



## **WORKSHOP**

“What you need to know about SEPA”  
27<sup>th</sup> of August 2013

Watershed, Kilkenny

10am to 1pm



# Workshop Overview

- SEPA – Overview
- Invotech implementation strategy
- Introducing Optimizer
- Preparation Requirements for your facility
- Mandate management
- Required bulk file submission deadlines
- Reporting and exceptions processing
- Sample run through of SEPA on Optimizer
- Q&A
- Admin (Forms)



# SEPA – Overview

- SEPA
  - Cross border euro payments system
- Mandatory
  - Replaces existing DD Scheme by the 01 February 2014
- Benefits
  - Pay from any bank account in SEPA zone
  - No more posting mandates
  - More secure
  - Upgrading to more robust system via Optimizer
- Negatives
  - 2 month payment rule
  - Costs involved in implementing (Financial, time, danger)



# Invotech implementation strategy

1. Make Contact with your Bank & Invotech
2. Appoint a SEPA representative
3. Appoint an IT Representative
4. Attend regional workshop
5. Book Install date of optimizer
6. Ensure IT Prerequisites are met
7. Invotech will Install Optimizer on Server/PC and one client PC
8. We will run conversion utility (All data will be transferred – no data loss)
9. After a short period (week) we will convert data again.
10. YOU WILL GO LIVE WITH OPTIMIZER
11. Optimizer is a dual system (old DD and New SEPA)
12. When you have decided on SEPA go live date
  1. Invotech will convert sort codes, bank accounts ..
13. Transfer you SEPA file
14. JOB DONE



# Introducing Optimizer



- Club Organiser will be a legacy product in December 2014
- Optimizer is the replacement
- Upgraded backend now running on SQL Server
- More robust and faster
- Upgraded front end
- It incorporates new web services and cloud technologies
- It includes SEPA functionality



## Preparation Requirements for your facility - AIB

- Contact your Bank to prepare for SEPA
- Obtain Originator Identification Number (OIN)
- Get approval on your new mandate
- Test Conversion Debtor Account Details to BIC & IBAN via Invotech
- Create and submit a test file with Invotech ('Penny Testing')
- Implement a Mandate Management System
- Familiarise yourselves with the terminology of the internal payments processing with new SEPA debit timelines for different type of payment sequences (FRST on or before D-6, RCUR on or before D-3, etc)



# *Tea Break*



# Mandate management (Direct Debits only) © AIB

## Pre-SEPA

- Debtor bank responsible for **managing DD mandates**
- Mandate copy held for up to 7yrs from final debit date
- **Cancellation** made by Debtor's Bank & creditor advised
- Mandate deemed **dormant** after 18 months of no activity
- Mandates may be paper, online or telephone recording
- **Mandate reference** is a mix of constant & variable characters



## Post-SEPA

- **Creditor-Driven Mandate Flow:** creditor manages & holds mandate for agreed lifetime & min of 13 months after last debit
- Debtor bank may effect cancellation of mandate at debtors request and debtor's responsibility to inform creditor
- Mandate permanently auto-cancels after 36 months of dormancy
- Mandate is default paper format. ROI option only for telephone/online mandates. Electronic storage.
- Cross border mandates paper format only. Electronic storage.
- **Unique Mandate Reference (UMR)** required & submitted for each collection

## Business Impact

- Establish compliant **operating model** for mandate mgt
- Evaluate **outsourcing** options or evaluate mandate management options in software
- Roll-out operational systems and processes to support **new mandate management** requirements
- Agree format for UMR
- Store paper and electronic record of the mandate





# Required bulk file submission deadlines © AIB

## Pre-SEPA

- Codes – new (01) & recurring (17) for transactions
- CT & DD payment files submitted up to **1 business day** before payment & collection
- Direct debits can only be set up for **recurring payments**
- EMTS **Debit Limits** applied
- Established return reason codes
- iBB Business day file submission deadline: 2pm

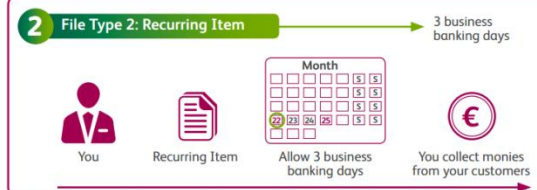
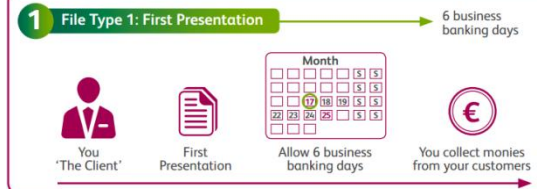


## Post-SEPA

- Files can be submitted maximum 30 calendar days before debit date.
- 4 SDD payment sequences (First, Once-Off, Recurring and Final); if not applied files may be rejected & fees applied
  - **FRST/OOFF**: sent in **6 business banking days** before debit
  - **RCUR/FNAL**: sent in **3 business banking days** before debit
  - EMTS limit replaced by DD Limit per OIN = max file size in past 12 months plus 20%
- New reason codes to inform reason for rejected or returned transactions
- iBB Business day file submission deadline: 3pm (SCT and SDD)

## Business Impact

- Apply new payment **codes**
- Assess impact of **D-6 / D-3** and review accounting processes
- Understand reason codes for rejected and returned transactions



## Reporting and exceptions processing © AIB

### Pre-SEPA

- Lack of transparency regarding rejected / returned payments
- Payment return charges apply - €4.44
- No breakdown in iBB of files into individual transactions & transaction status
- Gross settlement – file amount credited then rejects debited after settlement



### Post-SEPA

- Rejected / returned payments are **real-time automated** improving tracking – returns file (PAIN.002) provided to customer per file per day
- **Refusals** can be requested up to close of business the day before collection
- Payment return charges apply - €4.44
- iBB allows detailed transaction status view within each file
- Net settlement – file amount credited less any pre-settlement rejects

### Business Impact

- Consider **monitoring** procedure for rejected & returned payments
- **New Cash planning** impact given unpaid / return timelines for originator
- Consider **integrating** new reporting into your software for enhanced reconciliation

# Sample run through of SEPA on Optimizer

- SEPA SETUP Section
- BIC and IBAN
- Transmitting a file



# Questions & Answers

- SEPA





Thanks for listening

