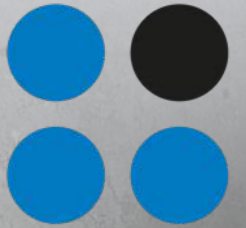


SEPA Instant Payments

Major innovation coming soon



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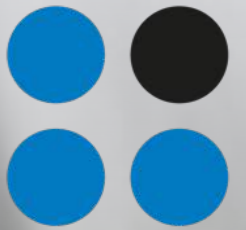
Agenda



- What are Instant Payments
- Dutch and European Instant Payments developments
- Innovation potential and benefits to Robotic accounting
- Impact and opportunities for payments users
- Questions

Shortly introducing ourselves before we start

Payments Advisory Group



**PAYMENTS
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Payments Advisory Group is an international business consultancy specialised in payments



We believe

- Payments **are of vital importance** in our society, in our economy, and in our daily lives
- In making a **relevant and positive contribution** to society in everything we do

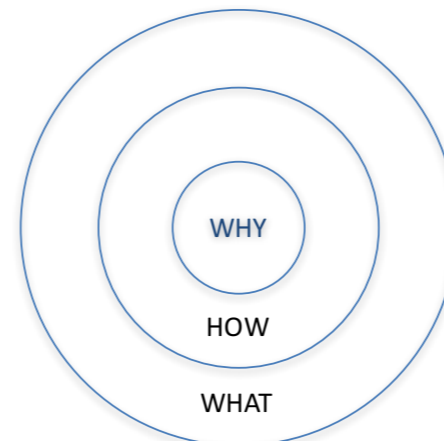
That is why

- We work hard and smart for our clients in every assignment we do
- We view payments from the e2e value chain perspective
- We aim to inspire our co-workers by offering them an inspiring and challenging working environment

Overview

- Founded in 2011
- Experienced specialists: average of 10 year working experience in payments
- Strong background in payments advisory and implementation
- Partners, Staff and Associates
- Areas of expertise cover all payment products and related business and regulatory domains

How - methodology



Partner team



What

- Market Research
- Advisory
- Implementation
- Training

Corporate
Merchant
Retail

Bank

Interbank
processor

SEPA Instant Payments

Characteristics and developments



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SEPA Payments process



Originator



Originator bank



Interbank
Clearing and
Settlement
processor



Beneficiary
Bank



Beneficiary



Delivered in max
one banking day

SEPA Electronic Payments – Credit Transfer



- Batch oriented
- not 24/7
- Within max one business day
- Status payment: no news is good news
- SEPA Credit Transfer is a mandatory scheme for the banks

Instant Payments process



24/7



Originator



Originator bank



Interbank
Clearing and
Settlement
processor



Beneficiary



Beneficiary



Delivered within
seconds



SEPA Instant Payments



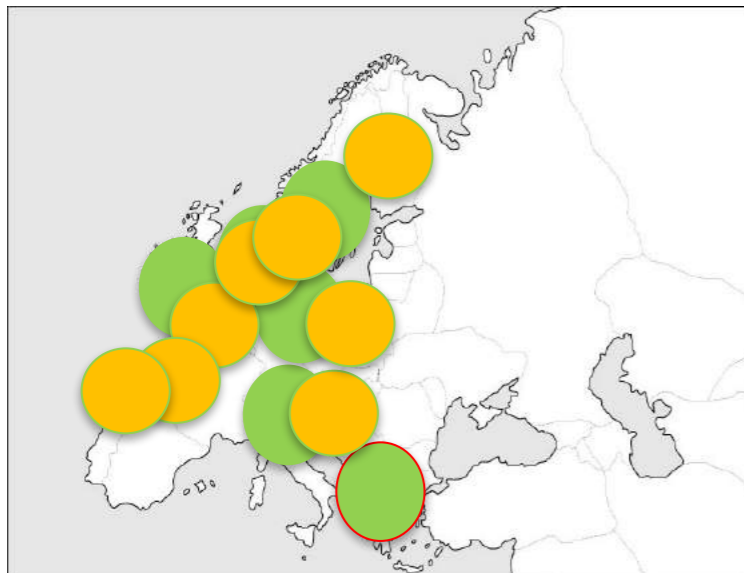
- Single transaction
- 24/7
- Within seconds, irrevocable
- Status: can provide full transparency
- SEPA Instant Payment is called SEPA Instant Credit Transfer (SCT Inst)
- SEPA Instant Payments is an optional scheme for the banks

An overview of Instant Payments developments



ECB announced its ambition for Instant Payments in December 2014

- by leveraging current SEPA
- in a non-silo-ed approach,
- with Europe-wide reach



Live

- UK
- Poland
- Denmark
- Greece (not 24/7)
- Sweden
- Switzerland

Plan(ning)

- Belgium
- France
- Italy
- Netherlands
- Portugal
- Spain

Plan(ning)

- Austria
 - Finland
- and many other countries investigating

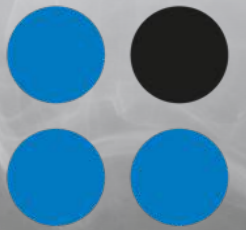
Scheme dictates SEPA Instant Payments can be offered from 11/2017

Netherlands, Dutch Payments Association (BVN) IP Program

- Program first started in 2015 with aim for launch May 2019
- transfers 24/7 within 5 seconds, web and mobile banking initially
- no technical limit for maximum value, but expected > 15.000 Euro
- 4 largest banks have committed themselves to offer SCT Inst



Innovation potential and benefits for robotic accounting



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A major leap from SEPA Credit Transfer to SEPA Instant Payments



SEPA Credit Transfer

SEPA Instant Payment

Single/batch

Single and batch transaction

Single transaction only

Processing windows

Business day

24/7

Execution time

Within a business day

Within 5 seconds (NL) final

Transparency of success

No news is good news

Instant reject, optional for banks is positive feedback

Value limit

No value limit

Limits not yet set, but expected > 15.000 Euro

Why Instant Payments now, to what benefit?



Instant Payments is developing rapidly

- Matching digital experience: 24/7 and immediate
- Processing power is available and cheap
- Regulatory pressure
- Other odd cases like issue with high inflation



Instant Payments can bring large benefits

- Pay and be paid on demand/just in time/upon delivery
- Early cash flow / free up liquidity
- Immediate certainty for originators, ability to correct immediately
- Reduce cash
- Innovation platform
- Facilitate economic growth



Benefits for Robotic Accounting

- Facilitate the STP robotic accounting processes linked to payments
 - Real time certainty regarding success
 - Real time payment
 - Request for Instant Payment

Examples

Instant Payments potential use cases



Using the basic Instant Payment



Urgent transfers
Pay upon delivery
Optimized liquidity
Last minute transfers incl. weekends

Person 2 Person



Transfer money instantly to a mobile number

Business 2 Consumer



Instant lending
Notary payments
Daily pay-out of flexworkers
Instant Pay-out of Insurance payments

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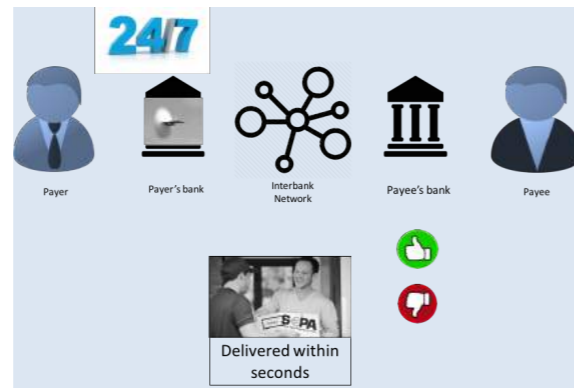
Business 2 Business



Cash pooling
Urgent social security payments
Time critical or "just in time" business payments
Late cut-off times SEPA batch payments by re-using Instant Payments

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Payments users should prepare for Instant Payments



CHECKLIST

Compliance

- Instant Payments will be used to pay the payments user
- Instant Payments can be used by the payments user to pay



Enabling new business services

- The innovative characteristics of Instant Payments will provide opportunities for parties in the payments value chain to develop or enhance business services

We are here

Understand, assess impact and opportunities, HL business case

Detailed business case and planning

Implement, test and pilot



Thank you
for your attention!



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