

## Outsourcing corporate payments

# Own the client, without the worries!

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**The relationship between a corporate client and a bank is always a close one. Banks want to offer a comprehensive service portfolio which meets their corporate clients' needs for a one-stop shop for their vital financial functions such as financial lines and payments. Regarding the latter, both banks and corporates face the challenge of adapting to the new SEPA rules set by the EC. This will be a driver for change in business and service models in which the outsourcing of complex payment processes is a likely option.**

With regard to corporate payments, banks have to meet the requirements for an increasing number of new and existing services on a pan-European, SEPA basis, while at the same time still having to deal with domestic protocols and standards. Large corporates have several bank accounts, often in several countries, which makes submitting payments complex due to the number of different interfaces involved. For banks, the processing of payment files from their corporate clients and the delivery of reconciliation information is often subject to peaks at the beginning and end of each month. Consequently, they would welcome a service provider who can offer them a simple solution to this problem in the form of a single payment interface.

### **Outsourcing leads to mutual benefits**

There are multiple arguments in favour of outsourcing. For instance, banks want to save on costs and focus on their core competences, which are in many cases not payment processing. At the same time, they want to retain control over their client relationships. To make this

possible, they need to offer a complete portfolio of payment and cash management services, as this is what can make the difference between them being the preferred bank, or simply an exchangeable provider of various financial services. Alert processors are aware of this situation, and are developing propositions to provide a single interface for SCT and SDD to corporate clients. These solutions generate economies of scale for banks, and provide them with outsourcing solutions, whilst allowing them to remain completely in control. In addition to the improved service to corporate clients, economies of scale enable banks to offer even more competitive pricing and allow their clients to share the benefits. So outsourcing benefits both banks and their corporate clients!

### **Common practice in several countries**

In some European countries, the outsourcing of corporate payments is already common practice. For instance, in Belgium, the Netherlands and the UK there is a service available for direct delivery of bulk orders of salary and other transfers,

and direct debit orders to payment processors by large payment parties. In the Netherlands, the majority of credit transfers and direct debits are currently processed via Equens' 'Corporate Access' solution. It should be noted that Equens is a pure processor, so this solution does not put the banks' relationships with their corporate clients at risk. The legal contract is between the corporate client and the bank only. Approvals are also still controlled by the bank, and will therefore continue to cover the creditor risk according to the rules set in cooperation with the client.

#### Entire payment chain, modular structure

Equens' Corporate Payment Services cover the entire payment chain, but have a modular structure. The bank can act merely as a 'postbox' or choose for direct delivery by the corporate client to Equens. In that case, the corporate clients have the advantage that payments from all of their bank relations can be submitted together. This 'Multi-bank delivery' option has proved highly popular with many corporates. Banks can also choose a combination of both options.

#### Geared to European scale and SEPA formats

Irrespective of the country of origin within the SEPA area, the systems and supply channels of Equens can handle large bulk orders without difficulty, because the Equens platform is geared to a European scale and supports SEPA formats. As a result, banks can improve their time to market, as outsourcing will enable them to quickly build volumes. In

#### The functionalities of Corporate Payment Services

The Corporate Payment Services include the basic services and several Value Added Services (VAS), providing the bank with maximum flexibility in choosing the processes facilitated and the functionalities offered by Equens:

- 1. File Management Module (VAS)** – Allows parties to upload and download payment files and reports via the web
- Payment Management Module (VAS)** – Allows parties to obtain an overview of all delivered Payment Information Blocks (PIBs), cancel individual payments or PIBs, and adjust the execution date of a PIB
- Authorisation Module (VAS)** – Facilitates the process of authorisation to ensure that all received payments are authorised by the corporate client
- Approval Module (VAS)** – Facilitates the process of approval to ensure that all received payments are approved by the bank before being sent to the CSM
- Contract Management Module (VAS)** – Module for registering contract information of corporate clients at Equens, amongst other things for Limit Checking and direct delivery by the corporate or service bureau
- 2. Corporate Payment Services SCT (basic)** – Processes SCTs in the customer-to-bank format (Early Delivery (VAS) is possible)
- 3. Corporate Payment Services SDD (basic)** – Processes SDDs in the customer-to-bank format (Early Delivery (VAS) is possible)
- Limit Checking (VAS)** – Verifies whether SDD Collections are within the contractual limits set by the bank for each corporate client
- Bank Switch Service** (for Dutch market only) – Reroutes SDD transactions to the new bank of the Debtor.

addition, outsourcing will allow them to reduce the number of channels – SWIFT, dedicated portals – they have to manage.

#### Long-term continuity and innovation

As a focussed pan-European full-service provider in the field of payment processing, Equens can offer banks long-term continuity. Because of the scale of ever-increasing volumes – at present, 9.4 billion each year – costs will remain low, while Equens will be able to continuously invest in innovations that meet the changing requirements of banks. In doing so, Equens will continue to build on the experience it has acquired as a 'native' service provider in various European countries during a rich history spanning several decades.

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