



Harmonization of Swiss
Payments – Status and Need
for Action for Corporates

Peter Nobs, Managing Partner

PAN Consulting GmbH

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Introduction to PAN Consulting GmbH

Services of PAN Consulting GmbH

- Advise on treasury strategy and policy
 - Review treasury processes and suggest improvements
 - Improve cash management and liquidity planning
 - Evaluate treasury & payment management systems
 - **Support efficient and timely changeover to Swiss payment Harmonization**
 - **Develop concepts for and implement in-house banking**
 - Optimize working capital management
 - Establish financial risk management
 - Manage projects and act as interim treasury manager
 - Train staff and coach employees
 - Introduce TIS and TMS systems
- PAN Consulting is the Swiss TIS Implementation Partner**

Selected Customers PAN Consulting GmbH

Excerpt of the list of customers of PAN Consulting:



Harmonization of Swiss payments – what is it about?

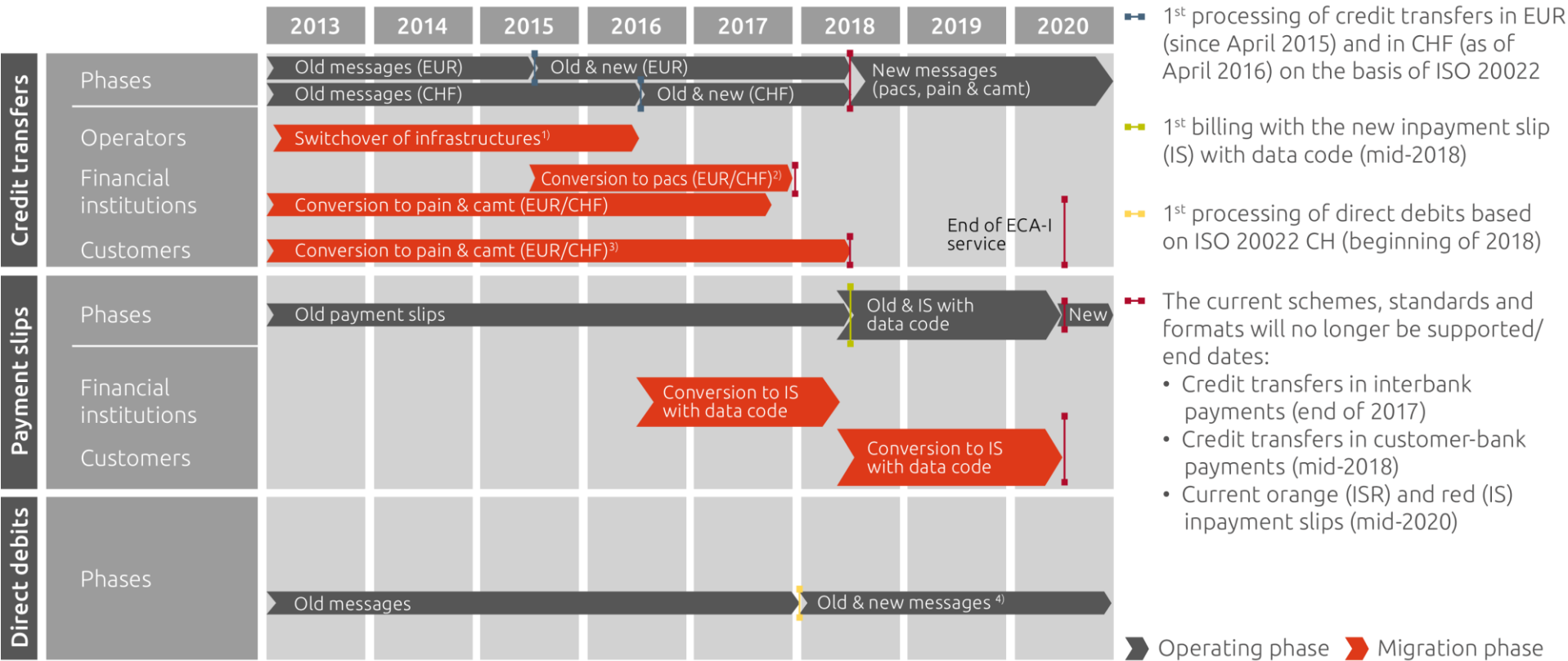
With the implementation of SEPA in Europe the ISO 20022 message standards had been introduced. Switzerland is now going the same route.

Swiss payments as of now contains of 2 payment systems (SIX and PostFinance) and more than 10 standards for payments and direct debits and 7 versions of payment slips.

This variety will be reduced and to simplify payments means and systems for Banks and PostFinance and to harmonize with European standards. This will bring clarity and efficiency. The following areas are affected:

- Credit Transfers
- Direct Debits
- Payment Slips (ESR)
- Reporting

Harmonization of Swiss payments – Time schedule



¹⁾ "SIC⁴ – New SIC Architecture" project and the PostFinance infrastructure project
²⁾ Including ECA-F, ISR & EPO for banks (as of 4th quarter 2015)
³⁾ Migration date (mainly between 2015 and 2018) with regard to pain & camt to be coordinated with the house bank
⁴⁾ The direct debit will be combined with the e-bill as of 2019

Source: paymentstandards.ch

Harmonization of Swiss payments – Credit Transfer

What are the major changes for credit transfers?

- Supplier and Salary payments transmitted in file format to banks in Switzerland will latest by mid 2018 only be accepted in pain.001 ISO format (customer credit transfer initiation – Swiss flavor). Current DTA and EZAG formats will disappear latest by mid 2018
- New pain.002 status messages (customer payment status report) will deliver information on status of executed or rejected payments
- After 2020 only IBAN based payments can be initiated within Switzerland

What do corporates need to do?

- Ensure your ERP to enable pain.001 ISO payment formats Swiss flavor for all Banks

Harmonization of Swiss payments – Direct Debit


What are the major changes for direct debit?

- LSV+ (Banks) and BDD (PostFinance) will be combined with e-invoices
- New pain.008 / chls message (customer direct debit initiation) will be offered by Banks and PostFinance in 2018
- Current mandates for existing direct debits remain valid

What do corporates need to do?

- There is no end date for LSV+/BDD yet, contact Banks for time schedule
- Check with PostFinance about time schedule

Harmonization of Swiss payments – Payment Slip

Empfangsschein / Récépissé / Ricevuta	Einzahlung / Versement / Versamento	Zahlungsweg / Mode versement / Modalità versamento
<p>Einzahlung für / Versement pour / Versamento per</p> <p>PostFinance 3030 Bern</p> <p>Zugunsten von / En faveur de / A favore di</p> <p>Robert Schneider SA Grands magasins Case postale 2501 Biel/Bienne</p> <p>Konto / Compte / Conto</p> <p>CH28 3000 0000 0100 0162 8</p> <p>CHF</p> <p>3949 . 75</p> <p>Erbezahlt von / Versé par / Versato da</p> <p>Rutschmann Pia Marktgasse 28 9400 Rorschach</p>	<p>Einzahlung für / Versement pour / Versamento per</p> <p>PostFinance 3030 Bern</p> <p>Zugunsten von / En faveur de / A favore di</p> <p>Robert Schneider SA Grands magasins Case postale 2501 Biel/Bienne</p> <p>Konto / Compte / Conto</p> <p>CH28 3000 0000 0100 0162 8</p> <p>CHF</p> <p>3949 . 75</p> 	<p>Keine Mitteilungen anbringen Pas de communications Non aggiungete comunicazioni</p> <p>21 00000 00003 13947 14300 09017</p> <p>Erbezahlt von / Versé par / Versato da</p> <p>Rutschmann Pia Marktgasse 28 9400 Rorschach</p>

Source: paymentstandards.ch

- ✓ Refers to an IBAN dedicated to “Payment with a reference” receivables
- ✓ Keeps the 27-digit reference number to achieve 100% reconciliation rate for receivables
- ✓ Contains a QR code which is easy to read for any kind of hardware (incl. handhelds)
- ✓ Is (already today) available for CHF and EUR receivables

Harmonization of Swiss payments – Payment Slip

What are the major changes for payment slips?

- From mid 2018 payment slip with QR code is usable within Switzerland in CHF and EUR
- Payment slip with QR code can use ESR reference number or remittance information; account number will now be in IBAN format
- QR code replaces OCR line and contains besides numerical even alphanumerical information and is readable with readers or smartphones

What do corporates need to do?

- Receivables: ensure your ERP is able to print QR code
- Payments: ensure you're able to read QR code

Harmonization of Swiss payments – Reporting

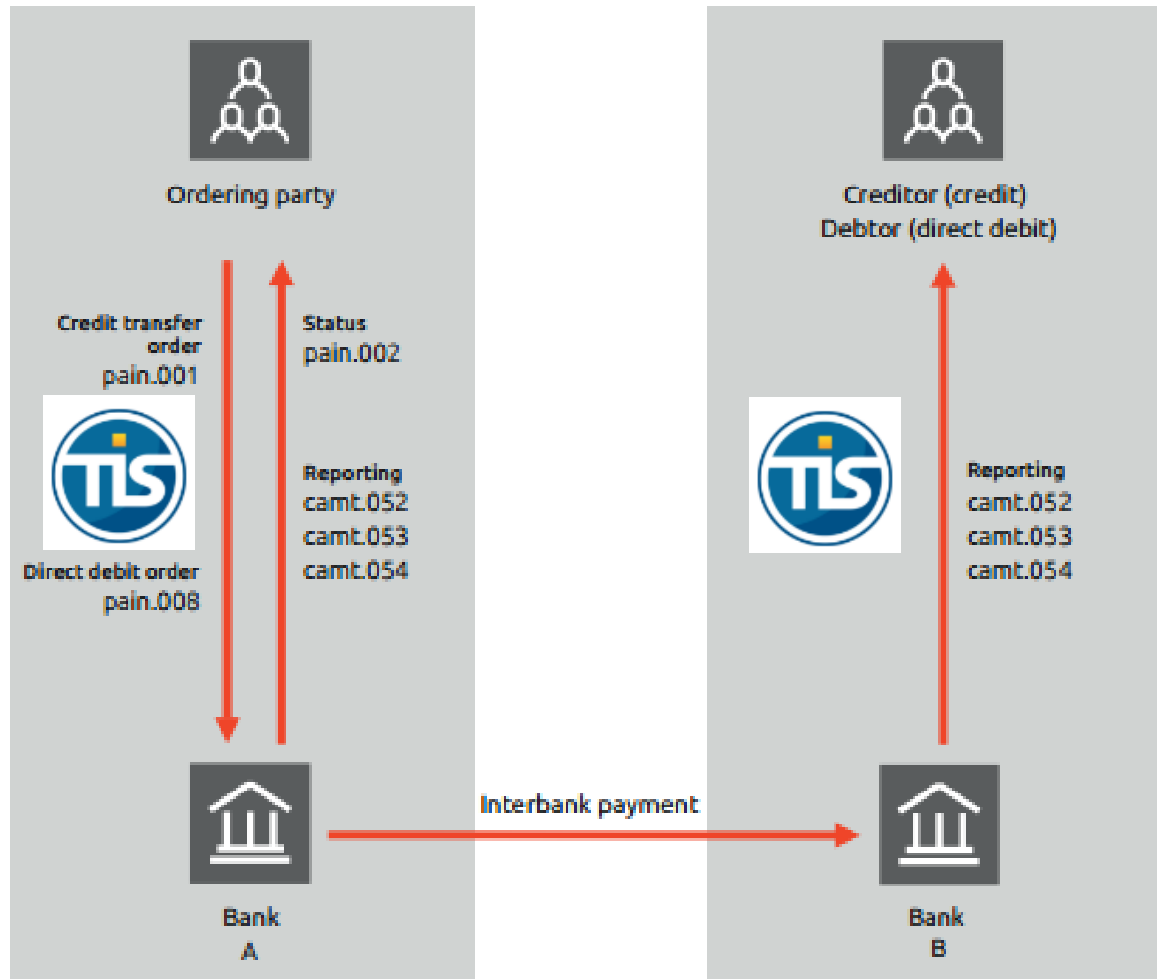
What are the major changes for reporting?

- Account statement will be delivered in camt.53 format (cash management)
- Intraday reports will be delivered in camt.52
- Credits and debits will be delivered in camt.54
- Camt.53 will be delivered with or without details. If you use payment slips with QR code you need camt.53 with details or in addition camt.54

What do corporates need to do?

- Check with your bank re camt.xx message types
- Current ESR reporting files will only be valid until 2020

ISO message Flow and the role of TIS

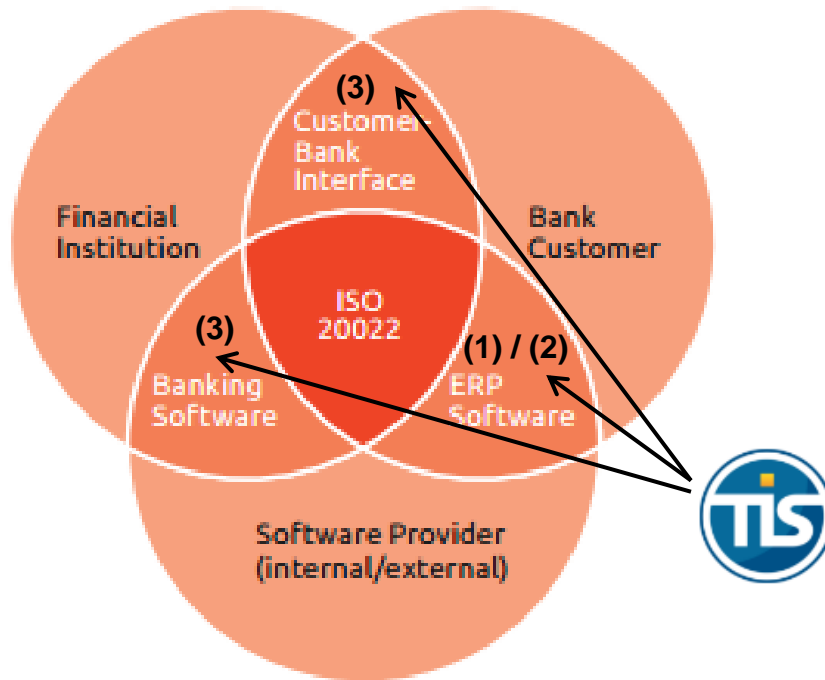


Source: paymentstandards.ch

What are the benefits?

- Takes existing files from your ERP and → less programming efforts and testing for payments and direct debits
- Delivers Camt.xx messages to your ERP
- Increased compliance with integrated BAM and transport of files to Banks

Partners involved in a Project



Source: paymentstandards.ch

The roles of TIS

- (1) Uses existing output formats of ERP and transforms to ISO pain.001 or pain.008
- (2) Collects Camt.xx messages from Banks and delivers to your ERP
- (3) Handles all bank connectivities (EBICS, Host-to-Host, SWIFT) to Swiss and foreign Banks for ISO message types in a kind of plug'n'play

➔ **Faster implementation time at lower cost**

Need for Action: Questions alongside a project

When thinking about what you need to do in order to get the Harmonization of Swiss payments working, you might want to get answers to the following questions:

- Do I have already an overview how I am affected by the Harmonization of Swiss payments? Who can I contact for support?
- Do I need to care generally about format changes such as the Swiss Harmonization of payments? Will this be done by my software partner? What other possibilities exist?
- How can I reduce compliance issues arising from uploading payment files to E-Banking tools? Is there a possibility to streamline bank connectivities in general to get rid of single E-Banking tools?
- What cost arise from changing a bank for transaction business? Is there a chance to reshape the banking landscape we have in our organization at lowest cost? What are the cost of having a bank account and not or rarely using it?

Contact Details

Speaker: Peter Nobs
Managing Partner

Web: www.pan-consulting.ch

Email: pnoobs@pan-consulting.ch

Telephone: +41 61 733 9418

Address: Bahnhofstrasse 3
CH-4147 Aesch

