

WIRECARD AND SEPA

THE EUROPEAN PAYMENT SYSTEM OF THE FUTURE



The Single Euro Payments Area (SEPA) was established during the creation of the Single European Market. Its aim was to simplify international payments within the EU and to create standardised general conditions to process these payments. Thirty-three countries take part in SEPA and starting February 2014, all countries within the eurozone will begin processing solely SEPA direct debit and credit transfer transactions. This switch means online merchants will need to take many changes into account when processing transactions in the future.

SEPA is an acronym for “Single Euro Payments Area” and stands for a payment transfer area uniform throughout Europe. The first step towards this goal was reached by the introduction of the euro as the common currency in Europe. The next step of development is the implementation of a procedure to process all cashless euro transactions. Currently 33 countries are taking part, namely all 28 EU member states, as well as Switzerland, Liechtenstein, Iceland, Norway and Monaco. The SEPA payment system will eliminate the difference between national and cross-border payment operations.

New developments with SEPA

There are several new elements and differences involved in SEPA payment processing in comparison with the current national schemes. The IBAN (International Bank Account Number) and BIC (Bank Identification Code) are now required as the bank account information. They are used to identify banking information worldwide and will replace the bank account number and sort code.

The due date is another major component introduced with SEPA direct debit. It states the date on which the end-customer's account will be debited. In comparison to the current schemes, a clear due date will be set for each transaction.

In addition, two new identification numbers have been introduced as a part of SEPA direct debit. The Creditor Identifier is used to unambiguously identify a merchant. The Mandate Identifier is used

to identify the mandate which entitles the merchant to debit an end-customer's account with outstanding payments.

What Wirecard offers

Wirecard has taken an early start into making cash-free transactions through SEPA a possibility for its merchants and has developed an extensive portfolio of SEPA solutions. Wirecard Bank has already integrated the acceptance and processing of SEPA direct debits and SEPA credit transfers as part of its services enabling merchants to offer SEPA direct debit in their online shops. Customers who are already using Wirecard's Checkout Page and Checkout Seamless solutions will also benefit from an automatic switchover to SEPA direct debit.

For those merchants who have their own payment page and require more time to convert all of their internal processes to

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SEPA, Wirecard will offer a conversion service to ensure these merchants may continue processing. This conversion service will be available for Germany and Austria beyond 2014. It will use an algorithm to convert the currently used account identification (account number and sort code) into the SEPA-accepted IBAN and BIC. The transaction data will then be used to generate a SEPA PAIN (Payment Initiation) file required to process SEPA payments. It will include all other SEPA-specific parameters, namely the mandate reference number, creditor ID and due date. When using this conversion service, however, online merchants must keep in mind that they are also bound to comply with the requirements and guidelines of the SEPA procedure.

The benefits of SEPA

Some of the advantages Wirecard customers will enjoy when accepting SEPA transactions are the following: tapping into new sales markets and additional customer groups will open up new business possibilities. All transactions within all of SEPA will only be processed through a single SEPA Wirecard bank account. This reduces costs and minimises administrative effort. It also reduces fees, since

crossborder transactions will be treated like national transactions. The introduction of a specific due date also enables online merchants to control their payment flows – and thus their liquidity. The new SEPA-wide standardised general guidelines eliminate country-specific requirements and reduce the complexity of payment processing for online merchants. The competence and expertise of Wirecard AG and its subsidiaries provides Wirecard customers with a smooth and trouble-free transition to the SEPA system and competent consulting during the introduction of SEPA within their online shops.

Your customer service representative at Wirecard will be happy to advise you.