

FROM COMPLIANCE TO BUSINESS BENEFIT

Winners and Losers

A number of key observations are valid about financial services in a post-SEPA Euro zone.

The winners

It is SEPA's ambition to favour consumers. Consequently, both personal and corporate customers will be SEPA winners. Corporates and card schemes that already have an international profile will benefit from their current position.

The cost of payments will decrease with the pan-Euro zone corporate gaining the most benefits. Pan-European corporates stand to gain even more if they centralise their payments operations. Issues they will need to take into account include the economies of scale from the increase in payment volume, and the domestic and international opportunities of technological innovation.

Other winners will probably include the main international card processing companies, new PSPs, telecommunications operators and retailers. New technologies will afford them the opportunity to deliver innovative services to card holders and merchants, and as payments processors, across the whole Euro zone. Those that are most successful will move to a single integrated model for the Euro zone rather than a multi-country model.

The losers

There will be fewer 'super' ACHs left in a post-SEPA world than the current quantity of national clearing systems. But there will also be a few 'specialist' ACHs focused on particular payment instruments or channels. Smaller and less dynamic ACHs will fall away over a period of time.

It will be more difficult for those ACHs that forge national alliances rather than building an international strategy of development based on new technologies.

The unknowns

Euro zone banks

Large banks with the financial muscle to build significant SEPA solutions will only win if they execute their SEPA strategy effectively. If not, they will be attacked by more nimble national banks which are prepared to 'bet the bank' on being SEPA-compliant.

Other banks

Second-tier and national banks may be winners or losers. They will either achieve critical mass, be specialists in supporting corporate payments, or exit the market. There is unlikely to be any middle ground for them to occupy.

Schemes and service providers

A similar story applies for card scheme and service providers. Some will become pivotal to the European payments structure. Others will not exist in 10 years time.

Themes

The key theme for success is not necessarily the size of a market player, nor their geographical coverage in the Euro Zone, or even the amount of money available to play the SEPA game. Instead, success will be driven by the ability to become SEPA-compliant efficiently.

