



SELF ASSESSMENT OF SEPA COMPLIANCE

Version 1.0
February 2009

1 Introduction

The Oesterreichische Nationalbank (OeNB) has a vital interest in the successful development of the Single Euro Payments Area (SEPA). In the medium term legacy domestic standards and business practices will fade out and be substituted by the new SEPA payment instruments. In order to support the SEPA migration in Austria and in line with its statutory obligation to promote sound and efficient payment systems, the OeNB offers a neutral Clearing and Settlement Mechanism called STEP.AT which is capable of processing SEPA Credit Transfers since early 2008. Additionally the OeNB directly participates in the STEP2 Service of EBA Clearing. Currently the implementation of the SEPA Direct Debit Service (Core and Business to Business) is underway to become a “fully fledged” SEPA-compliant infrastructure by 2nd November 2009.

The Eurosystem has defined four criteria that infrastructures should fulfil in order to be considered SEPA-compliant in the view of the Eurosystem. Compliance with these requirements should be assessed by the infrastructure providers themselves. The criteria were published in the 5th Progress Report on SEPA and represent the Eurosystem’s long-term vision for the processing of payments, interoperability among infrastructures, sending and receiving capacity and choice for banks. The Eurosystem foresees that relevant infrastructures in the euro area will gradually develop towards compliance with all four criteria, but neither expects nor requires all infrastructures to do so.

The OeNB has decided to do a self assessment as proposed by the Eurosystem on a regular basis and – for the sake of transparency – to make the results publicly available.

2 Self Assessment

2.1 Criterion 1 – Processing capability

To promote the SEPA-compliance of infrastructures, infrastructures are asked to comply with the requirements of the PEACH/CSM Framework, the SCT Rulebook and/or the SDD Rulebook(s), the Implementation Guidelines and the associated UNIFI (ISO 20022) XML standards, and to be ready to support scheme testing as planned by the EPC.

1. *Have you sent a Disclosure Letter to the EPC regarding your intention to become a SEPA scheme compliant CSM?*

Answer: Yes, the OeNB has sent the “Disclosure of intent to be a SEPA Credit Transfer (SCT) Scheme Compliant CSM” to the European Payments Council on 22nd February 2008.

2. *Are you compliant with the relevant PEACH/CSM Framework?*

Answer: In the above mentioned Disclosure Letter the OeNB announced to be a fully SEPA SCT Scheme compliant CSM and to comply – among other documents – with the PE-ACH/CSM Framework. Due to the fact that STEP.AT is a CSM rather than a PE-ACH, the provisions set out in Article 2.3 and 2.4 of the PE-ACH/CSM Framework apply.

3. *Are you compliant with the relevant SCT Rulebook?*

Answer: The OeNB complies with the SCT Rulebook in the respective current version.

4. *Are you compliant with the relevant SDD Rulebook(s), i.e. core service and, if and when adopted, Business-to-Business service and e-mandate service?*

Answer: The OeNB is not yet compliant with the SDD Rulebooks since the Service is not available by now. Nevertheless the technical implementation of Core (in compliance with “SEPA Core Direct Debit Rulebook v3.2”) and B2B (in compliance with “SEPA Business to Business Direct Debit Scheme Rulebook v1.1”) is currently underway in order to start Core and B2B processing as of 2nd November 2009.

5. *Are you complying with the relevant guidelines that require the use of the UNIFI (ISO 20022) XML message standard?*

Answer: The OeNB complies with the current version (v3.2) of the “SEPA Credit Transfer Scheme Inter-Bank Implementation Guidelines”.

6. *Are you able to deliver all mandatory payment information (from the so-called yellow data fields) in full and without alteration between the involved scheme participants?*

Answer: Yes.

a. *Please provide information on your ability to process the full SEPA-subset of the ISO 20022 XML messages (i.e. the yellow and white data fields)?*

Answer: Basically STEP.AT is capable of processing the full SEPA-subset of the ISO 20022 XML messages (yellow data fields as well as white data fields) but white fields are currently not used since no STEP.AT participant has applied for an AOS.

7. *If you provide conversion services between XML and legacy formats (and/or v.v.), do you ensure that no payment data is lost?*

Answer: Less than a handful of banks which have explicitly asked for receiving legacy formats in addition to the original XML. This is the only case where the above mentioned question may apply and where the whole

payment data is included in the original XML. Therefore the answer is yes.

8. *Have you adequately tested your processing procedures?*

Answer: Yes. The processing procedures have been extensively tested. The OeNB has an ISO 9001 certified IT quality management system in which processes are provided for software development and testing.

a. *Please describe the framework, the organisation, the scope (national or cross-border) and the reach (CSM-bank, bank-CSM-bank, end-to-end) of the testing.*

Answer: Any functionality is subject to acceptance testing before putting into service. Some functionalities (e.g. troubleshooting functionality) which are hardly or even never used in the production environment are subject to dedicated regular testing.

In preparation of the SCT launch scripted end-to-end, bank-CSM-bank tests have been conducted. New joining participants have to pass scripted CSM-bank tests before getting activated.

The scope of SCT testing is national as well as cross-border.

2.2 Criterion 2 – Interoperability

To promote the SEPA-compliance of infrastructures, infrastructures are asked to adopt interoperability rules, i.e. interface specifications and business procedures for the exchange of SEPA credit transfers and SEPA direct debit payment orders between banks and infrastructures, and between infrastructures, that are preferably mutually agreed upon by the relevant CSMs, and undertake to establish a link with any other infrastructure upon request, based on the principle that the cost for establishing the link is borne by the requesting infrastructure.

9. *Have you adopted interoperability rules, i.e. interface specifications and business procedures for the exchange of SEPA credit transfers and SEPA direct debit payment orders between banks and infrastructures, and between infrastructures?*

Answer: As far as SCT is concerned there are interoperability rules for the exchange of SEPA credit transfers. Regarding SDD this question is not yet applicable.

a. *If yes, are the interoperability rules you are using mutually agreed upon by the relevant CSMs?;*

Answer: As a matter of course the interoperability rules are mutually agreed with the relevant CSMs.

- b. *please describe, especially where you are not using mutually agreed interoperability rules, the relevant elements for interoperability (message formats, cut-off times, clearing and settlement procedures, reconciliation and control procedures);*

Answer: This question is not applicable.

- c. *are you compliant with other relevant rules, guidelines or practises which aim at ensuring interoperability (e.g. the “CSM Market Practises”)?*

Answer: Yes, STEP.AT is compliant with other relevant documents (e.g. “SEPA CSM Market Practices”, “EACHA Interoperability Framework” where applicable).

10. *Would you undertake to establish a link with any other infrastructure upon request?*

Answer: Yes, the OeNB is willingly prepared to establish interoperability links with reliable infrastructures.

- a. *Have one or several links been established? If yes, please provide the names of the participating infrastructures;*

Answer: STEP.AT is interoperable on a bilateral basis with two reliable infrastructures by now:

- SEPA Clearer of the Retail Payments System (RPS)
This link with Germany was established on 4th August 2008.
- ICBPI/BI-COMP
This link with Italy was established on 9th February 2009.

- b. *a link would ideally be created on the basis of a mutually beneficial business case. In absence of such a business case, the requesting infrastructure provider would have to bear the costs of the requested link (setting up and maintenance thereof). Who bears the costs of the established link(s)?;*

Answer: Each party bears its own costs for implementation, testing, communication and maintenance.

- c. *have you considered, either on your own initiative or upon request, changing the internal processing procedures in order to increase the efficiency of a link? Have any such changes been carried out?;*

Answer: Upon request, some minor changes affecting the bulking have been implemented in order to increase efficiency on behalf of the receiving STEP.AT participants. Basically we intend not to individually adjust well functioning processing procedures for specific interoperability links.

- d. *how are the transfers between CSMs settled?*

Answer: Transfers between CSMs are settled in TARGET2 on a gross basis in terms of separate settlement payments for outgoing and incoming traffic per cycle and interoperability link.

2.3 Criterion 3 – Reachability

To promote the SEPA-compliance of infrastructures, infrastructures are asked to be able to send or receive euro payments to and from all banks in the euro area, either directly or indirectly through intermediary banks, or through links between infrastructures (in other words, to provide full reachability).

11. *Are you able to send euro payments from your participants and receive euro payments for your participants, to and from all SEPA scheme participating banks in the euro area, either directly or indirectly through intermediary banks, or through links between infrastructures?*

Answer: For strategic reasons, STEP.AT is a separate service in the OeNB's payment systems landscape from a business perspective. While STEP.AT is currently capable of sending to / receiving from almost 5.000 Banks (Austrian, German and Italian), the OeNB's STEP2 Service which is directly connected to the EBA's STEP2 Central System grants for reachability of all SEPA scheme participating banks.

a. *Please describe how many SEPA scheme participating banks you can reach (directly or indirectly) on the basis of contractual arrangements;*

Answer: On the basis of contractual arrangements either with STEP.AT participants or with interoperable CSMs approximately 5.000 Banks can be reached by STEP.AT.

Via the (separated) OeNB's STEP2 Service almost 4.300 Banks are reachable.

b. *how do you ensure that you are able to route a payment to each bank in the euro area that is participating in the SEPA scheme(s)?;*

Answer: Both together, STEP.AT with its interoperability links and the OeNB's direct participation in STEP2 grant for a maximum reach of banks in the euro area that participate in the SEPA SCT scheme.

c. *please describe how you obtain the necessary routing information. If you use your own routing database, how do you update it, i.e. how do you obtain the latest information from all SEPA scheme participating banks in the euro area? How do you address possibly conflicting information if a SEPA scheme participating bank is reachable via several payment channels? How*

is routing decided where there are several possibilities for reaching a SEPA scheme participating bank?;

Answer: For STEP.AT the OeNB monthly receives routing tables from CSMs with which it has an interoperability arrangement.

For STEP2 also routing tables are received on a monthly basis.

The routing information of the respective Services (STEP.AT and the OeNB's STEP2 Service) is consolidated into routing tables monthly and forwarded to the participant banks.

In case there are several possible ways of routing, the OeNB can define the preferred channel in the system's standing data.

- d. *how much time (in days) do you need to reach every SEPA scheme participating bank, respectively be reached by every bank in the euro area that is participating in the SEPA scheme(s)? Will you be able to reach every SEPA scheme participating bank within one business day at the latest by 2012?;*

Answer: Whilst the OeNB forwards SCT payments "same day" (except for payments received after the last cut-off of the business day), the overall execution time considerably depends on the number of parties involved in the payment flow. Hence, the minimum time is one day up to three days.

In order to reach every SEPA scheme participating bank within one business day, intermediaries will have to adapt/accelerate their processing and forwarding routines.

- e. *if you currently do not offer full reachability to your participants, do you intend to offer it at a later point in time? If so, how will you achieve this and by when?*

Answer: This question is not applicable.

2.4 Criterion 4 – Choice for banks

To promote the SEPA-compliance of infrastructures, infrastructures are asked to enable financial institutions to make infrastructure choices based on service and price, and therefore not to apply undue access restrictions, nor to set obligations for users to process certain types of payment in a specific infrastructure, or via specific proprietary standards, nor to impose participation obligations on users of other infrastructures, and to ensure full transparency of services and pricing.

12. *Have you made your retail payments clearing service offerings and your fee structure (including information (and amounts) about all types of applicable fees,*

such as admission fees, periodical fees, transaction fees or package fees) publicly available?

Answer: Detailed information on the OeNB's retail payments clearing service offerings – including fees – are publicly available on the OeNB's website <http://www.oenb.at/en>. Additionally, the OeNB is obliged to gazette any amendment to Terms & Conditions or pricing.

13. *Do you refrain from applying different access conditions depending on the type of applicant, its location or other kind of considerations?*

Answer: The same set of transparent access conditions applies for any applicant; Irrespective of its type, origin or other considerations.

14. *Do you refrain from obliging your participants to process certain SEPA payments in a specific infrastructure?*

Answer: No such obligation applies.

15. *Do you refrain from obliging your participants to use specific proprietary standards for SEPA payments?*

Answer: Since the OeNB's retail payment systems infrastructure exclusively respects the SEPA implementation guidelines for SEPA payments, there are no proprietary standards at all.

a. *If no, please describe the proprietary standards for SEPA payments that you oblige your participants to use.*

Answer: According to the answer given above (Question 15.), this question is not applicable.

16. *Do you refrain from imposing participation obligations on the users of other infrastructures when another CSM is requesting a link?*

Answer: Yes.