

## Final Phase of Euro Changeover: Every 2nd Company not yet Ready for SEPA

10.10.2013

**Starting with 1 February 2014 there will only be IBAN and BIC**

**Time for changeover at SMEs is growing short**

**IBAN conversion service of Erste Bank**

“As of February 1<sup>st</sup> of 2014 the final phase of the euro changeover is completed”, explains Jean-Yves Jacquelin, specialist for European SEPA payment transactions at Erste Bank. Especially for Austria's small and medium sized enterprises this means that they need to become active now in order to quickly undertake the internal implementation of the changeover. Otherwise there could be liquidity shortages, unpaid bills, or delays in salary payments in February. Anyone who by then hasn't yet converted all account data of customers, suppliers, etc. to an international IBAN account number and the associated BIC can no longer conduct banking transactions. At the moment only every second company in Austria is ready to employ the Europe-wide, unified SEPA payment system and the SEPA direct debit procedure. “The internal changeover at companies takes about three months. The effort involved continues to be underestimated”, says Jacquelin.

The end of account numbers and bank codes from then on applies to both domestic and foreign payments. All payment orders that are by then still sent in the old format can no longer be processed by banks. The transition period for this step has been underway since 2009, since that time both formats have been accepted in parallel.

The SEPA system brings about the unification of the payment system of the entire European Union. One advantage is a shortening of settlement periods to a single working day, regardless of where to within the EU one wires funds. Furthermore, costs are lower and cross-border direct debit procedures will become available. One will also require only a single account within the SEPA region: someone working abroad within the EU will for instance no longer have to open an account in the respective country in order to receive his salary.

Erste Bank offers an IBAN conversion service to its corporate clients during the changeover. That means that companies can hand a list containing the banking data of their business partners to their bank advisor and will receive a list that has been converted to IBAN in return. All information regarding SEPA: [www.erstebank.at/sepa](http://www.erstebank.at/sepa)

### What is SEPA?

SEPA stands for Single Euro Payment Area and describes the creation of a unified payment system area for transactions in the euro. In this payment area no differences between domestic and cross-border transactions will be discernible for customers.