



Change in processing SEPA payment orders from the 27th of November, 2017

The EU's regulation creating SEPA sets forth a statutory deadline for the implementation of SEPA payment formats. This final deadline is 31st October, 2016, by when all EUR payments must be executed using SEPA payment methods.

what is SEPA?

SEPA stands for Single Euro Payments Area. It is a geographical area where economic players can make cross-border EUR payments under the same simple conditions, subject to the same rights and obligations. Its members currently include the 28 EU member states as well as Switzerland, Norway, Iceland, Lichtenstein, San Marino and Monaco.

why SEPA is important?

In order to process billions of transaction within SEPA efficiently, there must be a single, uniform data format used by all affected countries and stakeholders. This standardization results in faster and simpler processing, which translates into more efficient cash management and cost savings. The EU's regulation creating SEPA sets forth a statutory deadline for the implementation of SEPA payment formats. This final deadline was 31st October, 2016, by when all EUR payments must be executed using SEPA payment methods.

Practically this means that, starting on 1st November, 2016, businesses and institutional entities operating in Hungary – including you – have to use the ISO 20022 XML file format when submitting EUR-denominated batch payments within the SEPA area.

why SEPA is beneficial?

- Every payments provider use the same standard, offering the benefit of automated processing to both payers and beneficiaries.
- The full value of the SEPA payment will be credited to the beneficiary's account without any deduction, with both the payer and the beneficiary charged for their respective bank expenses only.
- The time limit for crediting the transaction value is statutorily stipulated and transparent.
- For payments it is enough to state the beneficiary's IBAN number.
- There is a narrative field available to supplement payments with additional information.
- It is possible to make and receive payments in the name or on behalf of others.

how do we support our clients?

Electra allows our corporate clients to submit SEPA payment orders in ISO 20022 XML format with additional information included. You can find a detailed technical description of the file format supported by Electra and test support on this page.

is it possible to use file formats other than ISO 20022 XML?

If you are not able to switch to the file format defined in the SEPA end-date regulation, you are be able to continue using the current, non-ISO 20022 XML import file format. A new Electra feature converts your EUR-denominated batch SEPA payments to ISO 20022 XML format before they are signed (admitted). It is possible to sign orders converted to ISO 20022 XML format, and submit them to our bank in the correct format.

Although file conversion can assist you in controlling your operating risk in the short term, and leave time to perform any necessary internal system development, in the long run you can benefit from the full advantages of SEPA if you make your transition to the new format. So we advise you to make the necessary steps as soon as possible.

**how SEPA payment orders are executed?**

We dispatch SEPA payments initiated via Electra or K&H's e-bank on day T+1, and those submitted in a branch on day T+2 to the beneficiary's bank. SEPA payment orders submitted with all the required information by 2.00 p.m. for electronic orders and 10.00 a.m. for paper based orders are processed on the same day. As stipulated in our corporate Announcement, SEPA payments may not be ordered for urgent, day T execution.

is there an upper limit for SEPA payments?

K&H executes SEPA payments with regular value dates up to a sum of 499,999 EUR. If the value entered is higher than this sum, the order will be executed via SWIFT.

is it necessary to provide a BIC (SWIFT) code for SEPA payments?

Starting on 1st November, 2016, it is not required to provide a BIC (SWIFT) code on your SEPA payment orders. Practically you are only required to state the beneficiary's name and account number in IBAN format and the value of the payment.

can be used the ISO 20022 XML format to submit orders in currencies other than EUR?

Yes, it can be used. In order to promote the usage of a single and standard format, it is advisable that you switch to ISO 20022 XML as your import format with respect to payments in all currencies supported by K&H Bank.

do you have further questions?

If you have any questions, please contact the K&H Corporate Customer Service by phone at 06 1 468 7777 or by e-mail at electra@kh.hu.

Kind regards:
K&H Bank