

BAWAG P.S.K.: banks on SEPA



Annette Gleisner
Senior Payments Manager, BAWAG P.S.K.



Austria's BAWAG P.S.K. believes early deployment of SEPA Direct Debits will give it a competitive edge. Annette Gleisner, Senior Payments Manager at BAWAG P.S.K., talks to Heather McKenzie, editor of International Payments.

"During an economic crisis, banks should look to increase efficiency, return to core services and reduce risks", says Annette Gleisner, Senior Payments Manager at BAWAG P.S.K., one of Austria's leading banks.

BAWAG P.S.K. is doing just this, identifying payments as a core activity and embracing the Single Euro Payments Area (SEPA) through its involvement in a SEPA Direct Debit (SDD) pilot with VocaLink.

BAWAG P.S.K. is the largest retail bank in Austria, with 1.2 million private customers and more than 60,000 business customers. The bank also services payments to and from the public sector. While the Austrian Government has mandated that all public authorities in Austria must be SEPA compliant, in general SEPA Credit Transfer volumes remain very low, says Ms Gleisner. "The government is trying to set a good example by using SEPA applications, but at the moment there is no reason for Austrian banks to switch to XML payment formats." The only reason this would change, she adds, is if wider regulations are imposed or if an end-date for domestic payments instruments is set."

A possible end-date of 2011-2012 would increase SEPA payments volumes, but as yet there is little agreement in the Austrian, and wider European payments industry about the end date. In the meantime, BAWAG P.S.K is pressing ahead with its SDD project, which it considers to be of competitive advantage.

The SDD pilot

A SDD business-to-business pilot, which was successfully completed earlier this year, was conducted with two of BAWAG P.S.K's corporate clients, and was part of a wider VocaLink project that involved ABN, The Royal Bank of Scotland Group plc and some of their corporate clients. BAWAG P.S.K is planning a further pilot this summer, and is hoping to bring on board more corporate clients.

The SDD pilot enabled BAWAG and its corporate clients to test a broad range of SDD services in advance of the scheme launch on 1 November this year. The pilot has enabled the bank and its corporate customers to test workflows and ensure that services can be delivered once SDDs are launched. "We are very confident we will be ready for the launch of SDDs in November and will be able to offer our corporate customers new, Europe-wide services," says Ms Gleisner. "Austria is a small market and I don't think corporates here should wait until 2011-2012 before they take advantage of the single European market. Using SDDs from their launch, corporates will be able to expand their businesses across Europe more easily."

At present, awareness and understanding of SEPA among Austrian corporates is not high, says Ms Gleisner. However, she believes the SDD pilot will help raise awareness and provide a good entry point for discussions with corporate customers about the advantages of SEPA Credit Transfers and Direct Debits.

Value-added services

Further down the line, there are other value added SEPA-related services that will prove valuable for both banks and corporates. These include payments capture, validation, mandate management, exceptions management, debtor and creditor services and Faster Payment type services. BAWAG P.S.K. believes involvement in the SDD pilot will demonstrate to its corporate customers that the bank is ahead of the market in delivering the SEPA vision through SDDs.

“Banks have to offer services that their business customers and consumers want,” says Ms Gleisner. “Value added services like mandate management will enable corporates to convert to SEPA instruments without increasing their expenditure.”

The mandate management service centralises critical mandate information on behalf of the bank and its clients, dematerialising paper mandates and minimising BAWAG P.S.K.’s infrastructure and development costs.

“Because we see payments as a core business, involvement in SEPA is very important to us. The launch of SDDs will bring about a major change in the market and will enable us to deliver new products to our clients. I think this will give BAWAG P.S.K. a significant competitive advantage over other Austrian banks,” says Ms Gleisner.

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Annette Gleisner, Senior Payments Manager, BAWAG P.S.K.

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