Press release

Date	13 August 2013
Contact	Sebastian di Paola Tel: +41 58 792 9603 Email: Sebastian.di.paola@ch.pwc.com Bas Rebel Tel: +31 88 792 3824 Email: Bas.rebel@nl.pwc.com
Pages	2

Organisations' failure to prepare for SEPA may cause severe cashflow problems for all; time to prepare a Plan B.

One in three companies is still at risk of not being ready for the upcoming SEPA deadline, according to a new PwC report. The findings, published in a survey of 150 companies about their state of readiness for the SEPA (Single Euro Payment Area) deadline of 1 February 2014, also indicate that companies underestimate the effort required to comply, and few of them have a back-up plan should they fail to be ready in time.

Major findings of the survey 'SEPA Readiness Thermometer August 2013 update – Prepare a Plan B', which is an update to PwC's January survey, reveal good and bad news:

- The good news is that more companies are actively working on SEPA readiness since we surveyed them in January this year, and the understanding of the task at hand has improved significantly.

- The bad news is that 34% of companies are still at risk of not being ready in time, because either they still have not planned their readiness project at all, they have planned completion in Q4 2013, or January 2014, and/or they have an incomplete understanding of the scope at hand.

- 46% of the respondents admit to not having thought about a back-up plan. Hardly any respondents have implemented or tested a back-up plan.

"If every third company were unable to instruct its bank to settle its obligations, this would be alarming news to all," explains Bas Rebel, senior director treasury advisory at PwC in the Netherlands. "This goes beyond reputational damage to the individual company; it may create a backlog in repairs at banks and liquidity problems for beneficiaries."

With less than 120 working days left until 1 February, there is no time to lose, and few companies can afford delays and mistakes. "The 34% of companies at high risk of not meeting the deadline should now seriously consider a back-up plan," says Bas. "But they should understand that a back-up plan cannot be implemented overnight. It needs preparation and does not necessarily provide a shortcut for all aspects of 'plan A'."

The report includes an outline of actions companies could take if they look unlikely to be fully compliant by the deadline.

Notes to editors:

1. You can find the full report, 'SEPA Readiness Thermometer August 2013 update – Prepare a Plan B', under 'Research and insights' at pwc.com/corporatetreasurysolutions or by clicking here.

2. **SEPA: Single Euro Payment Area**

   The SEPA project for a common European payments market is rapidly approaching an important milestone. As of 1 February, 2014 all ACH and direct debit instructions within in the EU and the European Economical Area denominated in euros have to comply with the SEPA standard.

   This 2014 milestone brings an end to an era of dual-payment infrastructure for banks and clearing houses, which started on 28 January 2008 when the first SEPA credit transfers were processed. While 28 January 2008 was important for the payments industry itself, it had little impact on businesses and consumers. The deadline of 1 February 2014 will be different. As of that day, domestic clearing transactions within EU Member States – more than 90% of all transactions in Europe – will have to be provided to banks in SEPA format. This means that transactions will no longer be processed automatically when the Basic Bank Account Numbers (BBAN) and clearing numbers or branch codes are provided. Instead, the payer will have to provide the IBAN and often also the BIC. SEPA also provides a common standard for Direct Debit Mandate Management, which as of 1 February 2014 will be mandatory for direct debit transactions. Local file formats will become obsolete or, at best, will have to be updated to capture the new data elements.

   Despite being a major milestone, 1 February 2014 does not complete the common European Payments Market. Most Member States have been granted an exemption for one or more local electronic payment products that are not highly compatible with the current SEPA Standards for Credit Transfer (SCT) or Direct Debit (SDD). In the next few years, these exempted products will be replaced by a SEPA-compatible scheme.

3. **About PwC:**

   PwC helps organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with over 180,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.com.