SEPA: a means not an end

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Implementing SEPA is mandatory, but once its new system is up and running, corporates will be eager to take advantage of its full potential. It appears that their expectations vary considerably, depending on how they approached SEPA in the first place.

Organisations usually acknowledge that although migrating has its rough patches, SEPA greatly facilitates their payments and collections. This is particularly true for the ones that grow and operate in multiple countries. In addition to making their system compliant with the regulation, SEPA also puts them in pole position to streamline their treasury activities or set up a payment factory. Organisations with the most proactive approach use SEPA as a driver to transform their organisation. Experts find that the discrepancy in how the potential of SEPA is perceived and how the new instrument integrates to corporate transformation programmes is linked to how they addressed SEPA in the first place. Now that the SEPA migration is behind us, let's look at the whole scope of its potential.

A compliance driven approach

Corporates that were merely seeking compliance with the new regulation generally aimed to migrate at the lowest cost. They were also the ones with the lowest expectations regarding SEPA. They mainly saw the new regulation as an accelerator for change, capable of bringing tangible improvement - as standardisation facilitates the management of flows wherever they operate within the Eurozone.

As a reminder, SEPA comes into context where organisations are eager to implement processes to be leaner and more cost-effective. SEPA brings an increased visibility due to the centralisation of the treasury processes; more control over the payment and collection flows; and cost-effectiveness as a result of the industrialisation of the payment and collection processes. Not all corporates aim to reach these 3 objectives, or if they do, they might go about it gradually. In any case, the perspective of implementing a new process remains an opportunity to review and consolidate one's priorities, which helps in building the most adapted strategies.

It's never too late, but?

Marginally, in countries where waivers have been granted, some corporates might use all the available options to postpone their migration with a view to implement SEPA smoothly and in the best conditions. However, some should look at accelerating the process, since with SEPA, treasury operating costs can be considerably and rapidly cut down. In today's economic context, no corporate can afford to postpone streamlining its treasury operations and save hundreds of thousands of euros per year as a result. Lastly, postponing the implementation of a mandatory regulation resembles the nightmare of going Christmas shopping on the 24th of December. So why risk it?

Paving the way to a payment factory

For some organisations, implementing SEPA means laying the foundation for a future payment factory; in this context, it is part of a broader streamlining approach with a view to reduce costs. In such a case, it is likely that the treasurer, together with the CFO, had his SEPA migration approved at the highest level within the organisation, and managed it as a fully-fledged *business case*. It is also probable that SEPA was then seen as the accelerator of a global transformation project and a key driver for change, capable of bringing a tangible return on investment.

"*It's important to remember that SEPA is a means, not an end*", says Frédéric Bourlard from BNP Paribas, who observes that how corporates use the potential of SEPA much depends on how they approached it in the first place.

Leverage for transformation

One thing is for sure: corporates undergoing major growth ?and particularly the ones expanding abroad- will find that the new regulation helps gain visibility and control, reduces their treasury operating costs and, for some, is a formidable opportunity to engage in a global cash management transformation project.

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