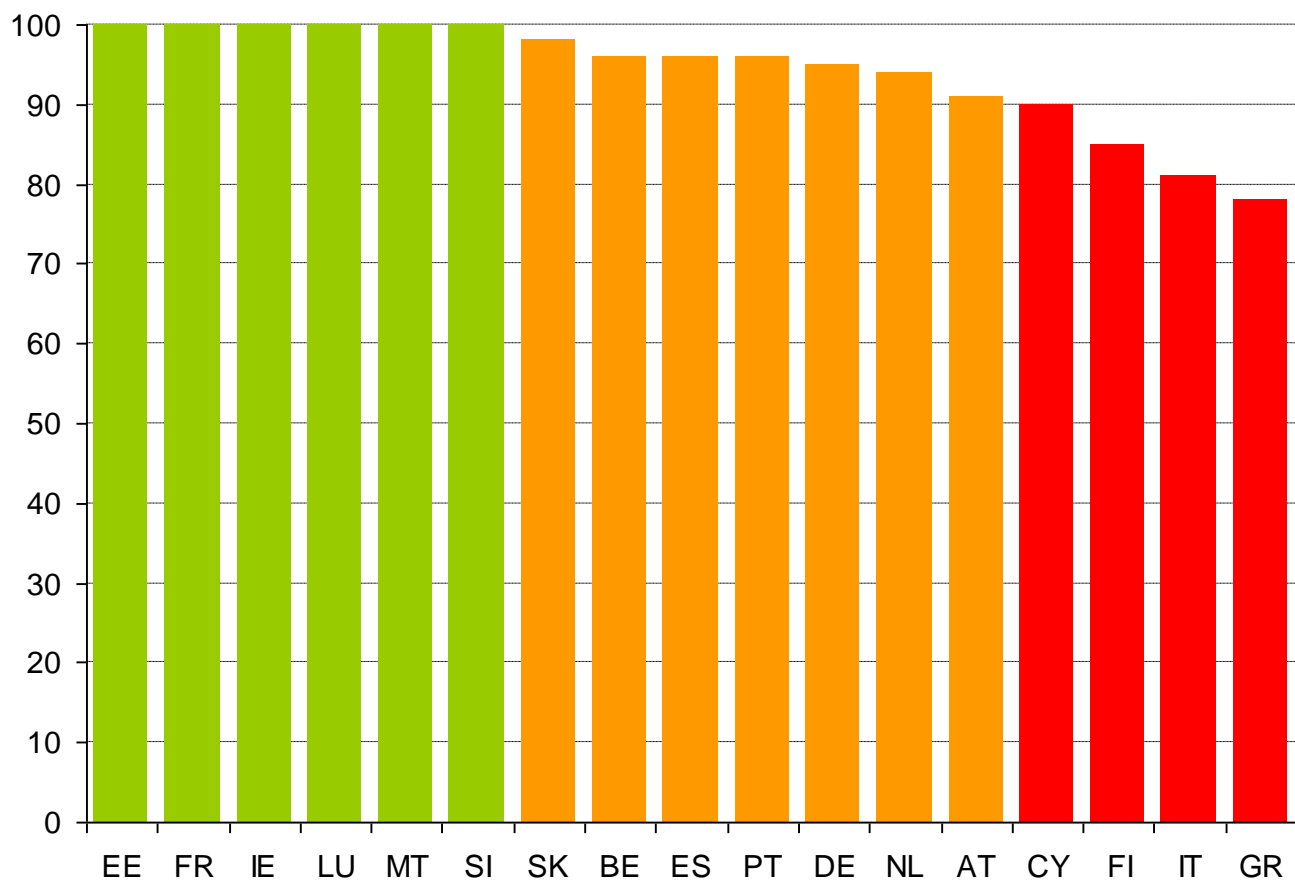
Migration status EMV ATMs

Status 2011 (Source: EPC)



Migration status EMV POS terminals

Status 2011 (Source: EPC)



SEPA Cards Policy issues

- Multilateral Interchange fees
- Transparency on fees
- Co-branding
- Central licensing, issuing or acquiring
- European POS-terminal
- Honour all cards rule
- Blending
- Chip-only cards
- Mobile payments

Impact of SEPA

Consumers

- Use IBAN (and BIC)
- Use of EMV cards all over SEPA

Firms (private and public)

- Use IBAN and BIC
- Centralisation of accounts and direct debits
- Standard formats (ISO 20022 XML)

Retailers

- More choice: terminal, acceptance of brands, acquiring

Banks / payment service providers

- Opening up new markets, new products, new systems



Long term benefits of SEPA

- Efficiency and competition lead to cost benefits for society
- Reduction of tariffs for average user of payment services in Europe
- Increased ease of use
- Innovation at European scale



Aim of the SEPA Migration Monitor

Insight into the status of SEPA migration of corporates, public authorities and software suppliers

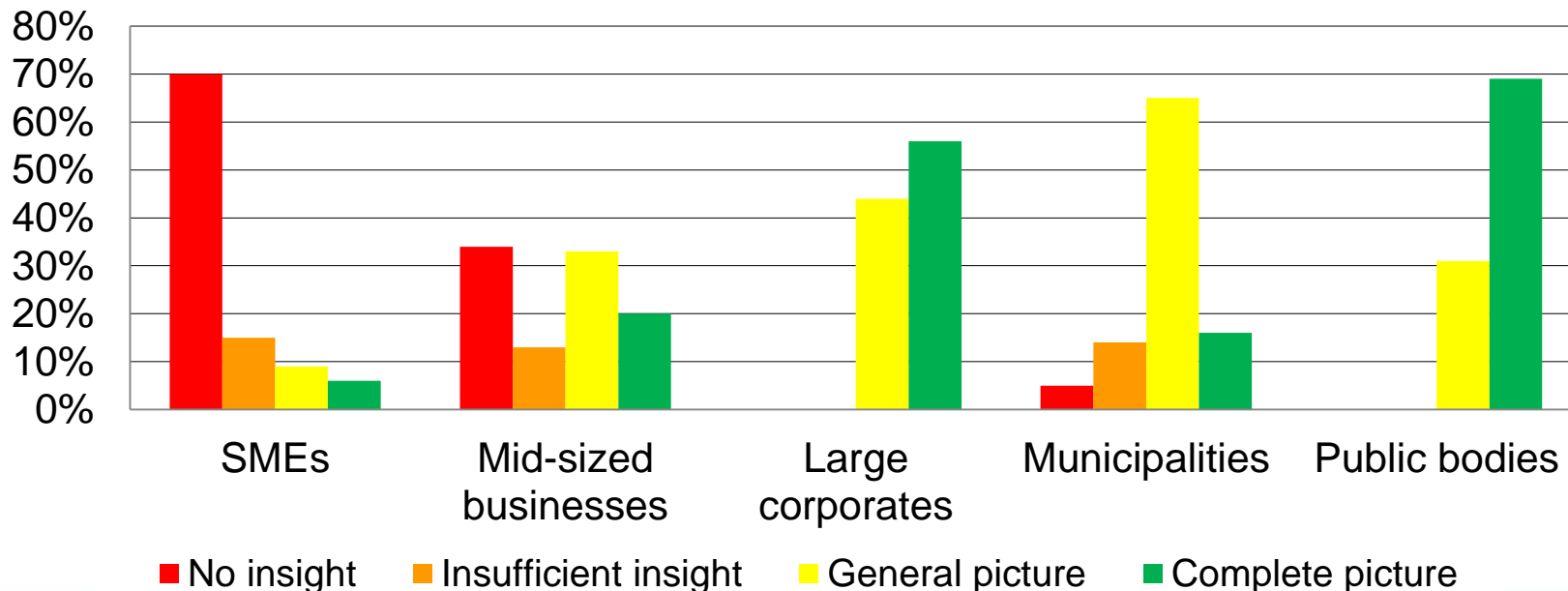
1. Awareness of the meaning and implications of SEPA
2. Stage of preparations
3. Actual use of SEPA payment instruments
4. Development of software packages



Results: Awareness users

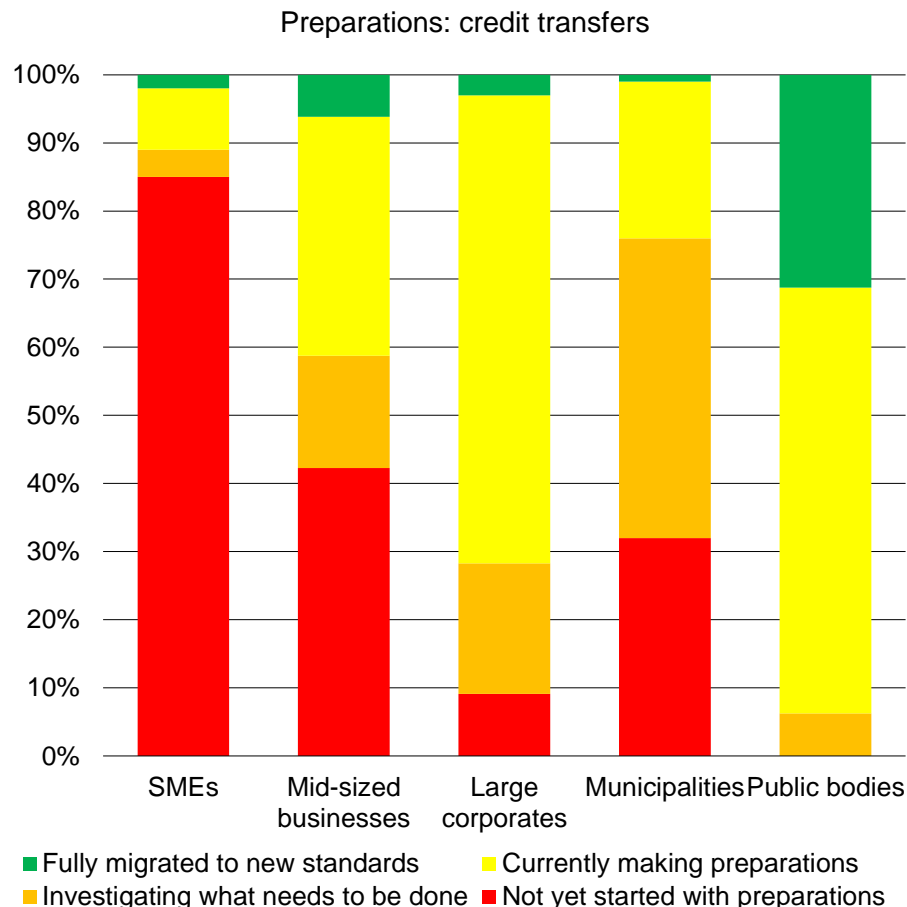
- Large corporates, public authorities and most municipalities have at least a general picture of the impact of SEPA for their organisations.
- 70% of SMEs and 34% of mid-sized businesses have no insight in the impact of SEPA yet.

Do you have a good picture of the changes facing your organisation as a result of the introduction of the SEPA payment instruments?



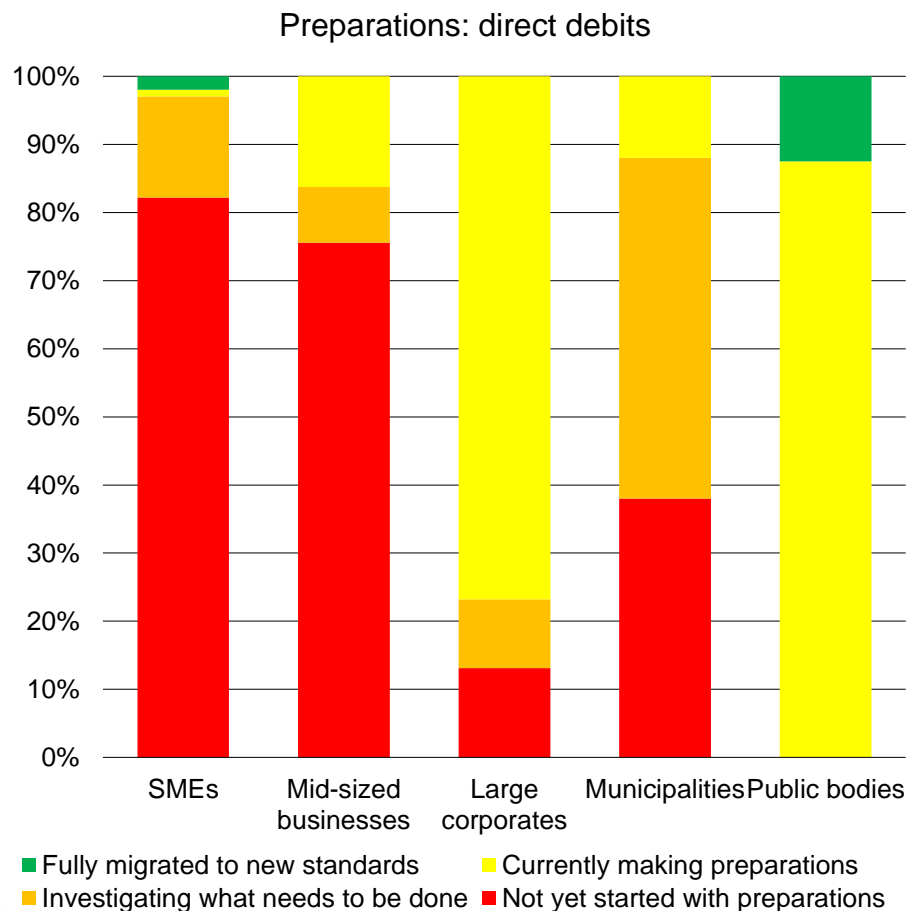
Results SEPA Credit Transfer (SCT)

- 31% of public bodies has migrated to the SCT.
- Public bodies, municipalities, large corporates and mid-sized businesses have made progress since the last monitor.
- SMEs are still far behind. 85% has not yet started making preparations.



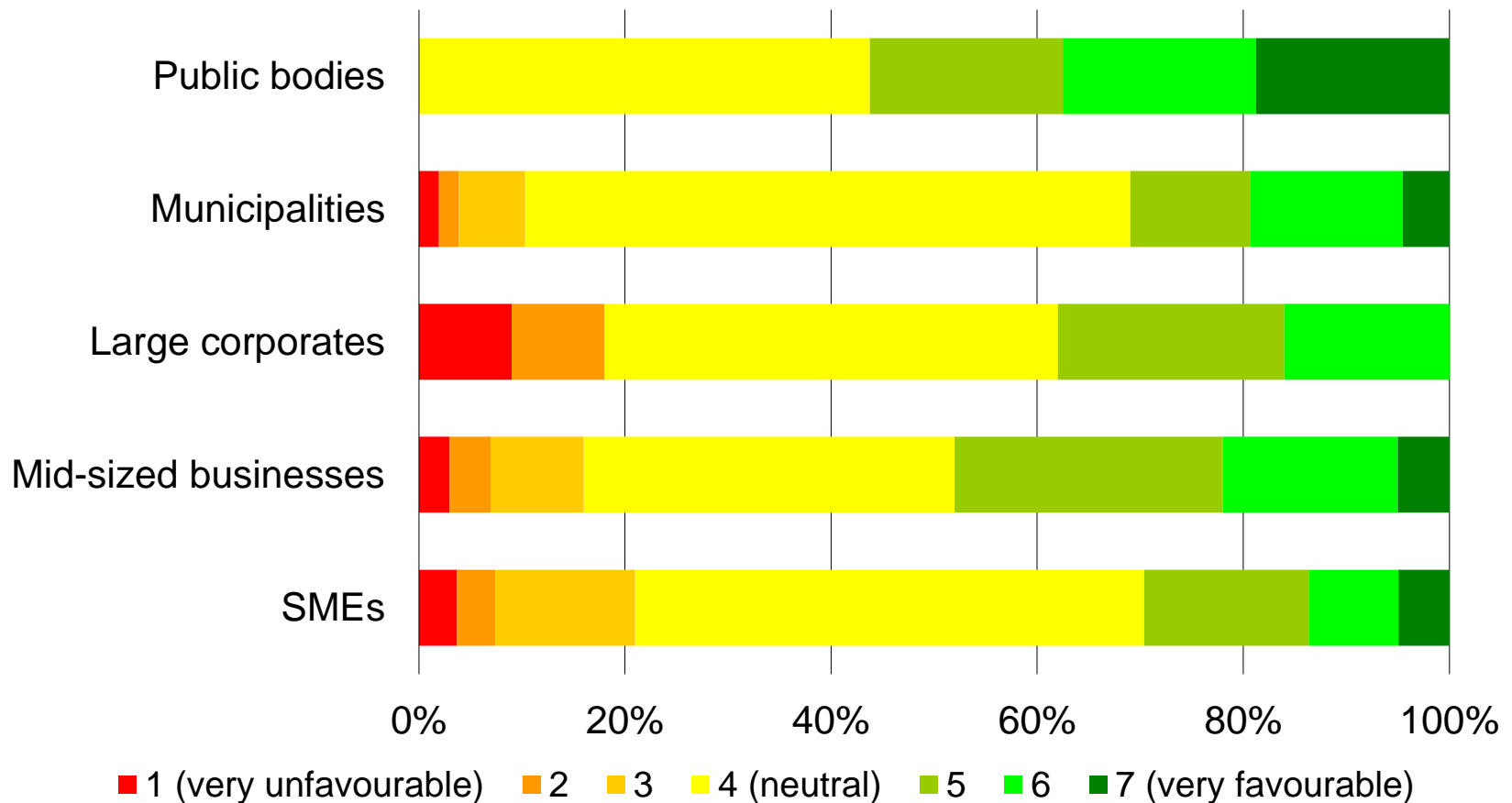
Results SEPA Direct Debit (SDD)

- Preparations for the SDD are still well behind those for the SCT.
- All public bodies and most large corporates have now started preparations.
- Compared to the last monitor more municipalities have started investigations.
- 83% of SMEs have not started preparations yet. This is an improvement compared to the previous monitor.



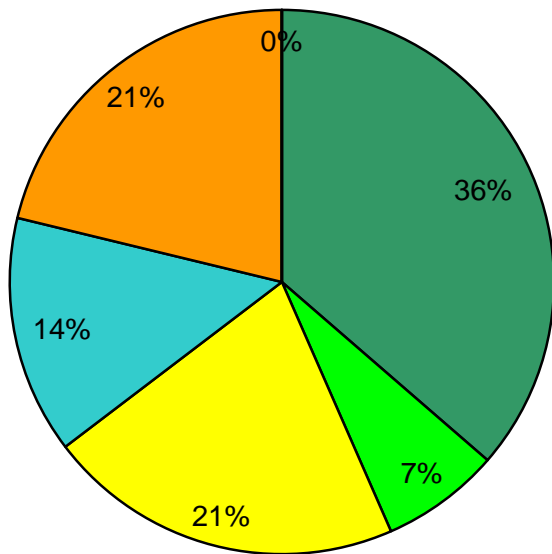
Results: attitudes towards SEPA

Expected consequences of SEPA for your organisation

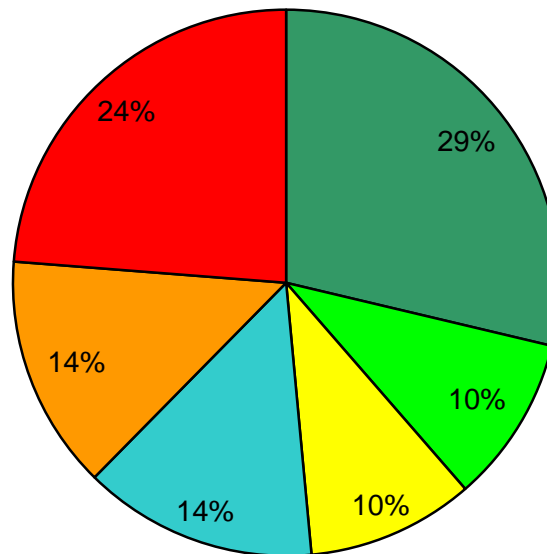


Results software providers

SEPA credit transfer



SEPA direct debit

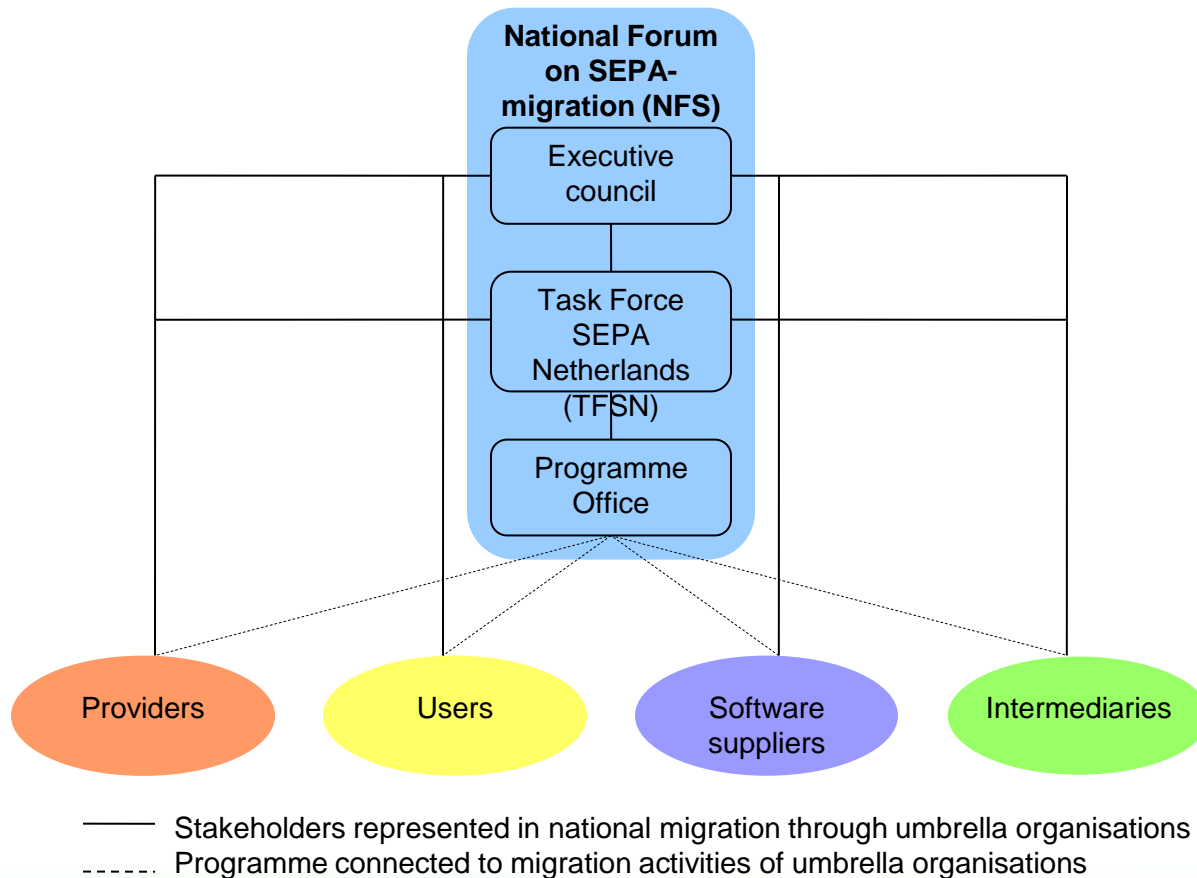


- SEPA-compliant software is ready for use
- Currently testing developed software
- Currently developing software
- Design and specifications
- Analysis
- Done nothing

Conclusions SEPA monitor

- SEPA-awareness among SMEs and mid-sized businesses is still too low, but it is improving.
- Public bodies, municipalities, large corporates and mid-sized businesses have made progress in the preparation for the SCT.
- Public bodies, municipalities, large corporates and SMEs have made progress in the preparation for the SDD.
- Preparations for the SDD are still well behind those for the SCT.
- Attitudes towards SEPA are neutral to positive. Public bodies are most positive towards SEPA.
- Development of SEPA-compliant software is still at the same stage as in the previous monitor.

National Forum on SEPA-migration



National Forum on SEPA-migration (NFS)

- All stakeholders involved
- Information-exchange and binding appointments
- Activities with respect of
 - planning migration
 - communication
 - monitoring
 - Signaling and solving of social migration problems
- Three levels: Board, Technical and a Programme Office



Activities NFS 2011-2014

- Impact analysis SEPA-Regulation (2011)
- New national SEPA-migration Plan (2011)
- Establishment of NFS (2011)
- Projects and activities (2012)
 - Central communication campaign
 - Stimulating of SEPA-proof software
 - National governance
 - Exchange of experiences
 - Signaling of migration hurdles
 - Monitoring SEPA-change-over





START

1 February: end-date
SCT & SDD migration

Specifications
SEPA proof basic
products for
businesses

Infrastructure
SEPA proof for
mass migration
SCT SDD

SDD adapted to
consumer protection
measures regulation

2012

1-10

2013

1-3

1-7

2014

Banks

SEPA proof infrastructure

Support migration end-users

Software suppliers

SEPA proof software packages

Support migration end-users

Large-scale enterprises SCT

Early movers

Mass migration

SMEs SCT only

Early movers

Mass migration

Large-scale enterprises all

Early movers

Mass migration

SMEs SCT & SDD

Early movers

Mass migration

Consumers

Growing use of IBAN

Communication

Communication from umbrella organisations, intermediaries, banks

Public campaign

Possible use of niche products after end-date



FINISH

Communication Goals

Knowledge:

- Consumers know where they can find IBANs
- Firms know what measures they have to take to migrate to SEPA

Attitude:

- Neutral attitude towards IBAN/SEPA

Behaviour:

- Consumers use the IBAN
- Firms are preparing the SEPA change-over



Core Message for the Campaign

- Contents:
 - Message dedicated to user groups: consumers and firms
 - If possible concrete examples
- Tone of voice:
 - Factual
 - Honest: no promotion campaign
 - Common communication of the NFS



SEPA-campaign of the Netherlands

- Focus on the changes due to IBAN and the SEPA-products
- Three levels: national, umbrella organisations, banks and users
- Three phases:
 - Wake call for business users
 - Inform consumers and use mile stones
 - Count down to 1 February 2014
- Mass media campaign and toolkit
- **Everyone will have a longer account number. Including your business. Take it into account.**
- **Iedereen krijgt een langer rekeningnummer. Uw bedrijf dus ook. Houd er rekening mee.**



Three communication stages

Stage 1 – Communications from NFS

Campaign: the Netherland is changing to IBAN. Take it into account.

For consumers and businesses

Message theme: this is going to happen and you have to do this.

Stage 2 – Communication from umbrella organisations

Strong focus on Toolkit by umbrella organisations.

To members (consumers and businesses)

Deepen and amplify the messages in the national campaign

Stage 3 – Communication from businesses

Encourage maximum use of Toolkit by businesses and organisations.

From banks to customers and from other businesses to customers/contacts

We are ready for IBAN



Phases



Een campagne die met iedereen rekening houdt.

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Factsheet Gevolgen voor bedrijven overzichtelijk in een factsheet. [Download \(pdf\)](#)

Factsheet Betaalmiddelen overzichtelijk in een factsheet. [Download \(pdf\)](#)

Factsheet Gevolgen voor bedrijven overzichtelijk in een factsheet. [Download \(pdf\)](#)

Instructie formulier Betaalmiddelen overzichtelijk in een factsheet. [Download \(pdf\)](#)

Stappenplan Gevolgen voor bedrijven overzichtelijk in een factsheet. [Download \(pdf\)](#)

Banner Betaalmiddelen overzichtelijk in een factsheet. [Download \(pdf\)](#)

Animatie Betaalmiddelen overzichtelijk in een factsheet. [Download \(pdf\)](#)

Stappenplan Gevolgen voor bedrijven overzichtelijk in een factsheet. [Download \(pdf\)](#)



Pressroom

Titel persbericht
19 januari 2012 - De Nederlandse Bank
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Titel videofragment
19 januari 2012 - NOS
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Titel krantenbericht
19 januari 2012 - Financieel dagblad
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Titel radiofragment
19 januari 2012 - BNR Nieuwradio
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- Links**
- Relevante link 1
 - Relevante link 2
 - Relevante link 3
 - Relevante link 4
 - Relevante link 5



Over deze website

Op deze website vindt u alle informatie over IBAN en wat dat voor u betekent. De overgang op IBAN en SEPA wordt begeleid door Nationaal Forum Sepa Migratie NFS.



Toolkit

- Banner
- Factsheet/folder
- Animation/infographic
- Campaign logos
- SEPA checklist for firms
- Source texts
- Set of Q & A
- Helpdesk

Questions?

- More information via: www.overopIBAN.nl and www.sepanl.nl)



Concluding Remarks

The success of SEPA depends on:

- Implementation of the end date for national payment instruments (SEPA-Regulation)
- Well organised stakeholder involvement and consultation
- Timely implementation of the national migration plans.
- SEPA for Cards means 'Any card at any terminal'. This requires time.
- Further European standardisation, which is not easy.

