



EUROPEAN BUSINESS TEST PANEL
SEPA SURVEY 2011
HOW DO YOU PAY? HOW WOULD YOU LIKE TO PAY?

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1. Summary

The European Central Bank (ECB) and the European Commission have conducted a series of surveys in the corporate sector on the subject of the Single Euro Payments Area (SEPA). These online surveys use a representative panel – the European Business Test Panel (EBTP) – comprising companies of different sizes from various sectors. The panel is made up of representatives of all EU countries, plus Iceland and Norway. This report presents the results of the fourth survey of this kind, which was launched in January and February 2011.

Given that the roll-out of SEPA credit transfers and SEPA direct debits was completed in November 2009, the structure of some questions has been revised. The objective was to take a snapshot of company payments during the migration period, in which both national payment instruments and SEPA payment instruments are available in parallel for making payments denominated in euro. This transition period is due to end in the next few years, with the adoption of the Commission's proposal for a regulation defining SEPA requirements and a final migration end date for payments in euro.

The fourth survey on SEPA attracted 358 responses (2009: 419). Some shifts in the participation structure may have an impact on the comparability of this year's results with the results of previous consultations. First, there was a larger share of responses from euro area countries in the fourth panel. 62% of respondents came from the euro area (including Estonia as a new member) – compared with euro area respondents having accounted for around 50% in earlier panels. Second, a greater number of very small companies (with fewer than 50 employees) took part. In earlier panels their share had been below 55%, this time it was 68%. Third, around 40% of all respondents had not participated in any of the previous SEPA consultations.

Out of the 90% share of respondents who make payments in euro, around 70% use it as the major currency, with more than half of all transactions paid in euro. The remaining 30% use the euro only for specific business transactions, e.g. for payments to or from euro area countries.

For the first time, respondents could make separate estimations of how much they use national instruments versus SEPA instruments. The results indicate that the SEPA migration in the corporate sector is proceeding well. While 36% of responding companies said that they still used national credit transfers for the majority of their outgoing payments, another 22% of respondents reported that they use SEPA credit transfers for more than half of their company's outgoing payments. Over 24% of participants responded that national credit transfers are not used any more. In comparison with this, direct debit payments are less in use. 70% of all respondents indicated they do not or only infrequently pay via national direct debits. The figures on SEPA direct debits, however, may be regarded as a

promising signal from the corporate sector. 42% of responding companies have already made payments using SEPA direct debits; 37% have already received payments via this new instrument. By comparison, the ECB's indicator on the use of SEPA direct debits in the euro area has remained at a very low level since the launch of the instrument in November 2009; its share in terms of transactions processed is currently at 0.09% of all direct debit transactions in the euro area. Asking for participants' expectations regarding changes within the next two years showed that SEPA credit transfers, but also SEPA direct debits, may well win over further users, while the use of national solutions and other instruments (e.g. cash, cheques or country-specific payment methods) is likely to decline. 25% of respondents expect to receive more payments by card over the next two years. This is a significant increase of 10 percentage points in comparison with 2009.

Around 70% of all respondents reported that a majority of their invoices are still sent and received on paper only. For 18% of all respondents the combination of "on paper and electronically in pdf format" is the dominant form of receiving the majority of their invoices. Only 11% of respondents use e-invoicing services offered by their bank, and 6% use e-invoicing services offered by another provider. The overall results on invoicing indicate that current practices are still largely based on paper and manual handling processes, and hence this does not give much room for innovative services like e-invoicing.

76% of all respondents said they were familiar with SEPA. In the euro area 80% of respondents have heard about SEPA, while the corresponding share outside the euro area was 69%. Respondents already familiar with SEPA reported that they receive information mainly from their bank (48%), followed by the media (26%). Accountants and tax consultants, corporate associations and the national SEPA organisations were also ranked as major sources of information on SEPA. Regarding the quality of information received, 46% of respondents feel that they are insufficiently informed about SEPA. 27% think they have been provided with fully sufficient information, while another 19% of respondents said they have been partially informed, but had to take some initiative themselves in order to find out more.

Results on the use of IBAN (International Bank Account Number) and BIC (Business Identifier Code, formerly Bank Identifier Code) indicate an advanced state of migration. 24% of all respondents used them for all payment transactions, a further share of 16% for all transactions in euro, and another share of 48% of companies for cross-border payments only. There are some interesting differences between euro area and non-euro area countries: while 34% of all companies outside the euro area already use IBAN and BIC for all transactions, the corresponding share of companies within the euro area is only 18%. For transactions in euro, the figures are similar at around 16%. 33% of non-euro area companies use IBAN and BIC only for cross-border transactions, compared with 57% of companies in the euro area. In addition, the percentage of companies who do not use IBAN and BIC at all is 13% outside the euro area, higher than the 4% within the euro area.

Survey respondents were asked if their company had already made some changes or plans for migrating to SEPA, which is the case for 54% of all respondents. The main reasons quoted for not

making use of SEPA services were a perceived lack of knowledge, unawareness of the existence of such services offered by their banks, and a “wait and see” approach until migration to SEPA becomes mandatory.

The following conclusions can be drawn from the results of the fourth EBTP consultation on SEPA.

- The responses show a clear need for setting an end date for migration to SEPA credit transfers and SEPA direct debits by means of an EU regulation.
- The companies’ responses to the survey stress the importance of appropriate communication on SEPA; the main sources of information are the banks and media, whereas the extent to which software providers, accountants and tax consultants, corporate associations and even national SEPA organisations serve as a main source of information is rather limited.
- Many companies, including those from the euro area, report that, in many cases, the prices they pay for payment services differ for instructions using national bank and account identifiers compared with similar instructions using IBAN and BIC. These cases may deserve some further attention with respect to the applicability of the principle of equal pricing laid down in Regulation 924/2009 on cross-border payments in euro.
- The survey results on invoicing indicate that the current practice all over Europe is still very much dominated by paper and manual handling processes. Significant benefits could be realised by many European companies if more effort is put into using innovative services like e-invoicing and electronic bill presentment and payment.

2. Introduction

The Single Euro Payments Area ([SEPA](#))¹ allows non-cash euro payments to be made from a single bank account using a single set of payment instruments to any recipient in Europe. Once SEPA is fully in place, all retail payments in euro will be treated as “domestic” payments, thus eliminating differences between national and cross-border payments.

The ECB is working closely with the European Commission, the European Parliament and the Council to ensure that SEPA becomes a reality and is in the best interests of all parties involved.

Since 2007 three surveys on SEPA have already been conducted via the European Business Test Panel (EBTP)². These surveys focus on exploring how SEPA adoption is progressing inside and outside the euro area and also to what extent SEPA payment services offered to companies are in line with their expectations. This report presents the results of the fourth survey of this kind, which was launched during the first few weeks of 2011. It does not necessarily reflect the views of the European Commission, the ECB nor the national central banks.

3. Participation

The 2011 EBTP survey attracted 358 responses (compared with 419 responses in 2009, 302 responses in 2008 and 373 responses in 2007). In response to the first question, almost 90% of respondents signalled their interest in participating in the survey (compared with 85% in 2009, 92% in 2008 and 88% in 2007). Companies situated in the euro area did not show a significantly higher interest (91%). 33% of participants confirmed that their company had also taken part in the previous survey in 2009, while 38% were new participants and 29% could not provide any information about previous participation. Chart 1 shows respondents’ countries of origin. As in previous consultations, Germany had the highest number of participants. Next was Poland, from where the second highest number of responses originated, which was likewise the case in 2008 and 2007. The Netherlands, Denmark, the United Kingdom and Finland followed after that. The number of respondents ranged from 51 to 0 in the 29 countries in which EBTP members are located. 62% of the responses came from euro area countries in the new composition since 2011, i.e. including Estonia.

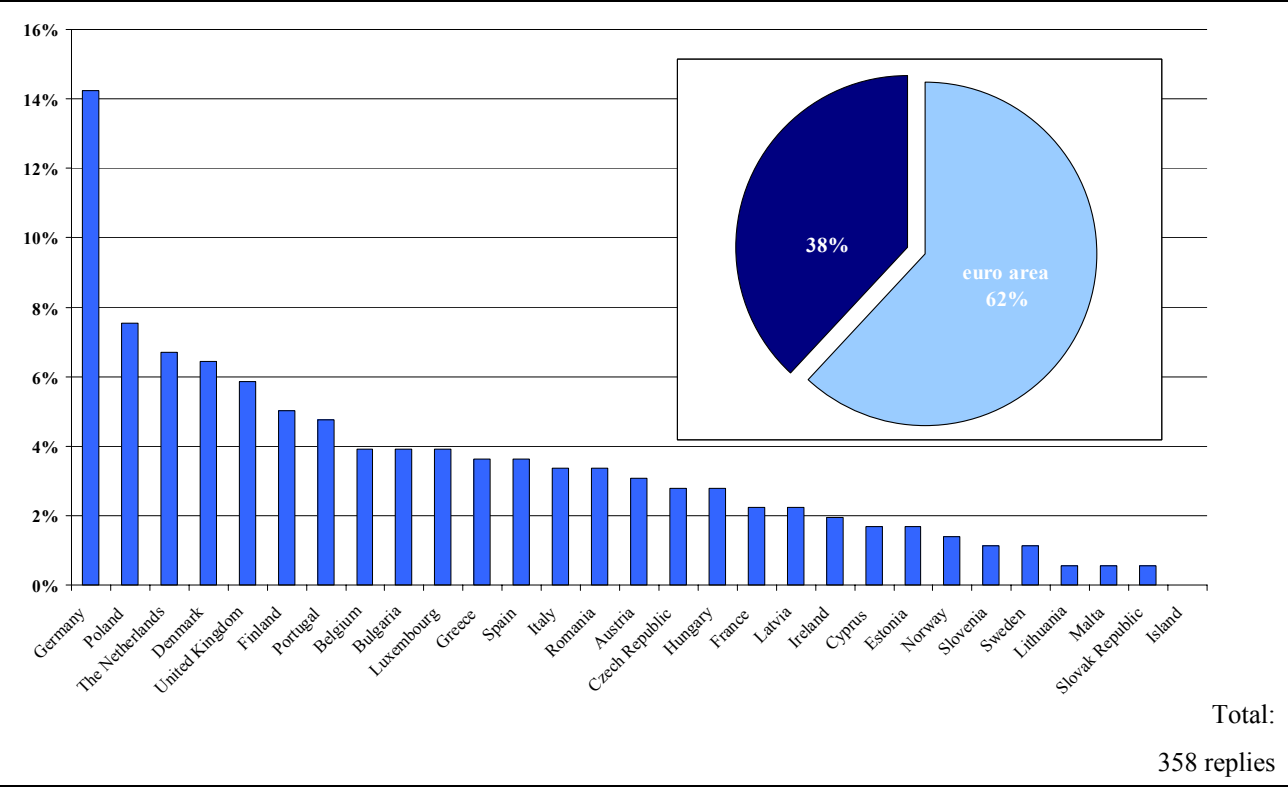
SEPA focuses principally on payments in euro. Therefore, some of the SEPA-related questions may be of differing levels of relevance for companies inside and outside the euro area. In some cases, these

¹ The following countries are participating in SEPA: the 27 EU Member States, Iceland, Liechtenstein, Monaco, Norway and Switzerland.

² The EBTP provides a forum for direct feedback from businesses on the subject of European legislative proposals or initiatives which are likely to have an impact on businesses. The EBTP is composed of around 3,600 companies of different sizes from a variety of sectors. It contains representatives of all EU Member States, plus Iceland and Norway. Companies selected as EBTP members reply to regular online questionnaires sent to them by the European Commission. See also: <http://ec.europa.eu/yourvoice/ebtp/>.

sub-groups will be looked at separately in order to identify aspects where the responses of each show substantial differences.

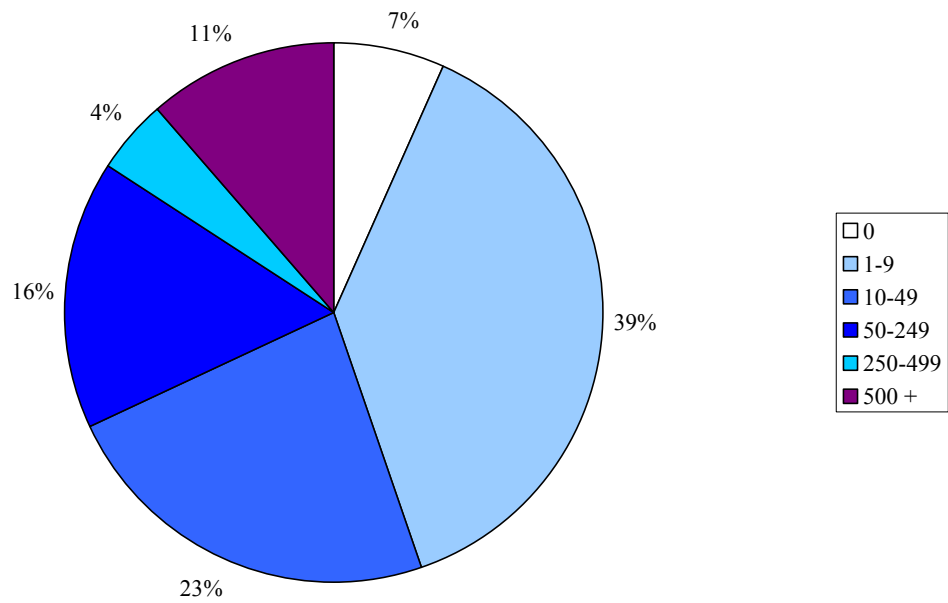
Chart 1 Respondents by country



Respondents again ranged from micro-companies to large companies³ (see Chart 2). In this consultation, more than two-thirds of respondents (68.2%; for the euro area only: 65%) represented micro-companies with fewer than 50 employees. In all three earlier panels, their share had been below 55%.

³ Eurostat classifies companies with 0-49 employees as micro-companies, those with 50-249 employees as small/medium-sized companies and those with 250 or more employees as large companies.

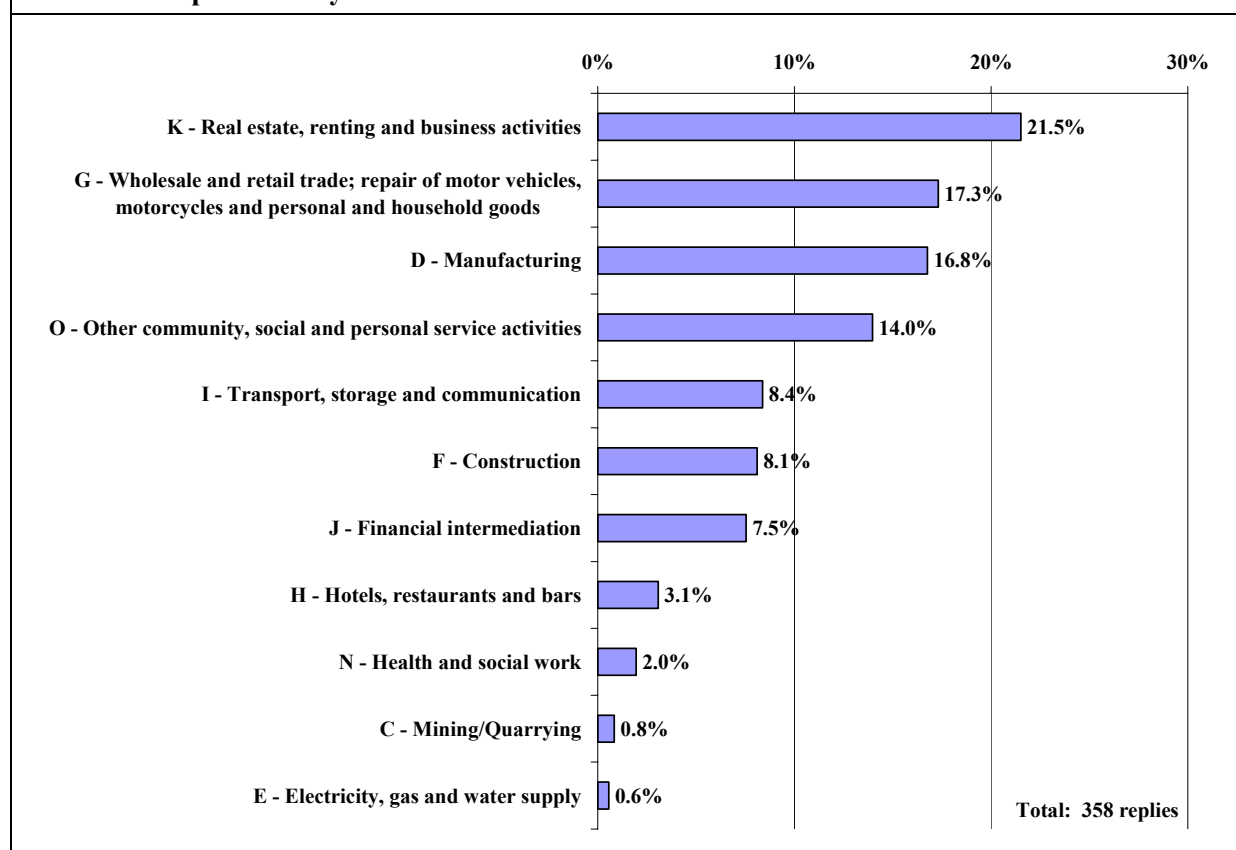
Chart 2 Company size – number of employees



Total: 358 replies

The largest group of respondents was from the sector “real estate, renting and business activities”, followed by “wholesale and retail trade” and then the manufacturing sector (see Chart 3).

Chart 3 Respondents by sector⁴



Respondents were asked to how many other EU countries they regularly sell products and services. 35% responded “none” (compared with 37% in 2009, 33% in 2008 and 32% in 2007), and 19% responded “more than five” (compared with 27% in 2009, 21% in 2008 and 26% in 2007).

4. Results

4.1 Payment habits

Only 10% of all respondents said that they do not make any payments in euro. Out of the 90% of respondents who do make payments in euro, around 70% use it as the major currency (i.e. more than half of all transactions are paid in euro). The remaining 30% only use the euro for specific business transactions, e.g. for payments to or from euro area countries. Naturally, the overwhelming majority (97%) of companies situated in euro area countries use the euro as the main currency. However, even 12% of respondents from companies outside the euro area report that the euro is used as the main currency of payments. A further 41% of non-euro area respondents estimate that more than one-quarter of all corporate payments are made or received in euro. 60% of all respondents from non-euro area companies report a share of euro payments above 10%.

⁴ Based on the Statistical Classification of Economic Activities in the European Community (in French: Nomenclature statistique des activités économiques dans la Communauté européenne), commonly referred to as NACE.

4.1.1 Making payments

The participating companies provided information on their primary payment instruments (Chart 4). For the first time, respondents could provide separate estimations regarding how much they use national solutions and SEPA instruments. The results indicate that the SEPA migration in the corporate sector is proceeding well. While 36% of responding companies said that they still used national credit transfers for the majority of their payments, another 22% of respondents reported that they use SEPA credit transfers for more than half of their company's annual payments. At the same time, over 24% of participants responded that national credit transfers are not used any more at all, while another 15% of respondents report low usage, i.e. below 10% of all transaction volumes. And yet, as much as 33% of respondents said that SEPA credit transfers are not used at all, and another 24% of participants use it for only up to 10% of all outgoing payment transactions. When looking at direct debits, there are large groups of companies not making use of any type of this instrument, and for those that are using direct debits, migration is still in a state of infancy. Responses on the use of national direct debit solutions are similar to earlier panel results for direct debits in general: more than two-thirds of all participants indicated they do not use direct debits at all (36%) or hardly use them (34%) for making payments. SEPA direct debits, in turn, seem to be even less popular at the present time: 58% of respondents do not use them at all for making payments, another 20% for a maximum share of 10% of all outgoing payments. And yet, these figures on SEPA direct debits may be regarded as a promising signal from the company sector. It means that 42% of responding companies have already paid with this relatively new instrument. Nevertheless, the ECB's indicator on the use of SEPA direct debits in the euro area has remained at a very low level since the launch of the instrument in November 2009: the indicator shows that the amount of SEPA direct debit transactions processed as a share of all direct debit transactions in the euro area currently stands at 0.09%⁵.

The overall situation regarding the use of cards is roughly comparable with previous panels, with some increases in terms of general use. Only 31% of participants did not use cards at all (compared with 36% in 2009 and 37% in 2008). 49% of companies used payment cards for 1-10% of their payments (compared with 46% in 2009 and 45% in 2008), while almost 8% of respondents reported that more than half of all their companies' outgoing payments are effected as card transactions.

⁵ SEPA indicators are published by the ECB can be found on the ECB's website at www.sepa.eu.

Chart 4 On the basis of the annual number of payment transactions, which primary instruments does your company use as a payer, i.e. for sending payments at the moment (estimate of the total percentage per instrument)?

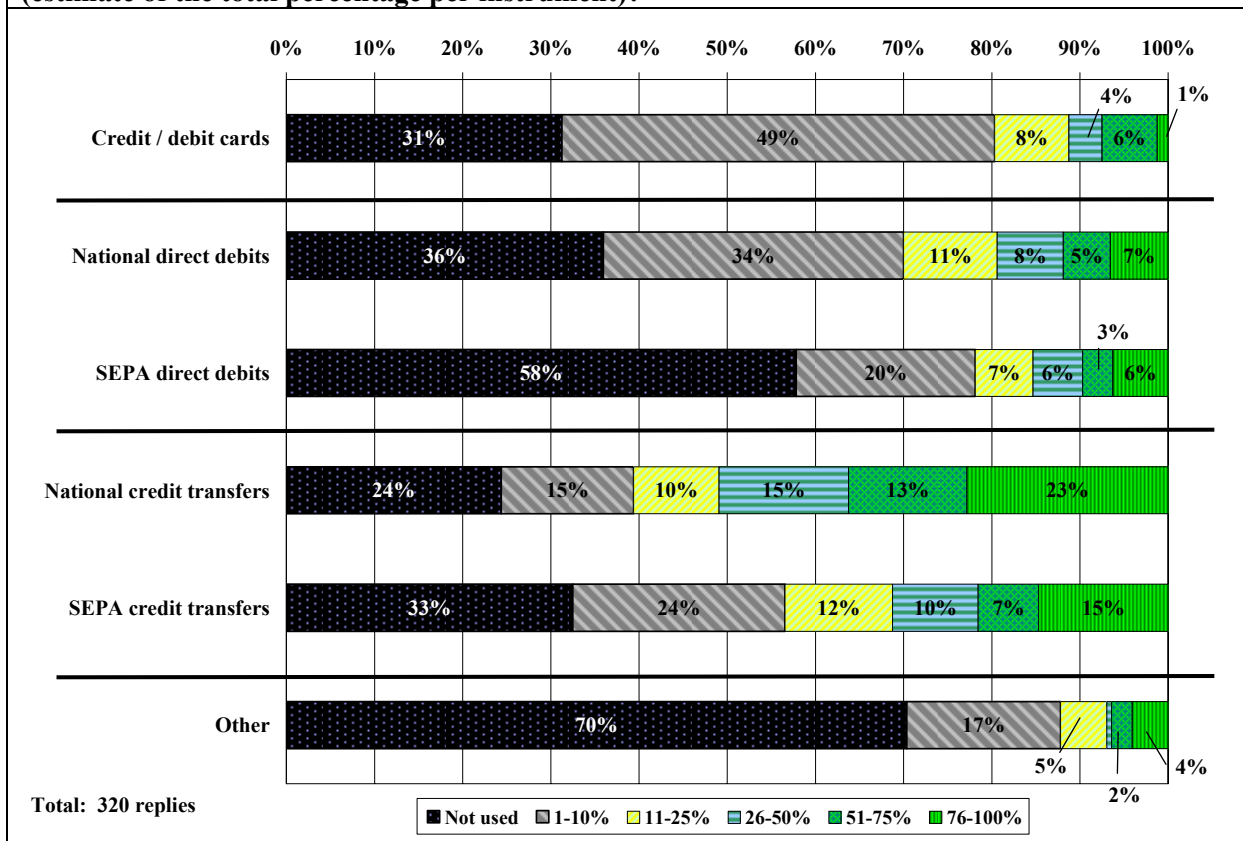
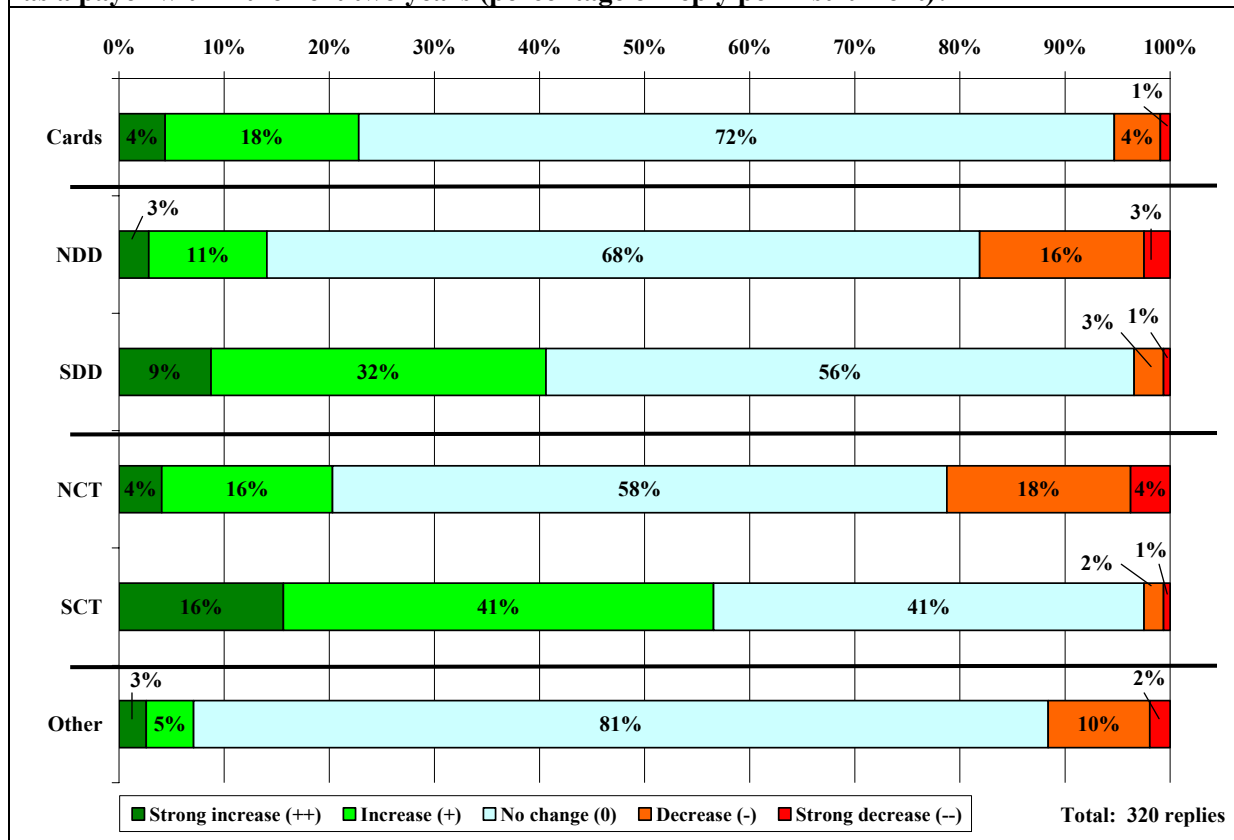


Chart 5 indicates how respondents plan to alter their use of the various methods for outgoing payments over the coming years. It shows that the percentage of payments made by SEPA credit transfer, but also by SEPA direct debit, may well increase further, while the use of national solutions and other instruments (e.g. cash, cheques or country-specific payment methods) is likely to decline.

Chart 5 What changes do you expect in the primary instruments your company chooses to use as a payer within the next two years (percentage of reply per instrument)?



4.1.2 Receiving payments

As in previous panels, credit transfers have also remained the most popular instrument for receiving payments. 76% of all companies received national credit transfers, while 64% received SEPA credit transfers as well. For 18% of all respondents, SEPA credit transfers already constitute the majority of incoming payments. The distribution of responses regarding direct debits reveals that migration to SEPA is already present in this area: 20% of all respondents reported that their companies use SEPA direct debits for more than 10% of their incoming payments – showing a similar usage pattern as national direct debits, which were reported to be used by 25% of companies for more than 10% of their incoming payments. With only 32% of all responses, cards were the instrument with the lowest share of companies actually using them for incoming payments. It is likely that cards are most commonly accepted by specific types of retail-oriented businesses, but this cannot be clearly confirmed based on the available data and sector clusters from the panel.

Chart 6 On the basis of the annual number of payment transactions: which primary instruments does your company use as a payee, i.e. for receiving payments at the moment (estimate of the total percentage per instrument)?

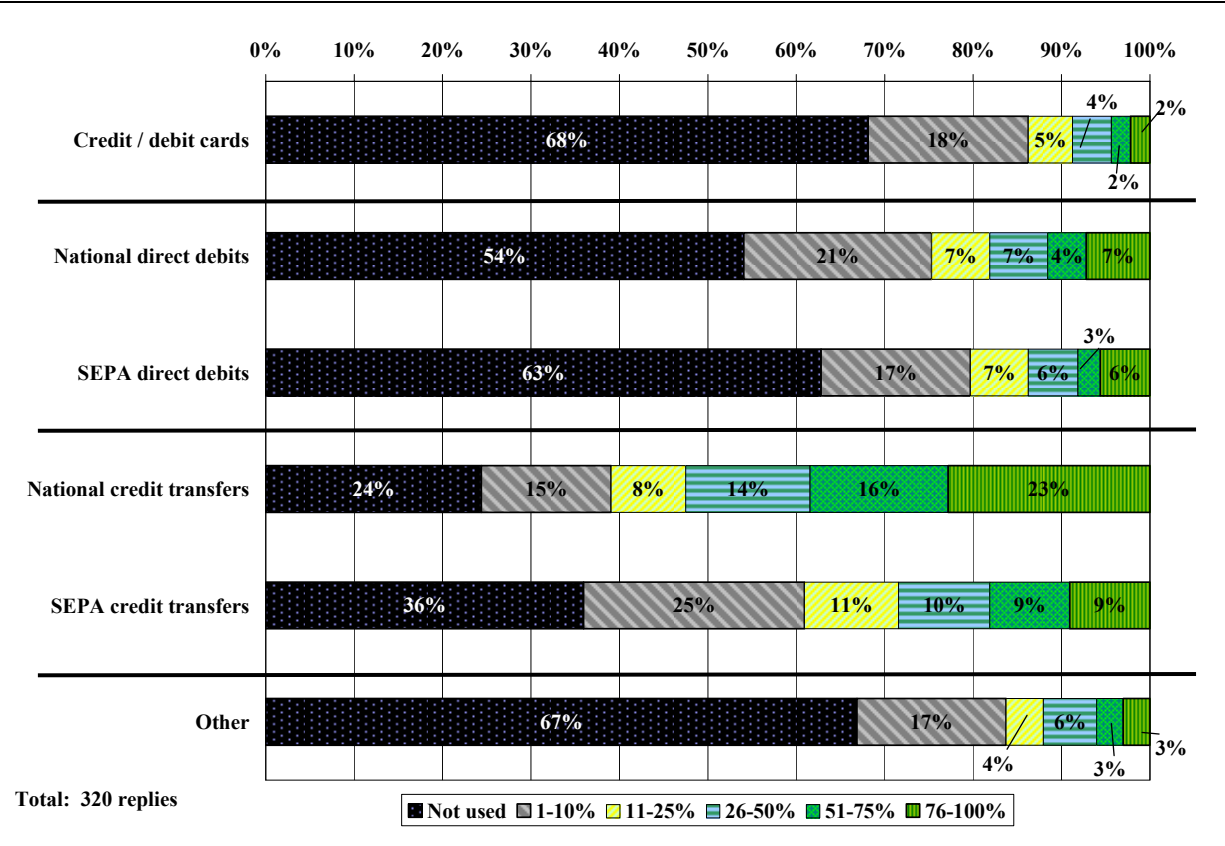


Chart 7 shows that 51% of companies think that they will receive more payments as SEPA credit transfers in the next two years; another 17% of respondents also expect increasing numbers of incoming national credit transfers (in previous panels, for credit transfers in general without this differentiation, the comparable figures were 28% in 2009 and 34% in 2008). Migration from national to SEPA credit transfers becomes specifically evident at the other side of the scale, where 22% of companies expect decreasing volumes for incoming national credit transfers, but only 3% for SEPA credit transfers. However, it should also be noted that 46% expect no change in the number of incoming payments via SEPA credit transfers, and that 61% of the companies believe that national credit transfers will remain as strong as today over the coming two years.

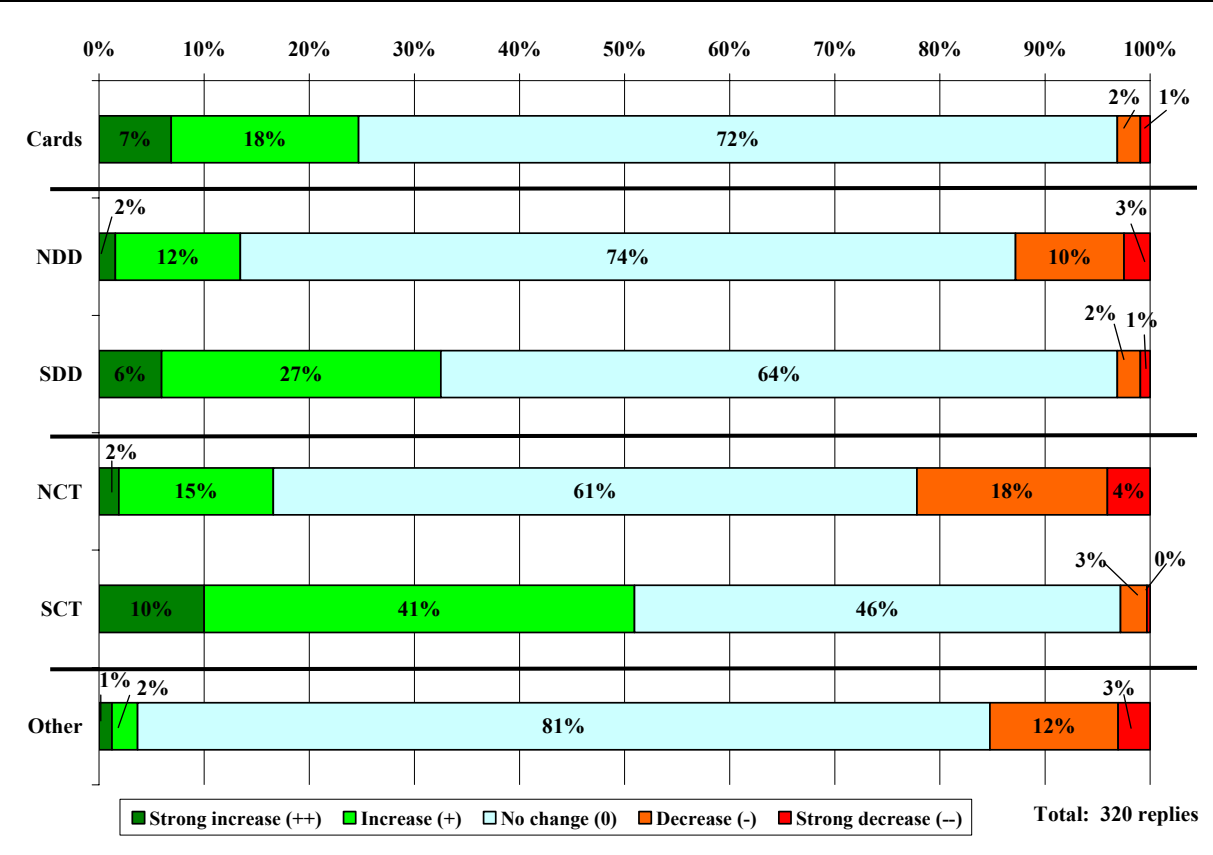
One-third of respondents think that the number of SEPA direct debits used for receiving payments will increase. Another 14% expect an increase in national direct debits (in 2009 11% expected an increase for all forms of direct debits), but this is counterbalanced by a share of 13% of respondents estimating that national direct debits will be used less often for receiving payments in the future.

25% expect to receive more payments by card. This is a significant increase of 10 percentage points in comparison with 2009 (15%). Expectations of increases in the acceptance of cards can be specifically

found in the retail-oriented sectors (G – trade, H – hotels, restaurants, bars and O – other service activities).

In the previous panel, respondents had still anticipated that other legacy payment methods would decline the most, with declines expected by 25% of participants. This expected decline then went back to earlier expectation levels (15% in both the fourth panel in 2011 and the second panel in 2008). In 2011 national credit transfers were expected to decline the most (22% of all respondents). 4% of all participants even expect a strong decrease.

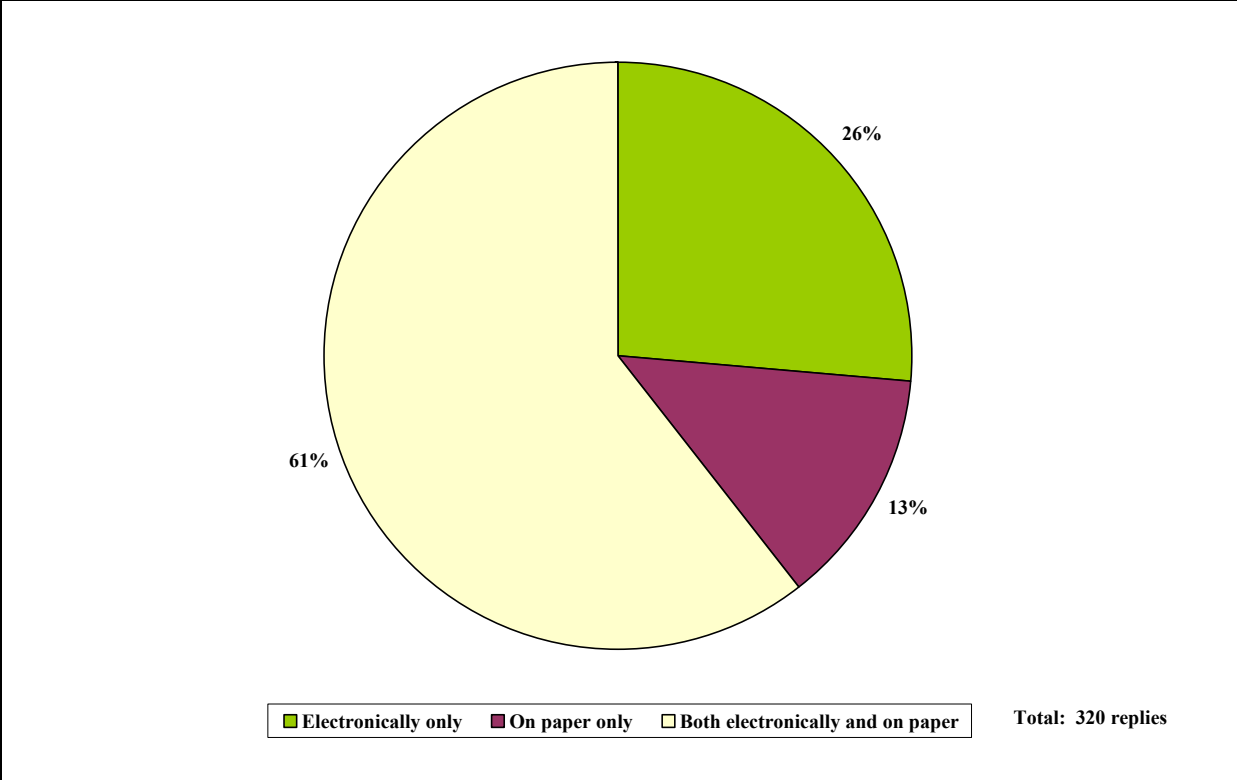
Chart 7 What changes do you expect in the primary instruments your company chooses to use as a payee within the next two years (percentage of reply per instrument)?



4.1.3 Receiving bank statements

In the fourth consultation the companies were also asked if they received their bank statements electronically, on paper or both (see Chart 8). Responses indicate no substantial change compared with the first panel in 2007, when a similar question was posed: in both panels, around one-quarter of all respondents received solely electronic statements.

Chart 8 How does your company receive its bank statements?



4.1.4 Invoicing practices

The fourth panel asked for the first time for more details of the companies’ invoicing practices. The idea was to get a clearer view on common practices regarding paper-based and electronic invoicing trends. A further objective was to investigate to what extent electronic invoices may actually be used for more advanced functions than electronic storage or print-out at their final destination. The assumption was made that such limited functionality may be specifically observed when electronic invoices are received in plain pdf format, a standard format that is suitable for printing and archiving, but not commonly used for further electronic (or even automated) handling of the transaction data included.

Chart 9 shows the distribution of invoices received with respect to the different options for transmission. The most obvious fact is that 70% of respondents reported that a majority of their invoices are still received on paper only. For half of all participants, the share of paper-based invoices is even higher than 75%. For the remaining cases, the responses received indicate that invoices received in pdf format are, in fact, common practice – with only one-third of respondents *not* receiving such invoices if sent to them electronically only. As shown by the cases where companies receive both versions of the invoice, i.e. paper-based and electronic, the pdf format again seems to dominate other electronic formats. For as much as 18% of all respondents, the combination of “paper and pdf” is the form in which they receive the majority of their invoices.

Chart 9 How does your company receive invoices (rough estimate of the total percentage)?

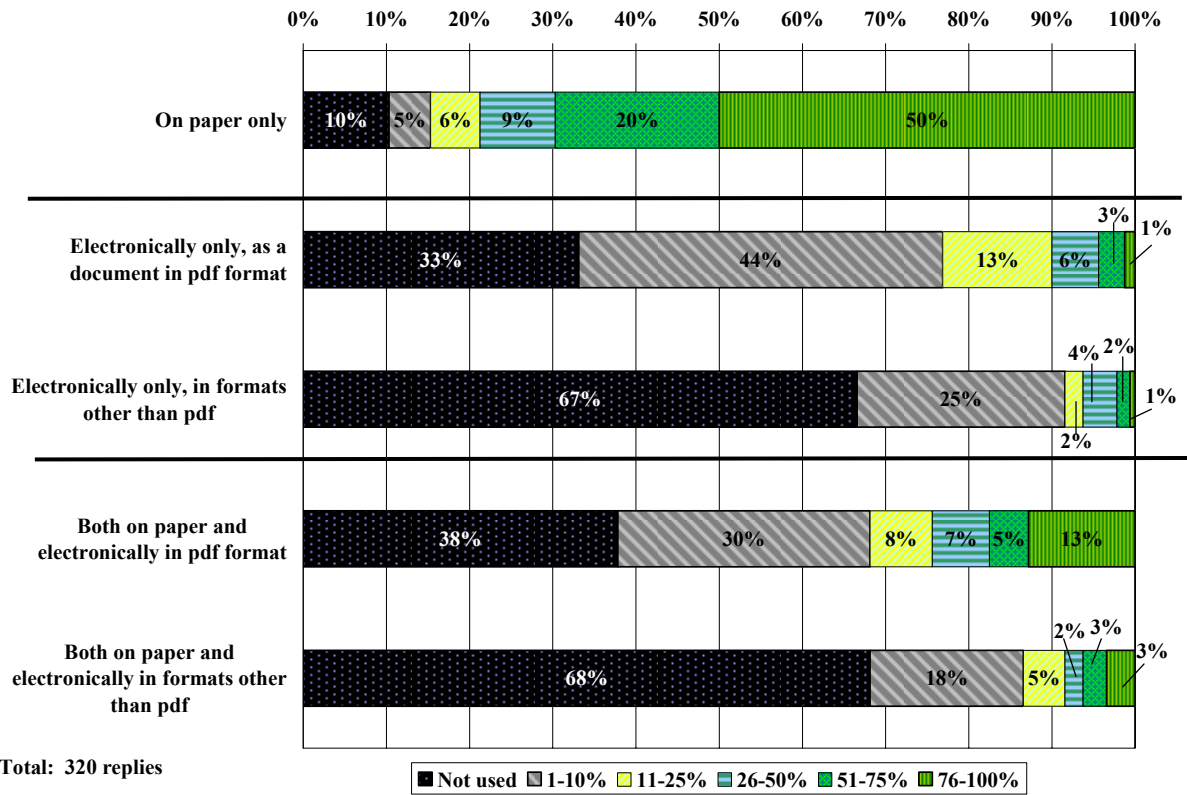


Chart 10 How does your company send invoices (rough estimate of the total percentage)?

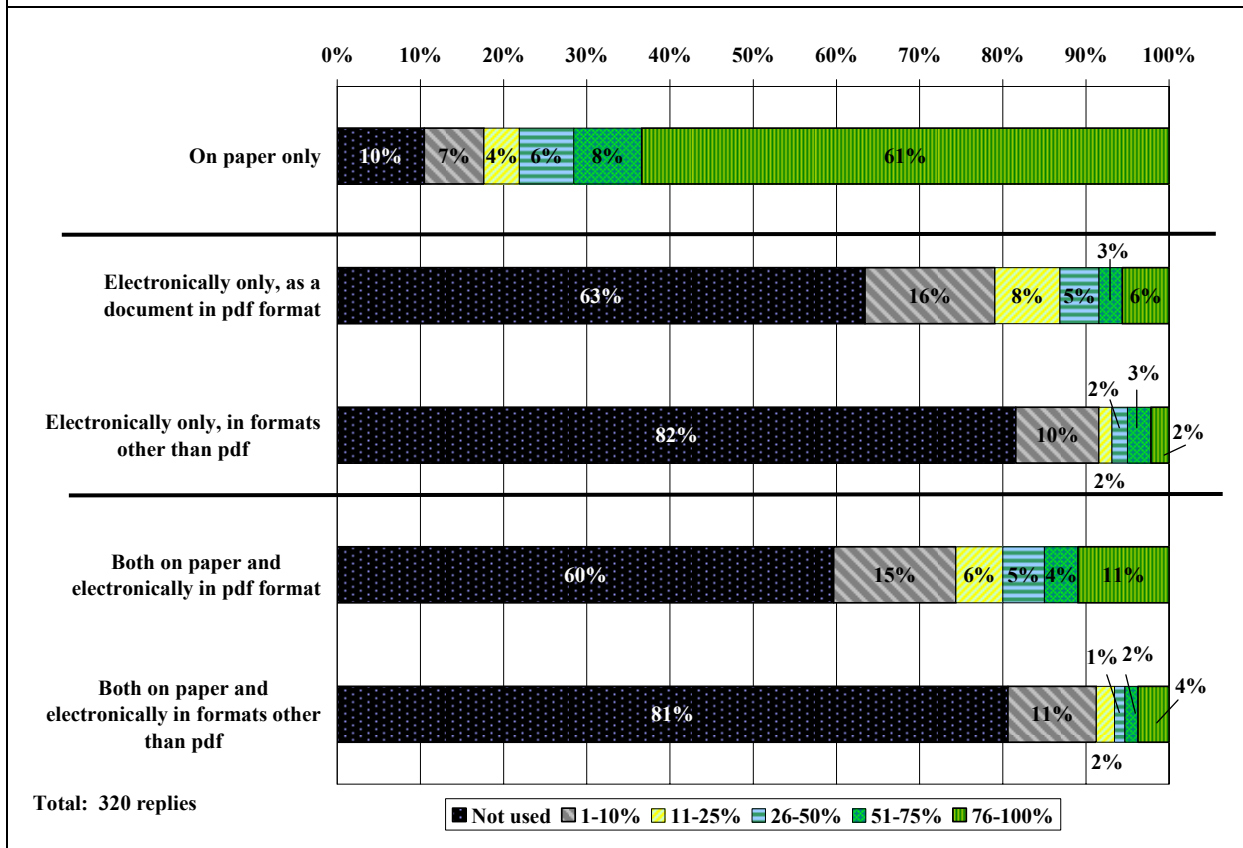


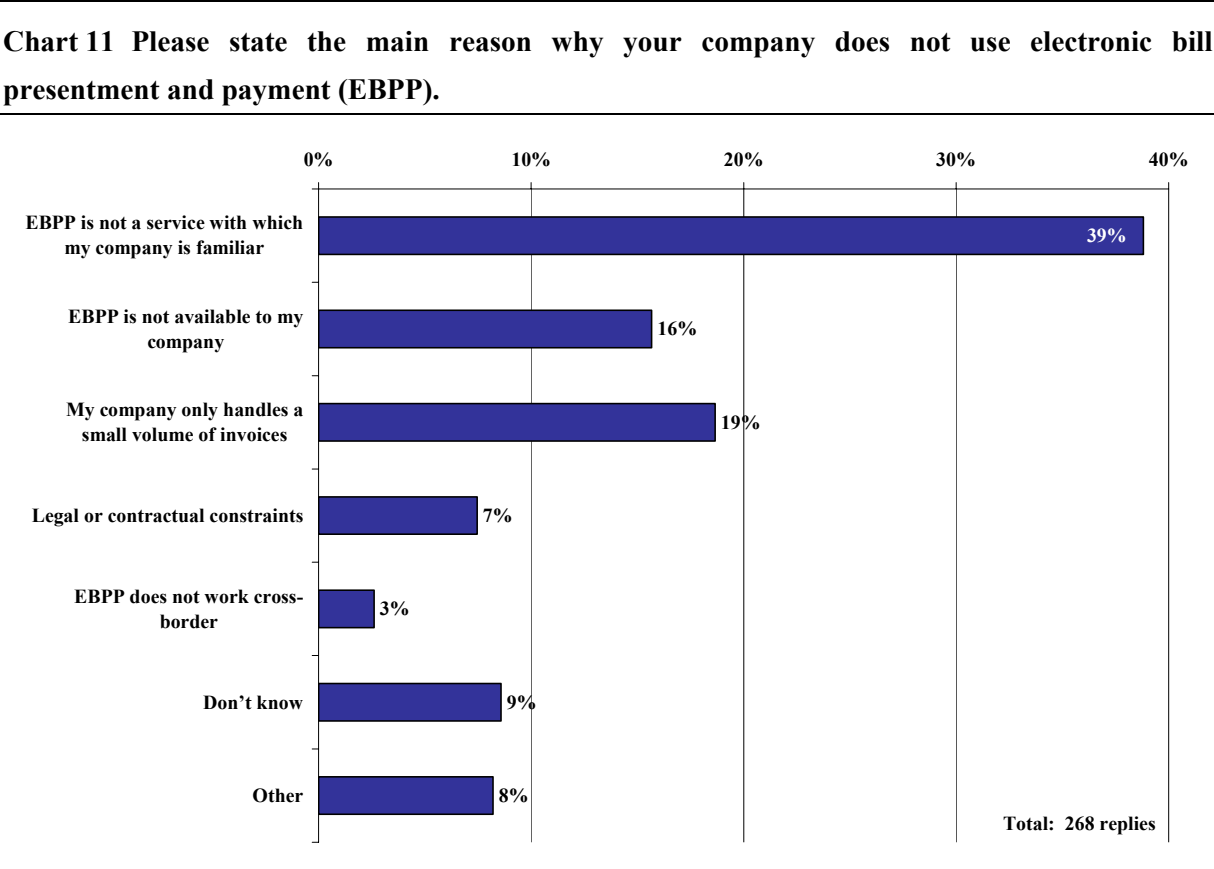
Chart 10 presents the submission side of invoicing, with similar results overall to the receiving side. However, the dominance of paper invoices is even more pronounced: 61% of respondents said that they only send paper invoices to their business partners in at least 75% of all cases. Pdf format is less common on the sending side, used by around 40% of respondents, while alternative electronic formats are used by around 18% of companies.

The current state and market potential for e-invoicing and electronic bill presentment and payment (EBPP) services were the subject of two further questions in the fourth panel.

E-invoicing is the sending of electronic invoices that enables further electronic handling and automated processing. E-invoices can, for instance, be processed directly in the payer’s IT system (e.g. in its procurement system for checking and authorisation, and then in its bookkeeping system for initiating the settlement) or be sent to an electronic banking application. One sub-set of e-invoicing is EBPP. EBPP is a service that helps the recipient pay his/her electronic invoices. If he/she accepts an electronic bill in an EBPP system, an electronic payment instruction is automatically initiated containing all the necessary information about the payer, the payee and the transaction. E-invoicing and EBPP services can help reduce workload, avoid errors and speed up internal processes.

In the 2011 survey, 84% of respondents said they do not use EBPP (compared with 73% in 2009 and 77% in 2008), while 11% use e-invoicing services offered by their bank (12% in 2009) and 6% of companies use e-invoicing services offered by another provider (whereas 15% reported this in 2009). This result may be influenced by the different composition of the panel participants in 2009 and 2011, especially by the higher share of small companies responding. However, it may indicate that demand for EBPP services, especially for services offered independently of banking services, is stagnating or even declining.

At the same time, 69% of the companies *not* currently using EBPP thought that they would use it in the next five to ten years. Their main reasons for not using EBPP are shown in Chart 11. The principal reason is their lack of familiarity with EBPP services (with this being indicated by 39% of respondents), followed by the company producing only a small volume of invoices (which was indicated by 16% of respondents) and a reported lack of availability (indicated by another 16% of companies). Concerns about EBPP not working in a cross-border context have the lowest ranking in the fourth panel. However, with SEPA becoming a reality – especially given the possibility to make and receive euro payments with only one payment account in all SEPA countries – this may well become a relevant success factor for EBPP services in the future.



Overall, the survey results on invoicing indicate that the current practice is still largely to use paper and manual handling processes, which does not leave much room for innovative services like e-

invoicing or EBPP. Yet, the harmonised payment instruments available through SEPA, together with the initiative of the European Commission on e-invoicing⁶, may foster better market prospects for such services in the coming years.

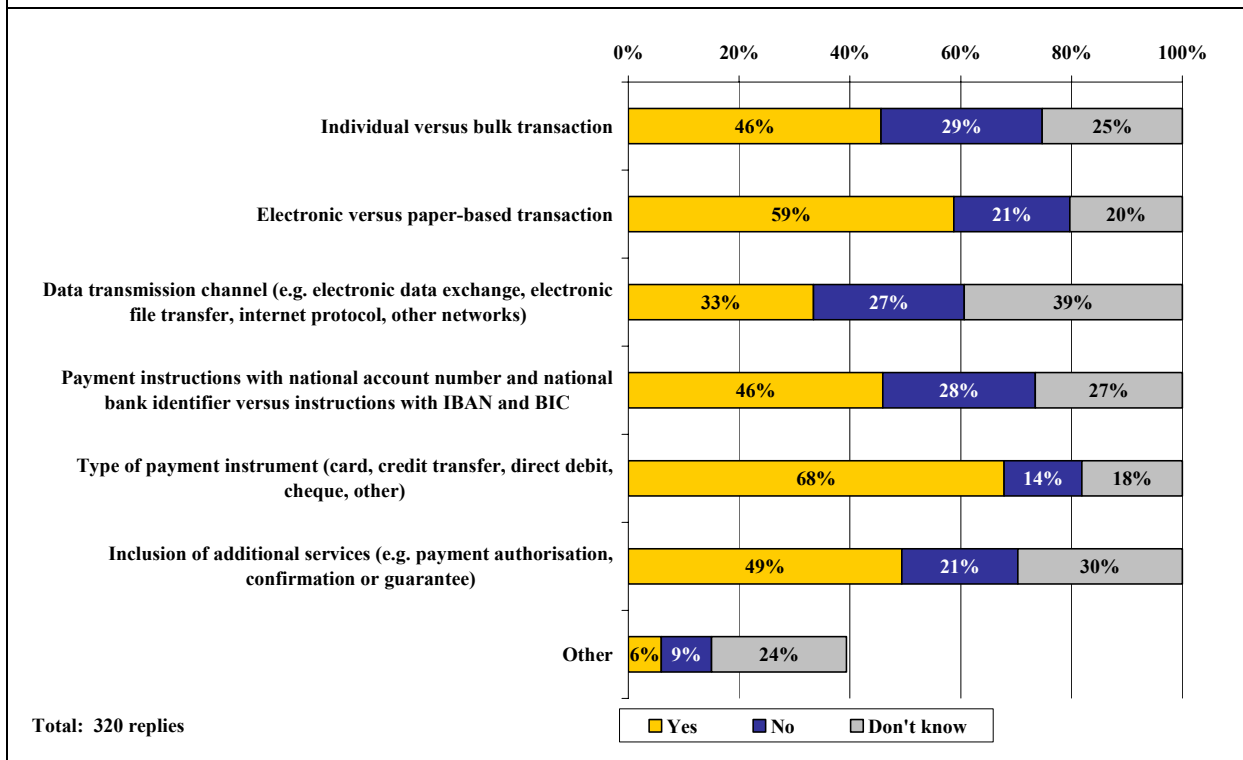
4.2 Pricing of payment services

The 2011 panel asked companies for the first time to name the main criteria determining the prices they have to pay for payment services. The responses are presented in Chart 12. The responses given show that all of the listed criteria matter for at least one-third of all companies. However, the type of payment instrument was selected as being relevant by the largest share of participants (68% of respondents). This was followed by the price differentiation between electronic and paper-based transactions (relevant for 59% of companies) and the inclusion of additional services (49% of responses). A further 46% of companies said that prices also differ between payment instructions using national bank and account identifiers and those using IBAN and BIC. 44% of responding companies from the euro area mentioned these price differentiations. In the case of transactions in euro up to the value of €50,000, this may deserve some further attention as it could be a sign that Regulation 924/2009⁷ on cross-border payments in euro is not always applied effectively.

⁶ In December 2010 the Commission published a communication entitled “Reaping the benefits of electronic invoicing for Europe”, in which it says that it wants to see e-invoicing become the predominant method of invoicing in Europe by 2020 and sets out action points to achieve this objective. The communication is complemented by a Commission Decision to set up a European multi-stakeholder forum on e-invoicing. [Link](http://ec.europa.eu/internal_market/payments/einvoicing/index_en.htm) to e-invoicing page of the European Commission: http://ec.europa.eu/internal_market/payments/einvoicing/index_en.htm

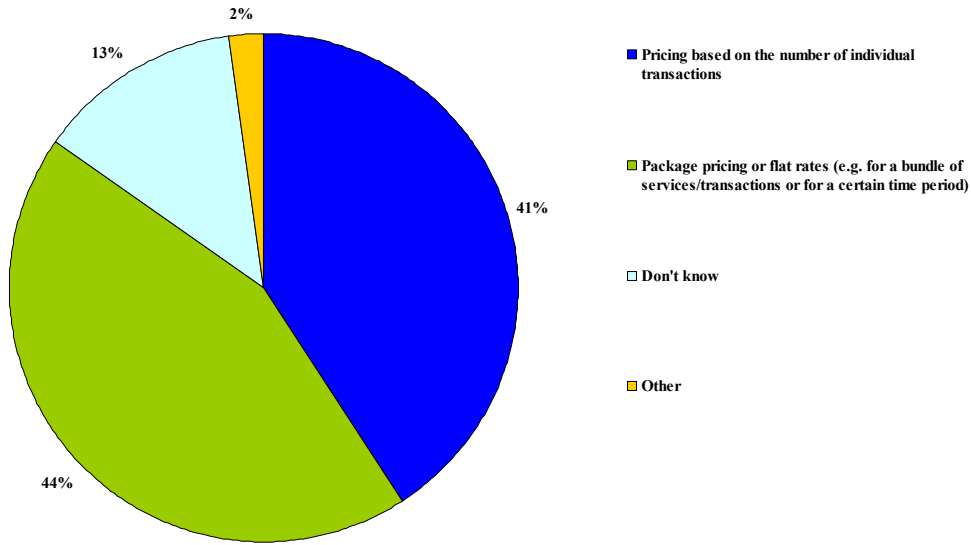
⁷ Regulation 925/2009 eliminates the differences in charges for cross-border and national payments in euro. It applies to payments in euro up to the value of €50,000 in all EU Member States. The basic principle is that the charges for payment transactions in euro offered by a payment service provider (e.g. a bank) have to be the same whether the payment is a national or cross-border payment. The Regulation applies to all electronically processed payments, including credit transfers, direct debits, cash withdrawals at cash dispensers (ATMs), payments by means of debit and credit cards, and money remittance. All non-euro area Member States have the possibility to extend the application of this Regulation to their national currency. This is the case for the Swedish krona.
Source: <http://www.ecb.europa.eu/paym/sepa/elements/legal/html/index.en.html#reg1>

Chart 12 Does your payment service provider charge for various payment transactions differently depending on one or more of the following criteria?



Companies were also asked which pricing convention they preferred for payment services (see Chart 13). The fourth panel shows a switch in favour of package pricing, which was selected by 44% of respondents (up from 30% in 2009 and 36% in 2008). 41% of respondents preferred pricing based on the number of individual transactions (compared with 44% in 2009 and 42% in 2008).

Chart 13 Which pricing method does your company prefer for its payment services?



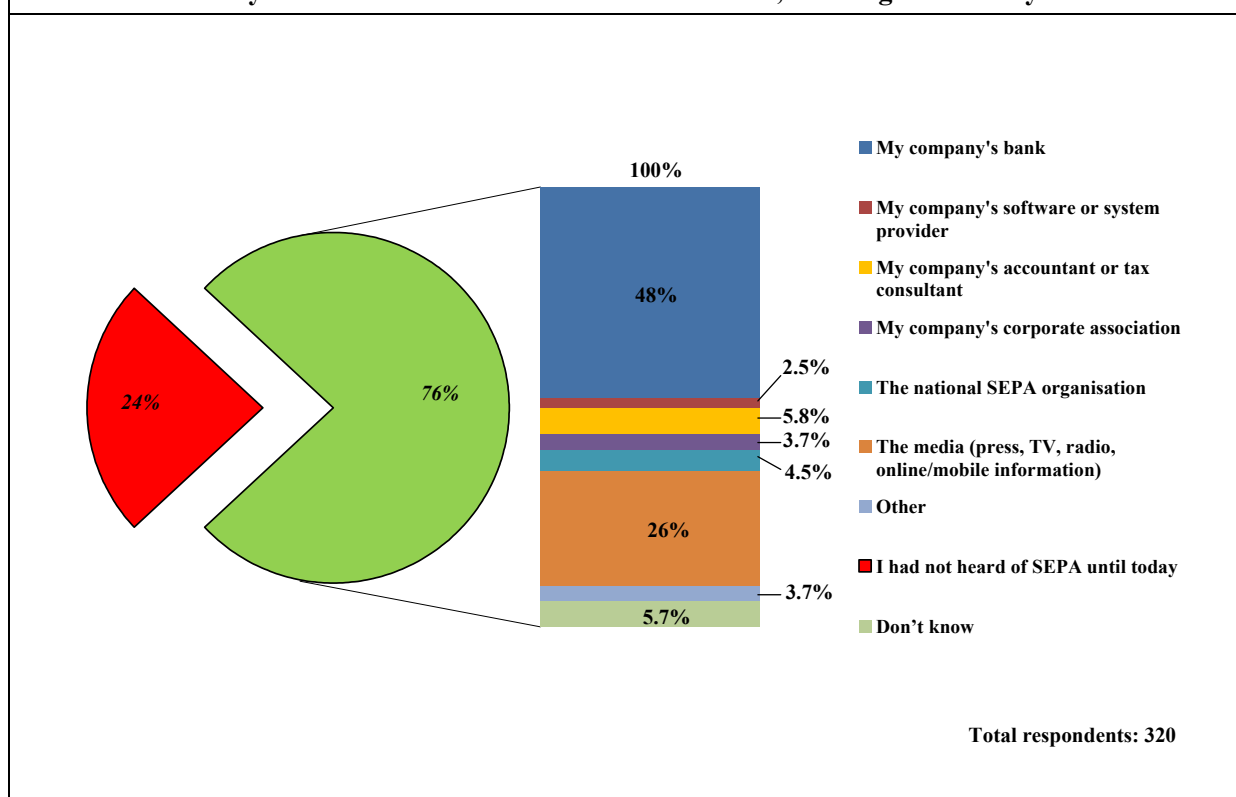
Total: 320 replies

In 2009 46% of all respondents indicated that they would pass differences in the cost of the various payment instruments on to their customers, depending on the payment instrument chosen for a given payment, while 43% were not considering this action. In 2011 a majority of 51% stated that there is no difference in the conditions they offer to their customers even if the costs of various payment instruments differ for their company. Only one-third of all participants pass on such differences in the form of surcharges or discounts to their customers, while another 5% state that this is not applicable in their country.

4.3 SEPA

The percentage of companies who had heard about SEPA varied again, as in previous years. In 2011 76% of respondents said they were familiar with SEPA, which is more than in the panel of 2009 when only 70% confirmed this – albeit less than the 80% share of respondents in 2008, but significantly higher than the 53% recorded in 2007. In the euro area, 80% of respondents had heard about SEPA, while outside the euro area the corresponding share was 69%.

Chart 14 What is your main source of information on SEPA, the Single Euro Payments Area?



Almost all of the 24% of respondents who had not heard of SEPA responded on behalf of very small companies with less than 50 employees. 48% of those respondents who were familiar with SEPA reported that they receive information mainly from their bank (50% in 2009⁸), followed by the media with 26% (in 2009⁹ 44% quoted “the press”, with multiple answers possible). Accountants and tax consultants were quoted as a major source by almost 6% of all respondents familiar with SEPA (7% in

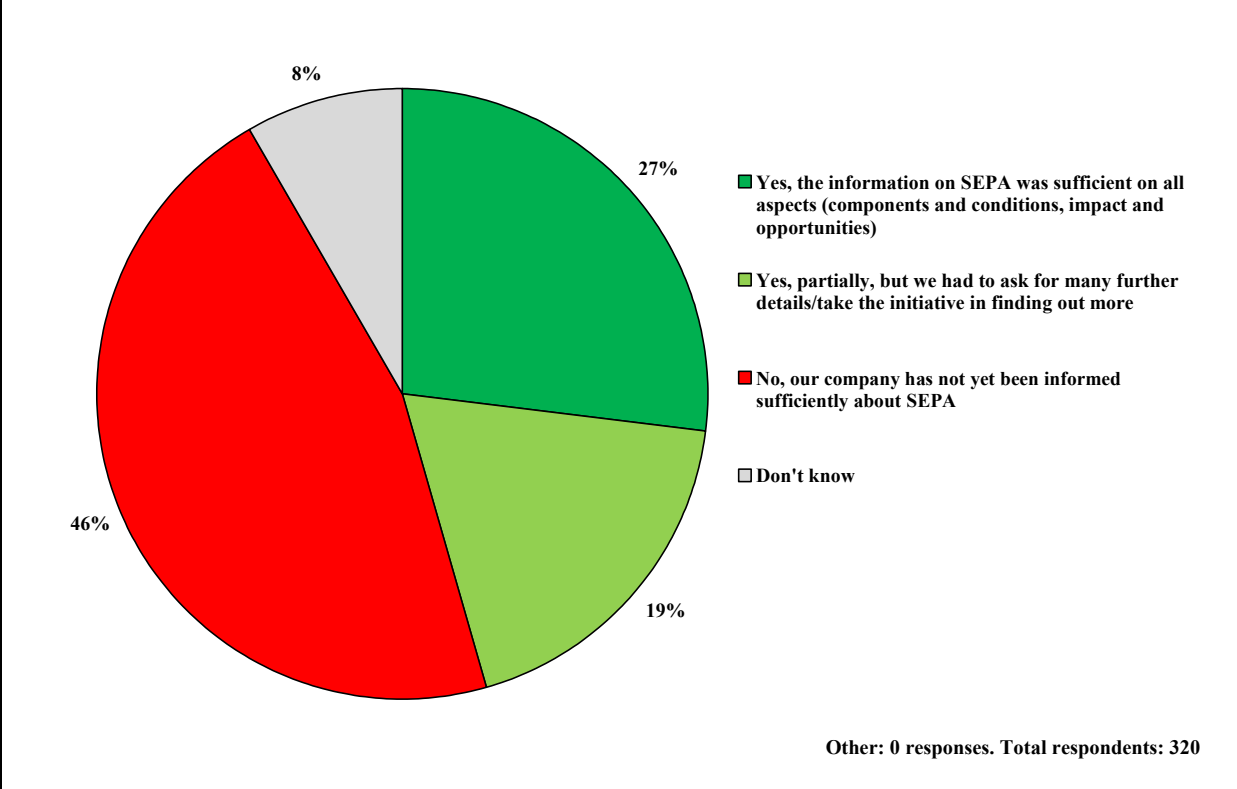
⁸ It should be noted that the underlying question in the third panel was phrased slightly differently (“Have you heard of SEPA? [...] If so, from which source?”), and that multiple selections were possible. This was not the case in the fourth panel. The question in 2011 aimed at singling out the source(s) that individual companies were mainly relying on when looking at information on SEPA.

⁹ See previous footnote.

2009⁹ with multiple answers possible). Corporate associations were this time only indicated by less than 4% of those respondents who had heard of SEPA (14.5% in 2009⁹, with multiple answers possible). The national SEPA organisation was included in the list of possible answers for the first time and immediately received a voting share of 4.5% among respondents already familiar with SEPA. Other sources of information on SEPA did not receive many votes as being main sources of information on SEPA. When looking at companies situated within the euro area, the banks have a more dominant role, with 54% of respondents familiar with SEPA quoting them as their main source, followed by the media with a share of 25% in the same group of respondents. The national SEPA organisation as a main source of information was only selected by 2.5% of euro area companies who had heard about SEPA before.

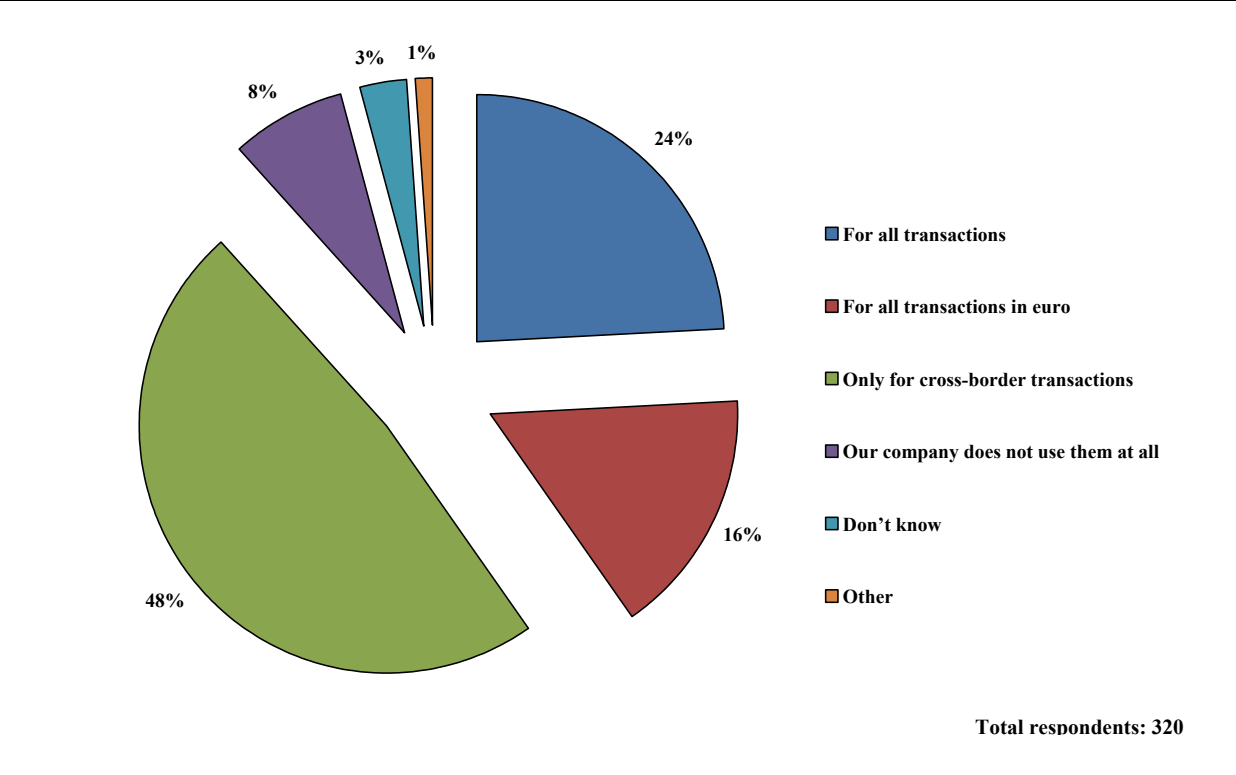
A newly introduced question addressed the quality of the information received on SEPA (Chart 15). Currently, 46% of respondents do not yet feel sufficiently informed about SEPA (40% in the euro area; 56% outside the euro area). 27% of all panel participants think they were provided with fully sufficient information on SEPA and its features, conditions, impact and opportunities (32% in the euro area; 19% outside the euro area). Another 19% of respondents think that they were partially informed about these aspects, but had to ask and take some initiative in order to find out more (20% in the euro area; 17% outside the euro area).

Chart 15 Do you think that the information on SEPA you were provided with was sufficient to make your company aware of its features and conditions of use, its impact and the opportunities it offers?



The subsequent question asked the panellists about their use of IBAN and BIC. Responses indicate that migration to IBAN and BIC in the corporate sectors is already advanced (see Chart 16): only 7.5% of responding companies do not use them at all. 40% of all respondents say that IBAN and BIC are used either for all transactions (24%) or at least for all transactions in euro (16%). A further large share of 48% of companies use IBAN and BIC only for cross-border transactions.

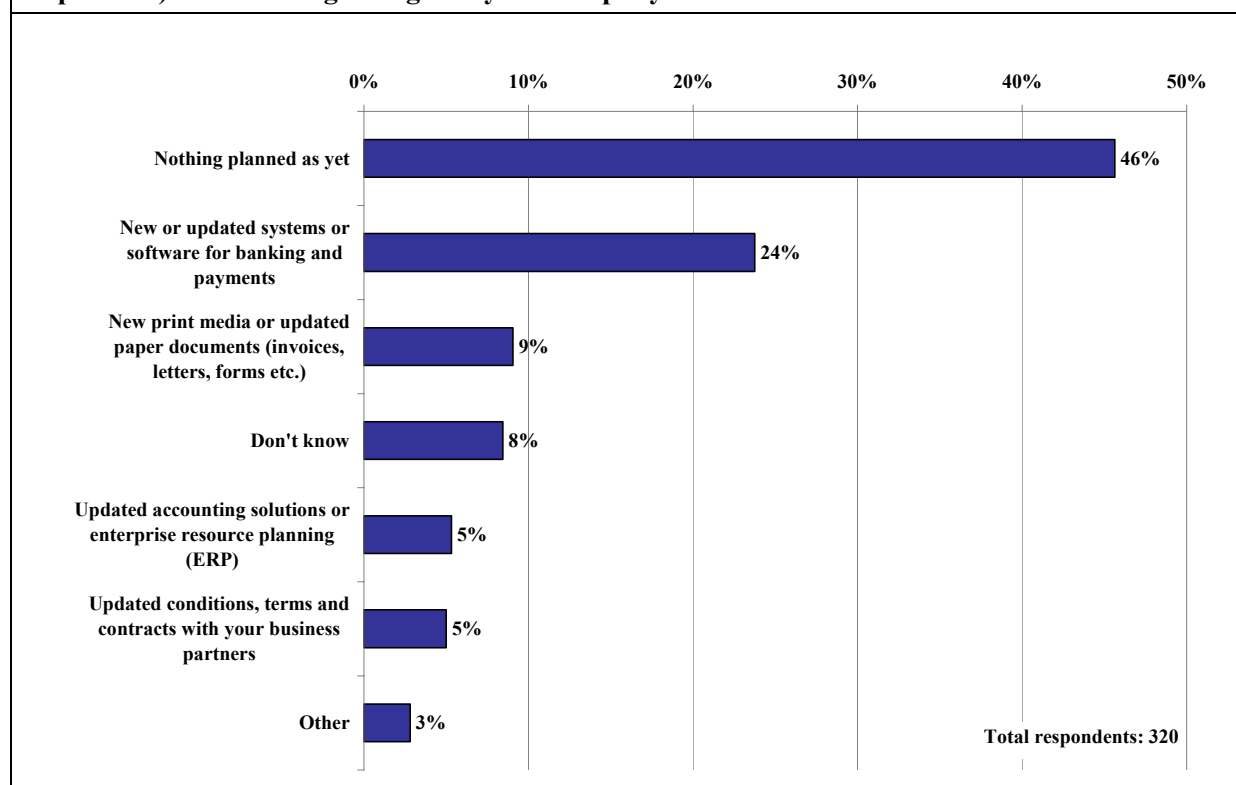
Chart 16 For which payment transactions does your company use IBAN (International Bank Account Number) and BIC (Business Identifier Code, formerly known as Bank Identifier Code)?



The results on IBAN and BIC usage show interesting differences between euro area and non-euro area countries. While a share of 34% of the companies outside the euro area already make use of IBAN and BIC for all transactions, the corresponding share of companies within the euro area is only 18%. For transactions in euro the shares are similar, with 16% for the euro area and 17% for non-euro area companies. However, the difference is again significant when looking at cross-border transactions. 33% of non-euro area companies use IBAN and BIC only for cross-border transactions, compared with 57% of responding companies from the euro area. Also, the share of companies who do not use IBAN and BIC at all is higher among companies outside the euro area (13%, compared with 4% in the euro area).

Survey respondents were asked if their company had already made some changes for migrating to SEPA. Chart 17 shows that this is not yet the case for 46% of all respondents. Updates of systems and software for banking and payments were the most selected as an action point for the changeover, followed by updated print media and documents (e.g. for IBAN and BIC usage).

Chart 17 In order to make use of SEPA services, did you implement (or do you plan to implement) the following changes in your company?

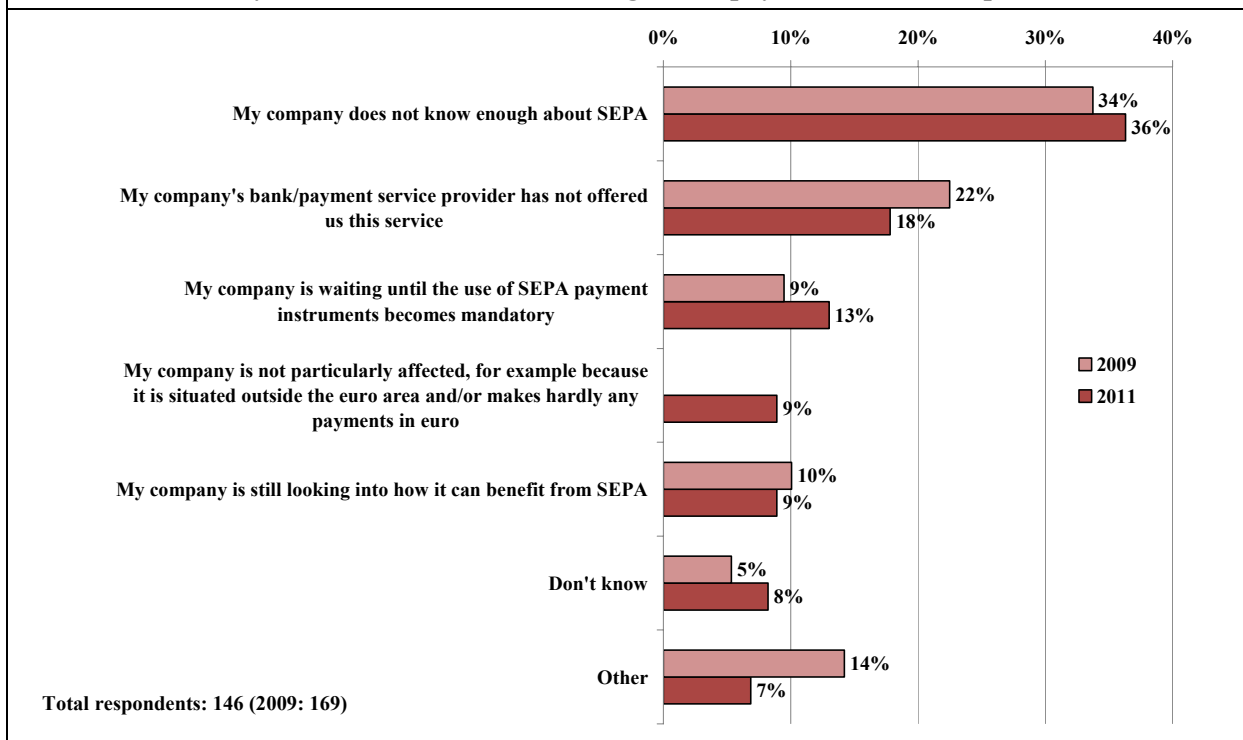


Again, the results for euro area and non-euro area countries show some differences. “Nothing planned as yet” was the answer of 39% of respondents from the euro area, compared with 58% of respondents from other panel countries. Naturally, planning priorities for implementing SEPA vary according to the overall migration status in individual countries and may also be influenced by other factors such as company size or the specific needs of individual business sectors.¹⁰

Those panel participants who responded that nothing had yet been planned were asked for the main reasons for this (see also Chart 18). A perceived lack of SEPA knowledge was the major reason, quoted by 36% of respondents (34% in 2009). 18% of participants (22.5% in 2009) said that their banks had not offered this service. Another 13% of responding companies preferred a “wait and see” approach until migration to SEPA becomes mandatory (compared with 9% in 2009). Among further reasons given, lack of relevance was the most quoted (by companies without international trade and with no cross-border payments).

¹⁰ Migration reports and also some indicators on SEPA migration deliver more information on the situation in individual countries. See, for example, the fourth survey on public administrations' preparedness and migration to SEPA of the European Commission (http://ec.europa.eu/internal_market/payments/docs/sepa/publ_adm_migration-2011_02_en.pdf) and the SEPA indicators published by the ECB (http://www.ecb.europa.eu/paym/sepa/about/indicators/html/index_en.html).

Chart 18 What is your main reason for not using SEPA payment services at present?



The increasing number of companies who prefer a “wait and see” approach is related to certain developments in the legal sphere in 2011. In December 2010, just one month before the SEPA consultation was started, the European Commission published a proposal for a regulation¹¹ establishing EU-wide requirements for credit transfers and direct debits in euro. The objective was to establish technical requirements and set deadlines for migrating credit transfers and direct debits in euro from national to EU-wide standards. The proposal is likely to establish end dates for migration in 2013 and/or 2014, following its adoption by the EU Council and the European Parliament at the end of 2011 or in early 2012. Regulations are the most direct form of EU law: they have binding legal force throughout every Member State. Once the regulation has taken effect, every payment service provider, but also companies, public administrations and citizens, would have to comply with its requirements and deadlines.

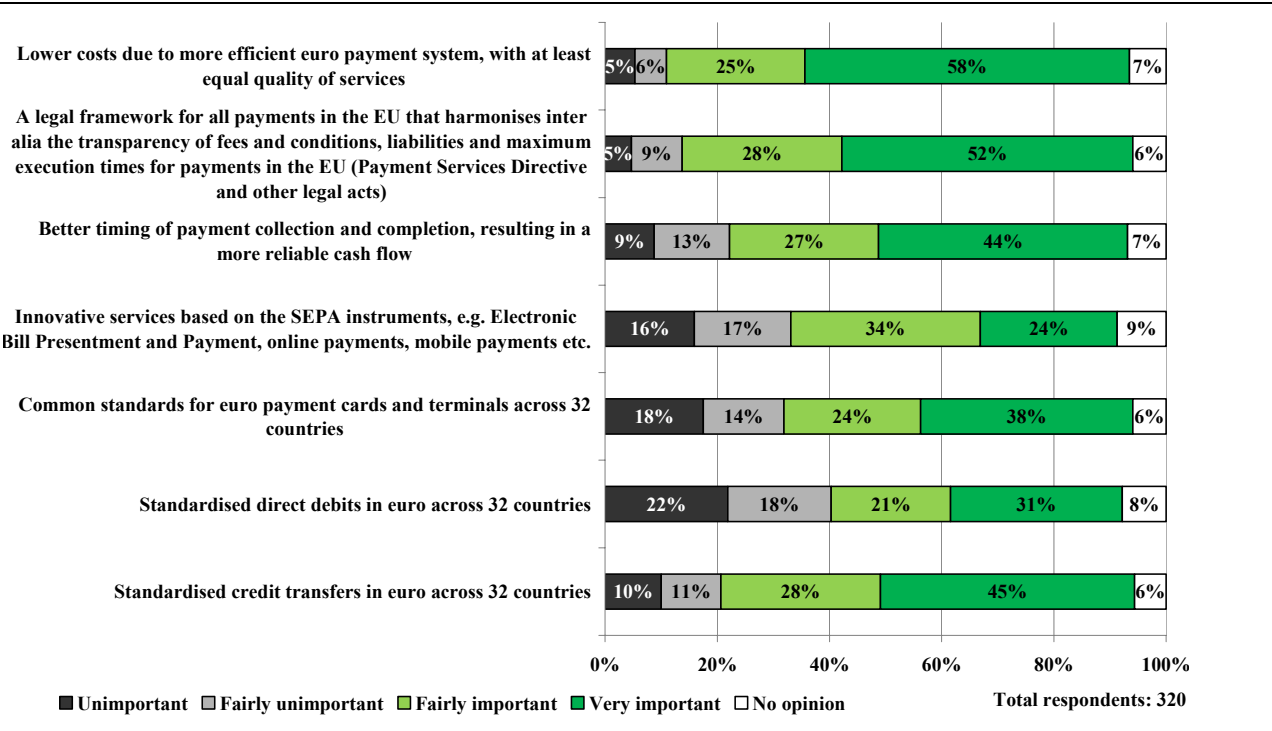
When looking at the importance of individual aspects of SEPA to the companies, lower costs with at least equal quality of services received the highest votes (fairly or very important for 83%), followed by a harmonised legal framework for all payments in the EU (fairly or very important for 80%). Timing of payment collection and completion and reliable cash flows were also ranked as at least fairly important by a large group of respondents (71%). 62% of respondents considered common

¹¹ Regulation proposal: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52010PC0775:EN:NOT>

ECB opinion on the regulation proposal: <http://www.ecb.europa.eu/paym/sepa/elements/legal/html/index.en.html#proposal>

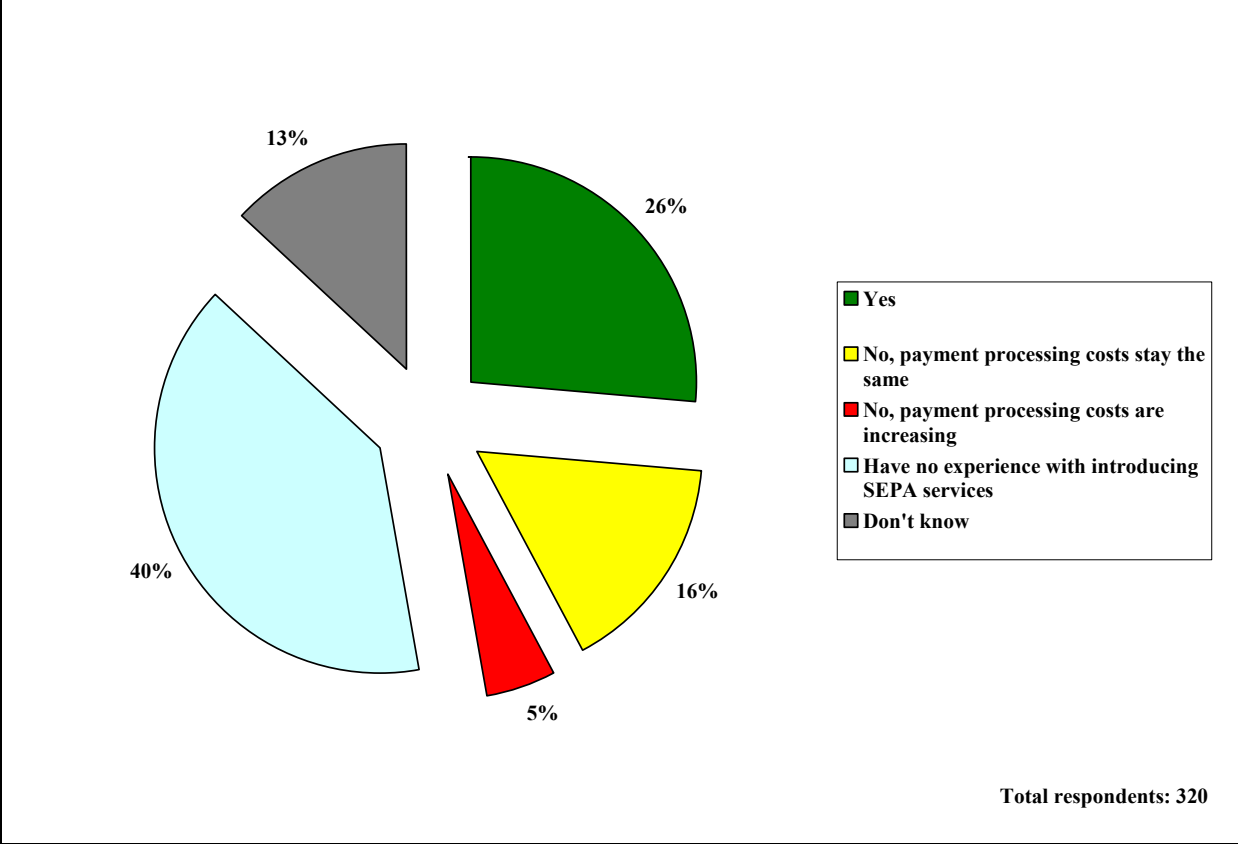
standards for cards and terminals as a further important feature, while another 58% of participants also think that innovative services like EBPP, online payments, etc. would be of relevance. The lowest degree of importance was allocated to standardised direct debits, with a share of 52% of respondents considering them as fairly or very important. The importance of standardised credit transfers was considered as at least fairly important by 73% of all participants.

Chart 19 How important are the following features and other aspects of SEPA for your company?



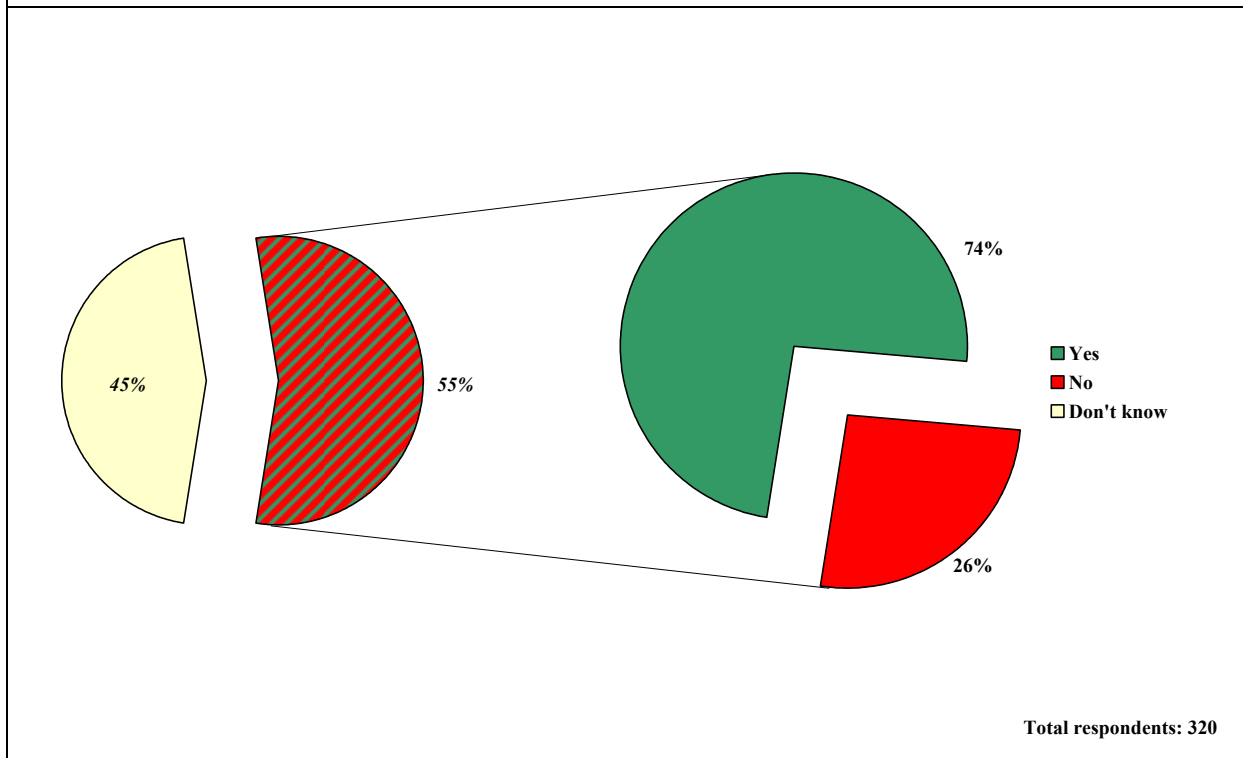
One further question concerned the panellists’ actual experience with regard to changes in processing costs as a result of SEPA (see Chart 20). Less than half of the respondents (47%) felt they could answer the question at this stage. Among those who could, a rather optimistic view dominated: 56% of them have observed sinking processing costs, 34% have seen no impact on these costs, while another 11% have experienced increasing processing costs. An analogue question on companies’ expectations in earlier panels had shown comparable shares of optimistic views (51% in 2009, 57% in 2008) and pessimistic expectations (10% in 2009 and 9% in 2008) on changes in processing costs.

Chart 20 Depending on your company's experience with introducing SEPA services, do they help to reduce payment processing costs?



Companies that operate mainly in non-euro area countries were asked if they support the use of SEPA standards and payment schemes for non-euro domestic payments, even before or without the adoption of the euro. 74% of those respondents for whom this is relevant and who voiced a clear opinion answered in favour and only 26% were against the use of SEPA standards and schemes.

Chart 21 If your company operates mainly in non-euro area countries: do you support the use of SEPA standards and payment schemes for non-euro domestic payments, even before or without the adoption of the euro?



5. Conclusions

Some major policy conclusions can be drawn from the results of the fourth EBTP consultation on SEPA, as outlined below.

- The responses given show a clear need and also a strong expectation of companies that an end date will soon be set for the migration to SEPA credit transfers and SEPA direct debits by means of an EU regulation.
- Many companies, also from the euro area, report that the prices they pay for payment services differ in many cases for instructions using national bank and account identifiers in comparison with similar instructions using IBAN and BIC. These cases may deserve some further attention with respect to the applicability of the principle of equal pricing of Regulation 924/2009 on cross-border payments in euro.
- The replies of the companies stress the importance of appropriate communication on SEPA; the main sources of information are the banks and media, whereas the extent to which software providers, accountants and tax consultants, corporate associations and even national SEPA organisations serve as a major source of information is rather limited.

- The survey results on invoicing indicate that the current practice all over Europe is still very much dominated by paper and manual handling processes. Significant benefits could be realised by many European companies if more effort is put into the use of innovative services such as e-invoicing and electronic bill presentment and payment.