

## The new experts formed by SEPA

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The Single European Payment Area (SEPA) has lent a strategic and educational dimension to the cash management business.

"We are working for future generations and what we are doing with SEPA is a real cultural and technological revolution," says Martine Brachet, the head of interbank relationships at Société Générale. SEPA was introduced in 2002 and has already enabled the implementation of the European transfer (SEPA Credit Transfer) and banking cards that comply with the new community standards, both of which have been available since January 2008. The SEPA Direct Debit (SDD) will be introduced in France on November 1, 2010. The objective is to be able to use these new payment systems in all countries in the European region as easily as within national borders and at the same cost. By shaking up the financial landscape, SEPA has also changed the cash management business. Martine Brachet's career has been typical of those of the professionals involved in the SEPA project: lengthy experience in banking together with a strategic cross-divisional perspective. With Natixis since 1992, Didier Bruno shares this overall view. Currently the head of cash management, he stresses: "Our positions are highly exposed since we are positively and negatively impacted by the decisions made by all of the bank's departments." Some banks anticipated these new orientations, for example Banque Fédérale des Banques Populaires (BFBP) which as early as 2004 asked Anne Valérie Bouvier, who is in charge of SEPA, to reflect in depth on payments in the 2010 timeframe. "The shake-up with which we are confronted involves defining new cash management orientations," she says.

Both a political and a strategic project, SEPA has had a significant impact on these professions. "Our business has become more complex since our regulators hope that we will implement highly differentiated services," says Martine Brachet. "But they are doing their utmost to produce regulations that prevent us from doing so." Thus the decision in Brussels to forbid multilateral inter-currency fees beginning in 2012 has led to fierce opposition from French banks. Richard Lelong, the head of transactional banking at HSBC in France, observes: "Before becoming a commercial proposition, SEPA is a regulatory decision and we must be truly visionary to turn it into an opportunity for clients." In terms of its strategic dimension, the subject is sensitive. In particular there are uncertainties relating to the European Commission's decisions that are criticized for not building a true direct debit economic model. Formerly with Crédit Lyonnais, Thierry Nespoulous, the head of the SEPA offer at Calyon (Crédit Agricole SA), worked on the euro project up to the 'big bang' of 2002, and says: "At times I have the impression that I am walking on quick sand and for the past several months, given all the uncertainties with regard to the SDD, we have the impression that there is no tangible target." This complexity however lends a new dimension to this business, according to Didier Bruno's analysis: "I play a strategy role since I am the guarantor that everyone moves forward at the same speed with regard to the cash management process at the bank. This project provides us with an opportunity to do some strategic thinking which we must take advantage of." Martine Brachet sees the same change that SEPA has accelerated and which has eliminated the technical aspect of back-office tasks. "Previously, around half of our activities were standardized", she says, "while today it accounts for just 20% and it is more about policies and strategies." This role is all the more important in that no return on the SEPA investment is expected in the short term. "We need to think about value-added services, in particular with regard to debits," says Richard Lelong. "That incites us to put the product teams to work." Direct debit upsets the traditional debit transfer by shifting the management of the debit mandate to the creditor, which results in support

and archiving problems. SEPA coordinators must use their imagination to make these new products profitable. At Natixis, Didier Bruno can imagine the creation of mandate factories within the European debit framework through pooling or partnerships with other banks. Thanks to SEPA, cash management now proposes fewer products than it does overall solutions, since it is necessary to convince companies – the main users – to migrate to this space. However, the crisis has pushed this project onto the back burner and even at the banks management is no longer as highly committed as before. “I’m having to fight to make sure the new functionalities of our SDD offer will be delivered for the 2010 start up,” asserts Thierry Nespoulous. “The crisis means that we have to be more persuasive to justify our investments.” Those responsible for SEPA have therefore undertaken an educational and communication campaign concerning the project with both companies and banks. Hubert de Loqueville, the person responsible for implementing SEPA at Barclays, has worked at the UK bank for 22 years and has witnessed many major changes. “The biggest challenge currently is to get everyone to understand what SEPA represents,” he says. This new prerogative in their profession has spread and now encompasses training. Thierry Nespoulous is in the process of preparing a training program for the corporate sales force and says that it includes “a much more operational chapter on the SDD offer”. This chapter is all the more fundamental in that SEPA provides a cross-divisional perspective on the banking entity by making the marketing, sales and back-office teams work together. “It is a true cross-company project that goes well beyond cash management,” notes Anne Valérie Bouvier. “We are working with all of the group’s entities in both retail and corporate banking.” A high degree of skill [is required]. By raising the levels of complexity, SEPA has augmented the level of expertise of these professionals who for the same traditional back-office training (business school, Dauphine and “*grandes écoles*”) currently demand a high degree of experience. “Currently management prefers senior staff with good general banking experience,” confirms Martine Brachet. “Ten years ago I had half junior staff in my ten-person team while today I have a single junior person.” SEPA also favors experience over initial training as can be seen in the careers of Martine Brachet, who has a master’s degree in comparative literature and originally intended to become a translator, and Richard Lelong, who entered banking with just a secondary-level *baccalauréat* degree. SEPA has not stimulated compensation levels and the average salary for a head of cash management ranges from €80,000 to €120,000 depending on the size of the entity. Romain Boisnard, head of banking recruitment at Michael Page International, adds nonetheless: “SEPA has certified professional skills in the way that an ISO 9004 standard, for example, would, which despite the crisis has not only prevented decreases in salary but has helped to maintain them.”

SEPA has resulted in true specialization and payments have become a service that can be sold and are no longer seen solely as a back-office task. “SEPA, which I found extremely complicated, opens the possibility of transforming our profession into one offering business solutions,” concludes Hubert de Loqueville. “This is the best possible proof of our recognition since we are no longer viewed as a necessary evil.”

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