

Reach

The STEP2 SDD Services aim to provide the European banking industry with reach across all SEPA countries by offering banks the opportunity to reach every other bank in SEPA via one single interbank channel without having to further customise the route to be taken by any of the payments.

In April 2010, the STEP2 SDD Core Service counted 58 direct participants and 2,446 indirect participant BICs, while the SDD B2B Service had 42 direct and 2,253 indirect participants. Reachability of the STEP2 SDD Core and B2B Services stood at 90 and 89 percent, respectively, among banks across SEPA that had signed the EPC SDD Core and/or B2B Adherence Agreements.

Additional Optional Services

Additional Optional Services (AOS) are services agreed between a closed user group of SEPA participants, usually a national community, that are not supported by the EPC SCT or SDD Scheme Rulebooks.

In the area of direct debits, the Multi-Purpose Pan-European Direct Debit (M-PEDD) vision of EBACLEARING foresees to expand the STEP2 direct debit offering in order to respond to the banks' evolving business requirements in SEPA. Ongoing and future M-PEDD developments are geared at providing industry-agreed AOS to support the migration to SEPA from national schemes.

The STEP2 platform further plans to support the new optional SEPA Direct Debit Fixed Amount Scheme (SDD FA) currently under consultation at the level of the EPC by offering a third SDD Service to its community.

The changes for the November 2011 release will include additional mandate handling services with the New Mandate Check (NMC) option. Accordingly, STEP2 will support the transfer of mandate information ahead of the debit collection.

Joining process

Participation in the STEP2 SDD Core and B2B Services is open to financial institutions having their registered office or a branch in the European Economic Area (EEA), in Switzerland or in Monaco. Banks can connect to the services either as direct or indirect participants. For both STEP2 SDD Services, it is also possible to connect as a Debtor Bank only.

The STEP2 SDD Core and B2B Services are two distinct services with separate routing tables and membership. A bank wishing to sign up for both services has to undergo two joining processes.

In order to be able to join the STEP2 SDD Core or B2B Service, a bank has to fulfil the following prerequisites:

- Sign the EPC SDD Core or B2B Direct Debit Scheme Adherence Agreement;
- Successfully complete the STEP2 SDD Core/B2B Direct Debit testing programme;
- Complete the technical and legal documentation relating to the STEP2 SDD Core/B2B Services.

EBA CLEARING has scheduled three joining windows in 2010, enabling banks to connect to the live STEP2 SDD Services in March, July or November. Additional joining windows may be scheduled upon request. For 2011, three further joining windows are foreseen.

In order to provide joining banks with maximum flexibility on testing, EBA CLEARING has put in place a test tool for banks, a stand-alone automatic test partner (SATP) that enables future users to carry out SDD Core and B2B testing on their own, without the need of a test partner. The SATP tool can be used for the simulation of different test scenarios and therefore allows the testing of any SDD Core and B2B service functionality.

Contact:

For any additional information, please contact:

Katja Heyder

Manager, STEP2 Services
k.heyder@abe-eba.eu
Tel: +33 1 53 67 07 13

EBA CLEARING
4 rue de Galliéra
F-75116 Paris

www.ebaclearing.eu



Address as of 2011:

Paris Eight - 2nd floor

40 rue de Courcelles - 75008 Paris

Tel: +33 1 53 67 07 00 - Fax: +33 1 53 67 07 07

STEP2 SEPA Direct Debit Services

PE-ACH services

for exchanging SEPA Core and B2B Direct Debits

Overview

The STEP2 SEPA Direct Debit (SDD) Services are geared at providing banks in the Single Euro Payments Area with an interbank processing infrastructure for domestic and pan-European direct debits. The SDD Core and B2B Services on EBA CLEARING's PE-ACH platform validate, route, clear, settle and deliver direct debit collections in line with the Scheme Rulebooks of the European Payments Council for SEPA Core and Business-to-Business (B2B) Direct Debits respectively.

STEP2 SDD Core and B2B are highly resilient Pan-European Automated Clearing House (PE-ACH) services with full disaster recovery features and operational procedures that are regularly practised with the user community. The STEP2 platform is scalable and so capable of processing more than 50 million payments per day. It is built on the latest technology as well as global ISO XML standards and features interactive web services for real-time browsing of traffic and liquidity positions.

STEP2 service levels compete with the best of any legacy clearing system with next-day or same-day processing cycles. The vision of sending all payments – whether domestic or cross-border – over the same channel and in the same format is a major attraction to banks, along with ending the requirement to fund local infrastructure in every country in which they operate.

With the STEP2 SDD Services working smoothly in a live environment since early November 2009, banks have been given a full year to prepare for the mandatory roll-out of the SDD Core Scheme in November 2010.

Functionalities

The STEP2 SEPA Core and B2B Direct Debit Services offer financial institutions a highly resilient processing infrastructure with the following main features:

- SWIFTNet communications layer;
- Use of UNIFI ISO 20022 XML message schema;
- File validation;
- Payment validation;
- STP validation;
- R-messages processing;
- Integrated settlement in TARGET2;
- Payments can be sent ahead of value date (D-14) for warehousing;
- 24-hour sending enabled by a store and forward functionality;
- Real-time browser-based position monitoring and historical data retrieval.

STEP2: validation of SEPA Direct Debit messages



*rules-based validation engine

November 2010 Release

On 1st November 2010, the new SDD Scheme Rulebooks and Implementation Guidelines of the European Payments Council (EPC) will become effective. As the STEP2 SEPA Services are Rulebook-compliant, there will be a new release of the STEP2 SDD Services in November 2010. For the SDD Core as well as B2B Service, a new attribute (AT-R8) for the amount of Balancing Payments on R-transactions bilaterally agreed between the Debtor Bank and the Creditor Bank will be introduced. Moreover, the STEP2 cancellation message currently used will be replaced by the new ISO cancellation message camt.056.

At the same time, there will be a standard upgrade with the adoption of the latest versions of ISO 20022 XML messages.

Benefits

The most important benefits offered to banks are the following:

- Banks can provide their customers – individuals or corporates – with services geared at fulfilling their direct debit requirements in an integrated pan-European environment.
- Banks are able to flexibly choose their participation mode and connect to the services either as direct or indirect participants. A bank connecting to the STEP2 SDD Services may also opt for participation as a Debtor Bank only, which will enable the bank to receive direct debit collections.
- The banks' offerings are based on an interbank processing platform possessing the necessary reliability, predictable execution time and reach.
- The STEP2 SDD Services offer not only full compliance with the SEPA Direct Debit Schemes but also additional services, such as a reporting

service on SDD collections supporting the banks in their calculation of multilateral and bilateral interchange fees.

- Processes are highly automated with end-to-end dematerialisation.
- The processing cycles are clear, transparent and certain, within a uniform legal structure.
- The services provide full STP processing of all transactions.
- Automatic routing allows banks to send all SEPA Direct Debits for counterparties throughout all SEPA countries to the STEP2 platform and to know that they will be delivered and settled securely.
- The online operational directories of the two STEP2 SDD Services allow banks to easily find the contact details of all other direct and indirect STEP2 SDD Core and B2B participants.

Based on the STEP2 SDD Core and B2B interbank processing services, banks are able to offer their customers end-to-end service offerings that meet their expectations, since they provide

- a simple and cost-efficient way to pay and collect funds;
- the certainty of payment completion within a predetermined timecycle;
- the opportunity for creditors to optimise cash flow and treasury management;
- automated exception-handling.