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Working with businesses in all sectors across the Midlands, we understand how important payments are to our customers. Whether they are domestic or international, payments are a key function for any business and whether it's paying a supplier or salaries, or simply moving cash between accounts, making fast and secure payments is a central activity for businesses in the UK.

Over the last year we have seen two key developments in the world of payments which will have an impact on businesses in the UK that make sterling or euro payments; the introduction of the Single European Payments Area (SEPA) and the launch of Faster Payments.

SEPA is a single borderless area for electronic payments for countries within the Eurozone. It is a driver for change and is designed to support and facilitate commerce and the efficient movement of monies across EU borders. These cross border payments are made just as freely as domestic payments.

The SEPA programme is being developed by the European Payments Council and supported by the European Commission and European Central Bank. It is a gradual programme which includes the creation of SEPA as the first step, but also includes the introduction of new SEPA Credit Transfers (SCT) and SEPA Direct Debits (SDD).

The launch of SCT took place in January and the launch of SDD is scheduled to be launched in November next year. This is expected to offer a more streamlined way for businesses that have to collect monies across the EU.

The SDD launch is planned to coincide with the introduction into law across the wider European area of the Payments Services Directive. This will be wide reaching legislation, covering payments in all the currencies of the participating countries. It will also seek, among other things, to increase transparency in the information provided by the banks and payment service providers, and to introduce harmonized and guaranteed service levels. We will know more on the Payments Services Directive as we move into 2009.

The launch of the UK's Faster Payments Service has just recently taken place and it will make a difference to how businesses and personal customers make and receive payments domestically. The new service will benefit customers by speeding up one-off payments made over the internet or by phone, reducing the current three-day clearing timescale to enable these payments to clear within hours. For the first time it will also be possible to make these payments all day, every day. Standing orders that previously took three days to move between banks will now become same-day payments. They will continue to be made on bank working days only.

Each of the 13 participating financial institutions will be confirming their own plans for introducing their competitive services to their customers and explaining what this means for them. Like SEPA, this is a phased roll-out by banks to their customers over the remainder of 2008. As it settles down, it is expected that more financial institutions will take part.

For any growing business, cash management is crucial. Knowing how to make the most of cash balances, having complete control on funds and accessing new payment types can make a significant difference and businesses should turn to their banks for advice to discuss these matters.

The Royal Bank of Scotland (RBS) customers wanting to make Faster Payments or SCTs, will be supported by Bankline, the RBS internet banking service for every day banking that customers can access anywhere or any time. Other banks will have their own systems and also their own communications to customers to explain what this will mean for them.

For businesses in the UK and overseas there are many potential benefits to improve their cash management and business operations but realising these can be an issue. There are a number of issues to address with regards to SEPA and Faster Payments and now is the time to act.

It is important to keep up-to-date with the impact of these changes. Your bank can help you make the most of these new developments and understand fully how they impact your business. Using your bank to help make you aware of the overall initiatives will allow you to take advantage of their knowledge and guidance so you can focus on running the business.

As a practical step, if you operate in the EU, ensure that all invoices and communications to suppliers and contacts contain your IBANS and BICS, and seek them from those you deal with too. Knowing how you can use the benefits of faster payments to manage your cash flow differently will have an impact on your business. You may be able to use them to get money to your suppliers more quickly, whilst at the same time holding on to funds for longer. Or you may find they help your payroll process where you have temporary or weekly paid employees.

What has clearly evolved within the payments arena is that the focus is now very much on the customer. Payments are core to the relationship between a bank and a corporate. Working collaboratively with your bank will give you the guidance needed in order to take advantage of these changes.