

## The future on retail payments: Opportunities and challenges

Wien, 12th May 2011

Corporate approach to SEPA.  
Readiness and value for change.

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Cash Management



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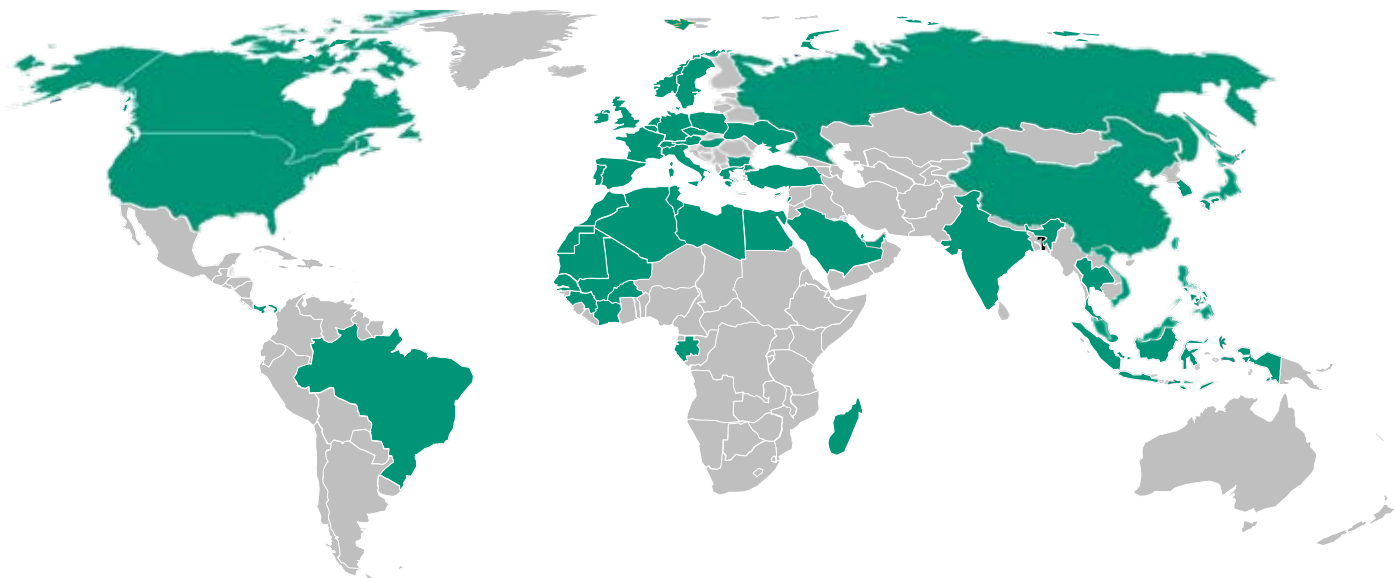
# Introduction



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# BNPP Cash management coverage

**BNP Paribas** has one of the **largest cash management footprints worldwide** and particularly in **Europe**



Cash Management coverage in more than 50 countries



## External market opportunities/pressures

Many exogenous drivers are pushing changes in the cash management industry

- SEPA roll out
- **regulations** such as PSD and “End date regulation”
- wider availability of **new technologies** such as SWIFTNet

## Corporate needs

Several internal factors lead corporate to **rationalize** the payment value chain:

- beyond generic **cost reduction** pressure, an area under growing scrutiny is Accounts Payable/Receivable processes (AP/AR)
- increasingly, companies put efforts on centralised solutions to bring **additional value to their operating businesses** while reducing risk and cost

- ➔ Banks are pushed to **continuously enhance their services** and to offer integrated **end-to-end solutions** on payment value chain.
- ➔ **New comers** are entering the payment market, with aggressive approach, new and low cost service platforms
- ➔ European clients are more and more looking at **simplification and centralisation of payment operations**, especially in the contest of SEPA migration



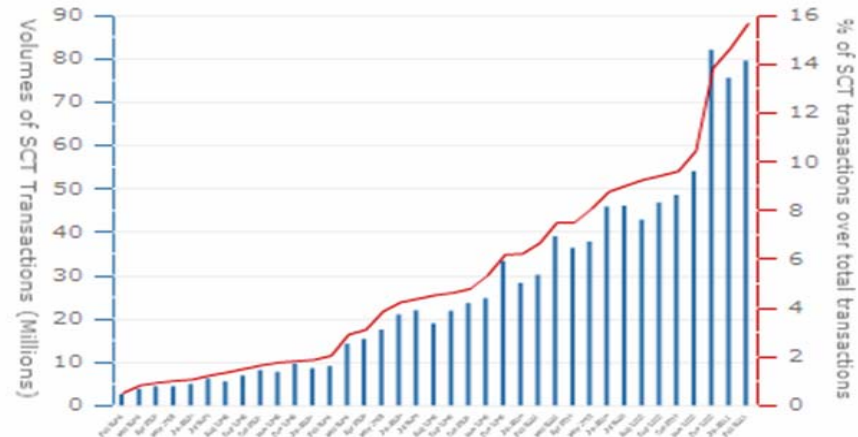
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## SEPA status

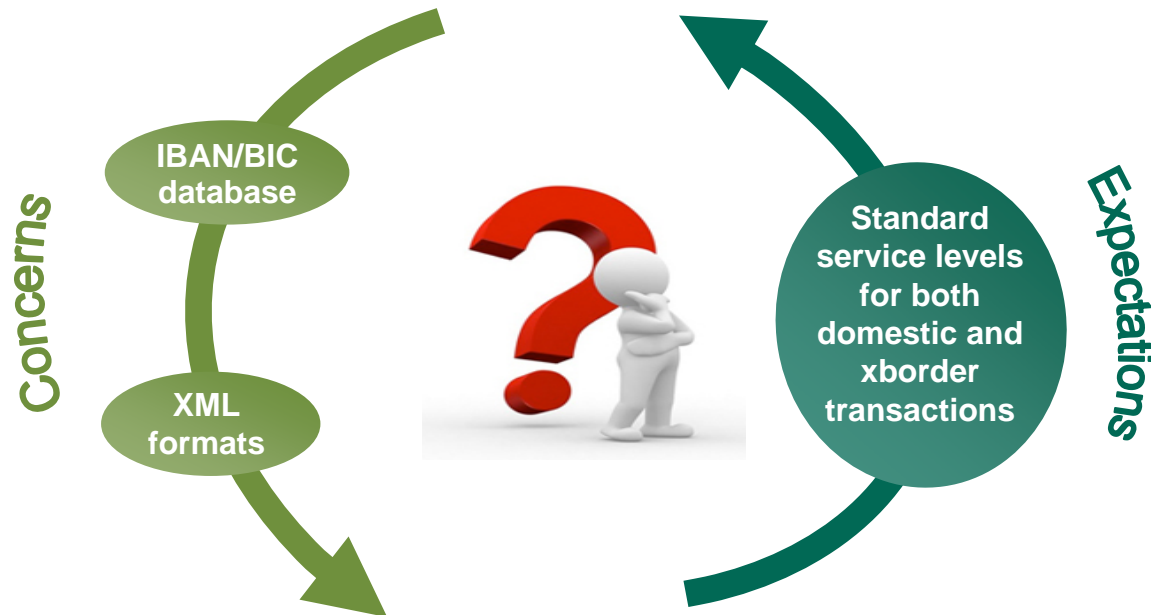


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SCT starts to ramp up significantly



Source: ECB

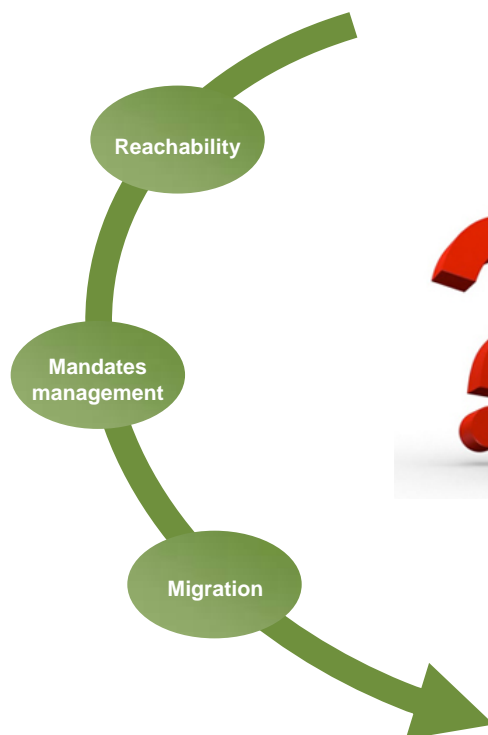


**SDD volumes are still low.  
Mainly B2B.  
Some cross border flows.**



Source: ECB

Concerns



Expectations



**System just started**







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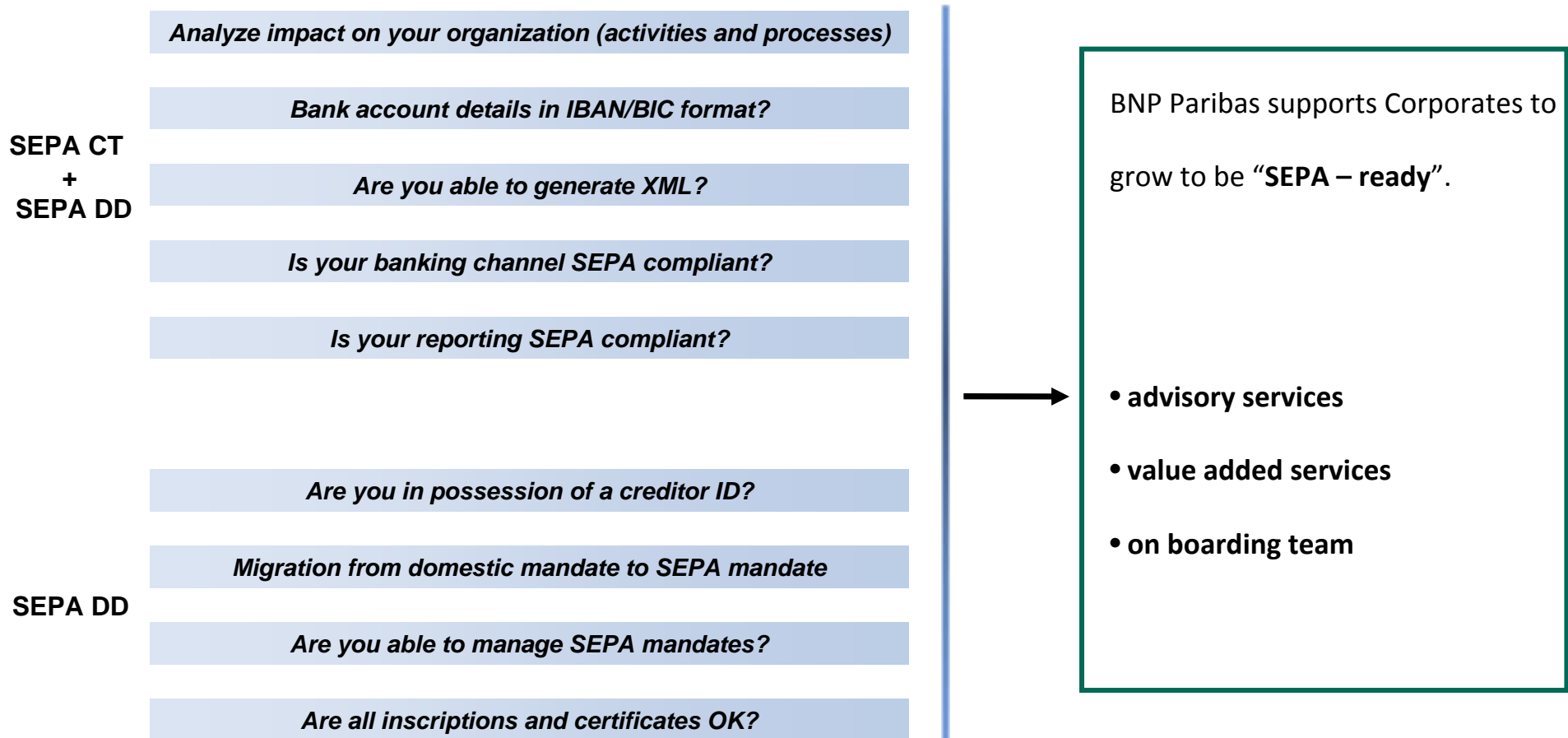
Market readiness.  
How to support clients migration?





# Is your business ready for SEPA?

The following checks will enable Corporates to verify whether your business can manage SEPA means



# What is the relevance for you to migrate to SEPA?

## Main reasons to move in function of business and company characteristics

### Process simplification

One account in one SEPA country, centralized treasury, automatic reconciliation, single formats, homogeneous reporting

### Facilitate growth

Expansion in other SEPA countries

### Cost reduction

Possible reduction in overall costs and/or account costs

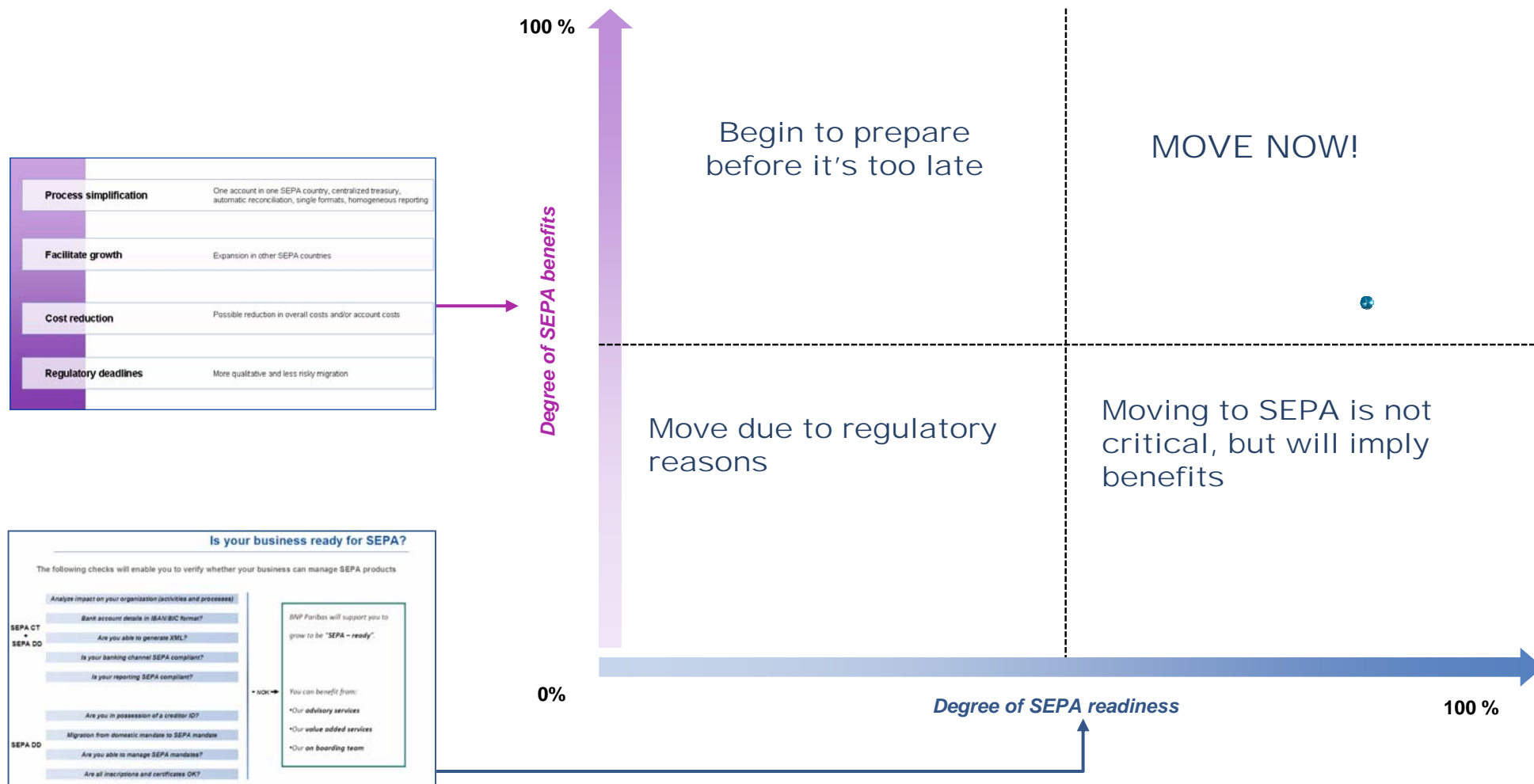
### Regulatory deadlines

More qualitative and less risky migration



# What is your SEPA final migration strategy?

In which quadrant does Company fit in today?



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## Conclusions





## Clients approach today

- ! **Some early adopters** are migrating pushed by opportunities to reduce bank fees and to centralize payment initiation cycle (payments/collection factories)

## SDD migration can be complex

- ✓ **Migration plan** should take into account **country specific**
- ✓ Pay attention to the **sequence type management** (not existing in domestic schemes), **especially linked to rejects**
- ✓ Careful follow-up of **B2B mandates confirmation**
- ✓ May require that you **review** your **client contract process**

## Lessons learned on migration and implementation

- **Migration** to SDD scheme will be **less difficult in countries** where the **domestic DD scheme** is **close to the SEPA** one
- Work in close **collaboration with Banks** On boarding services when existing (agree on process, implementation planning, test of xml files)

# SEPA migration – BNP Paribas' advices for Corporates

## Project running key points

Work in **close collaboration with your bank** during SEPA preparation

**Internal sponsoring and commitment** of all stakeholders is required

Assign **internal project management**

## Project key success factors

**Correct BIC/IBAN conversion** is key

Leverage **support from banks' On boarding services** for your migration project

During the ramp-up phase of SDD, differences in process handling across banks were noticed: highly recommended to **deploy “per bank” and “per country”**



# The BNP Paribas SEPA offer

Full capacity to  
process SEPA  
instruments



**Value Added  
Services**

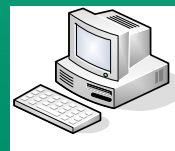
**SCT and SDD processing offer in 22 European countries**



BIC/IBAN  
conversion tools



Mandate database  
management and  
dematerialisation,  
xml format conversion



Consultancy,  
Migration support,  
On boarding  
services



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**Thanks for your attention**

**Your questions?**

