

Reducing the burden on banking systems

In these times of cautious recovery after the crisis, banks are focused more than ever on excellent, yet profitable services. This leads to two developments. First of all, banks are shedding activities that are not generating sufficient earnings, or no longer tie in with their core activities. Secondly, there is the mounting discussion regarding the sourcing of activities that can be performed more cheaply and better by third parties, but without putting the banks' own market position or the continuity of their vital processes at risk.

Payments will always remain part of the core business of banks. It constitutes the primary contact with their customers. Nevertheless, the question whether banks should keep the entire process in house is now more urgent than ever. Particularly now that they are facing the task of migrating their processes to SEPA. Specific solutions are already available for highly standardised types of services for private customers. In the case of customised services for large corporate clients, the matter is more complex. Because this constitutes a substantial part of European payments, special attention is more than justified. A look across the border may provide inspiring new insights. For instance, in Belgium, the Netherlands and the UK a service is available for direct delivery of bulk orders of, for instance, salary and other transfers and direct debit orders to payment processors by large payment parties. In the Netherlands, where approximately 70% of all payment transactions are directly delivered to the processor, Equens traditionally offers a total processing package for this purpose, including authorisations, approval, limit control, etc.

Modular construction

We have taken the emergence of SEPA as an opportunity to use this experience to build a unique range of Corporate Payment Services. What is new about these services is that, although they cover the entire payment chain, their construction is modular. This is, in fact, true for the entire Equens SEPA service portfolio. With this modular approach, we meet a large variety of needs of banks and provide them with the freedom of choice to either outsource the entire process or only part of it to a single, full-service provider. This prevents fragmentation across multiple service providers and leads to lower costs, for processing as well as the required management activities at the bank. The Equens CSM additionally offers banks the largest possible reach: via their own community, via EACHA and via PE-ACH. This offers banks the possibility to look for an optimum balance between service level, speed and costs.

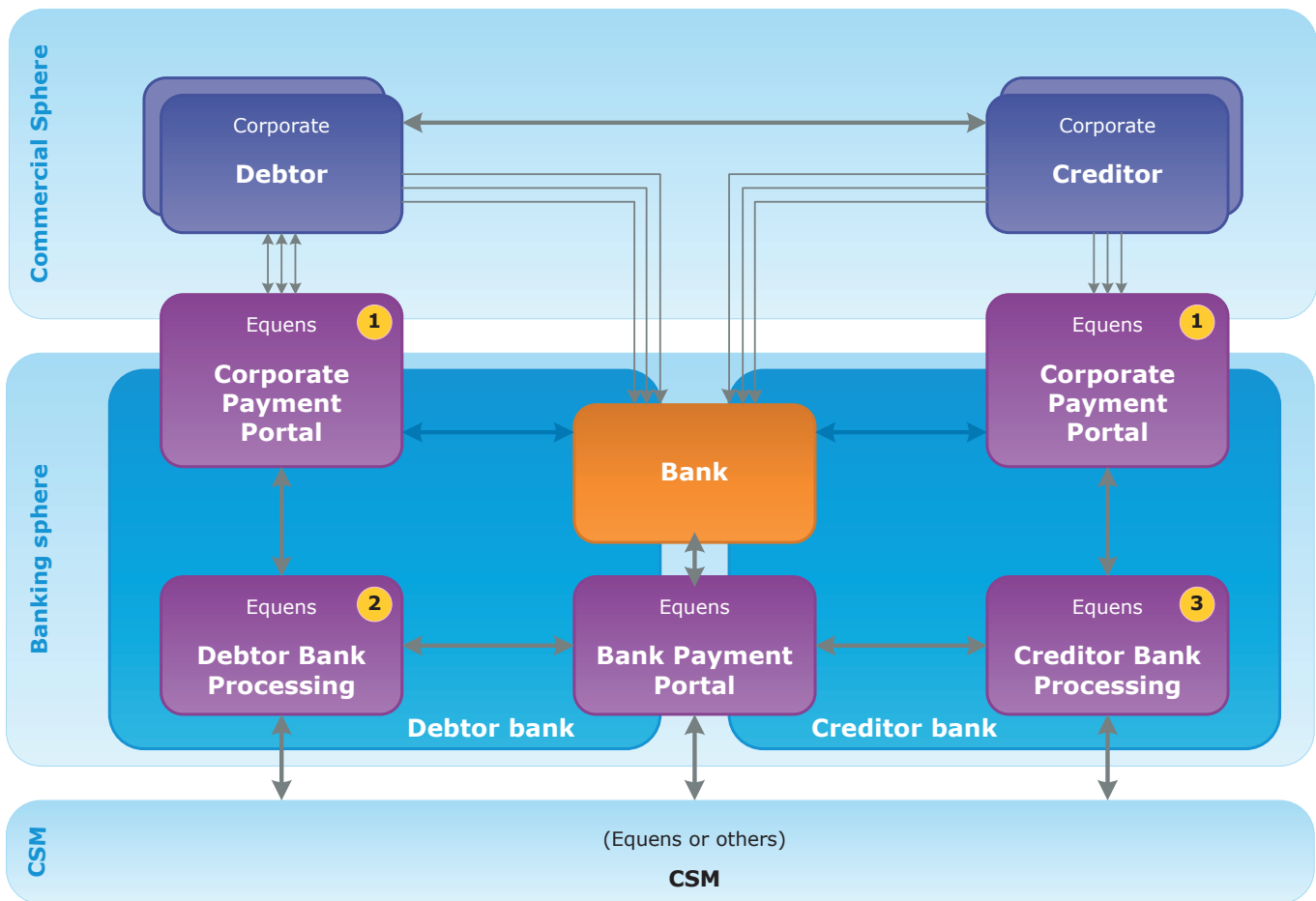
Avoiding peak loads on banking systems

Corporate Payment Services perform the processing of payment files from corporate

clients and the delivery of reconciliation information to corporate clients on behalf of the bank. Since this often involves peaks at the beginning and end of each month, it significantly reduces the burden on the systems of the banks. Irrespective of the country of origin within the SEPA area, the systems and supply channels of Equens can handle large bulk orders without problems, because the Equens platform is geared to a European scale and supports SEPA formats.

Corporate client-bank relationship remains fully intact

Equens does this without affecting the relationship between the corporate client and the bank, and without losing control of the payments. We are fully aware of the specific nature of this corporate client-bank relationship. Therefore banks are offered the freedom to choose the channel for the delivery of payment orders. The bank can act as a 'post box', with Equens remaining invisible to the client. Direct delivery by the corporate client to Equens is another possibility. In that case, an advantage for the client is that payments from all their bank relations can be submitted together. Banks can also choose a combination of both possibilities. Whatever option the bank selects, we will provide all the facilities for them to arrange the service in line with their situation and demands. To ensure correct reconciliation and booking by the bank, corporate customer and service bureau, Equens sends a Corporate Payment Status Report to the bank, corporate customer and/or service bureau, with all



the processing and referencing information from the payment file.

Long-term continuity and innovation

As a focused pan-European full-service provider in the field of payment processing, Equens also offers banks continuity in the longer term. Because of the scale of ever-increasing volumes – at present 9.4 billion payment transactions per year – costs will remain low, while we are able to continuously invest in innovations that meet the changing requirements of banks. In this process, Equens builds on the experience it has acquired as a ‘native’ service provider in various countries of business. This includes support for bank processing services such as the Bank Switch Support Service, enrichment services and frequent settlement.

Overview of Corporate Payment Services

These services include the basic service

and several value-added services (VASs) to provide the bank with maximum flexibility in choosing which processes are facilitated and which functionalities are offered by Equens:

- 1. Browser-Based Payment Entry** – allows parties to upload payment files via the web
Payment Management Module – allows parties to obtain an overview of all delivered Payment Information Blocks (PIB), cancel payments/PIBs and adjust the settlement date
Authorisation Module – facilitates the process of authorisation between the corporate client and bank; can be used by banks for information purposes or to authorise payments
Approval Module – facilitates the approval process between Equens and the bank whose payments are being processed; can be used by banks for information purposes or to approve payments

Contract Management Module – module for registering contracts of corporate clients at Equens for Limit Checking and direct delivery by the corporate customer or service bureau

- 2. Corporate Payment Services SCT (basic)** – processes SCTs in the customer-to-bank format (Early Delivery is possible)
- 3. Corporate Payment Services SDD (basic)** – processes SDDs in the customer-to-bank format (Early Delivery is possible)
Limit Checking – verifies whether SDD Collections are within the limits set by the bank for each corporate client.

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