



## **EBA CLEARING Italian Representation: Opening Speech**

Ladies and Gentlemen, Colleagues and Friends,

It is a great honour and an extraordinary pleasure for me to welcome you this evening to the opening event of the new Italian representation of EBA CLEARING. I am very glad that our member banks and our technology and infrastructure partners are so well represented here tonight.

I would as well like to say that I am very pleased that the representatives of Banca d'Italia and Associazione Bancaria Italiana can be with us. Please allow me to personally welcome Dott. Franco Passacantando Direttore Centrale, Area Banca Centrale e Mercati, Sistema di Pagamenti e Tesoreria, with Banca d'Italia and Dott. Domenico Santececca, Direttore Centrale Area Corporate with ABI.

The relationship between EBA CLEARING and Bank of Italy is a long lasting one. It started with the foundation of EBA CLEARING in 1998 and with the launch of EURO1. As you all know, the settlement services provided by EBA CLEARING to banks participating in EURO1, STEP1 and STEP2 are based on Central bank money. The launch of SEPA, to which I will refer more in detail later on, has represented an additional opportunity to further strengthen the relationship already in place between Bank of Italy and EBA CLEARING. Banca d'Italia acts as a STEP2 SCT Direct Participant and settlement agent for a number of Italian banks using EBA CLEARING's SEPA Services.

The EBA Group and ABI have been cherishing a friendly and harmonious relationship for a long time now. We had a number of joint undertakings in the past (let's just think of the launch of the STEP1 Service and the role of ABI as facilitator) and very much appreciated the support ABI gave to the EBA Group in the organisation of our Annual General Meetings in Rome only last year. It is also thanks to ABI that we have ended up in premises located in the wonderful Palazzo Borromeo here in Milan. We are very grateful for having been received by ABI with wide-open arms and look forward to expanding our excellent cooperation now that we have a representative office here in Italy.

Ladies and Gentlemen, we seem to have chosen a perfect timing for coming to Italy because we are coming with the best of news: The recently launched STEP2 SEPA Credit Transfer Service or SCT Service is running very successfully and smoothly. Our PE-ACH has positioned itself as the central European infrastructure for processing SEPA payments across the 31 participating countries. The mark of the first 500,000 credit transfers processed by STEP2 SCT was reached this past Friday after only 10 days of operation. It



clearly indicates that the European market is beginning to pick up the new SEPA Credit Transfer format. It also shows that the banking industry across the Single Euro Payments Area has chosen STEP2 SCT as its key platform for exchanging these payments. So this is indeed a perfect time for opening a representative office in Italy in order to provide optimal support to the community of Italian banks in this emerging environment.

But we have not only chosen the perfect time for establishing an office in Italy, but also the perfect place. Those of you who are a bit familiar with Milanese history certainly know that the Palazzo Borromeo, where our new office is located, is named after an aristocratic family that counted – besides two cardinals – a couple of very successful bankers in its ranks, who were active in international banking back in 1400 with business across Venice, Milan and Rome but also Bruges, London, Burgos and Barcelona. What is more, its coat of arms contains the famous Borromeo rings, which can still be seen on the original columns and on the gate of the Palazzo Borromeo. The Borromeo rings represent the three families Visconti, Sforza and Borromeo who, after much fighting, formed an “inseparable union” through intermarriage. The connected rings symbolising this union are linked in such a way that when you try to remove any one of the rings, you always end up with all three links being disconnected. For a clearing and settlement provider as EBA CLEARING, the image of the Borromeo rings can serve as a strong metaphorical reminder of what is key in our business: cooperation with our user banks and technical partners and constant connectivity.

By establishing a permanent representation in Italy, we intend to continue strengthening the cooperation and connection network with our existing base of user banks and with our technology partner SIA-SSB. Both of them have substantially contributed to the development and delivery of the Pan-European Automated Clearing House STEP2 and its services. EBA CLEARING plans to play an active role in the Italian payments industry. Our aim is to facilitate the migration of the Italian banks from their local payment infrastructure arrangements and formats to the SEPA world.

Let me point out here that the major banks in Italy understood at a very early stage that the future banking place is Europe and that their future infrastructures will have to be European. When they had to decide on the renewal and modernisation of their payment infrastructure, EBA CLEARING was in a position to provide the solution. After successful discussions with EBA CLEARING, seven pilot banks decided to move their domestic payments from legacy infrastructure to the PE-ACH; at present, nine direct participants and 49 indirect participants are connected to the STEP2 Italian Credit Transfer. This move enables the banks to send all their intra-European euro credit transfers through one Single Gate. (These banks have truly become SEPA forerunners since they have taken a head start in their strategic positioning at a pan-European level, are very



flexible in their migration process from ICT to SCT and already today profit from gains in efficiency and cost savings.) The successful pick-up of STEP2 SCT has proven these pioneers in the European community right.

EBA CLEARING has decided to offer as well alternative migration paths to PEACH and to SEPA. We put in place a Shared Platform Concept that enables any local banking community in the EU to use amongst its members the technical platform of STEP2 instead of developing a new, SEPA compliant local infrastructure. Needless to say that such local initiatives would represent a non-negligible cost to its users against a very doubtful outlook on critical mass and return on investment. Using the Shared Platform means that the members of the local community have full access to the processing capability of the PE-ACH STEP2 while at the same time retaining a real local governance autonomy. We are very pleased that in Italy, this model has been adopted by SIA-SSB for the former SSB bank community. For us, it will be another showcase.

More generally, let me point out that we have put particular effort into ensuring that our PEACH has the broadest reach at the start of SEPA. We are extremely pleased to be able to report to the market that STEP2 SCT currently counts 104 direct participants, with 13 coming from Italy. Through these direct participants, close to 4,000 financial institutions in Europe are connected to our platform as indirect participants. And more than 1,070 of these institutions are based in Italy. As you know, we strongly believe that the Hub&Spoke model pursued by EBA CLEARING is the right infrastructure solution for SEPA. We see it clearly for Credit Transfers; it will be even more the case for Direct Debits. And as you can see from the figures I just gave you, a lot of Italian banks seem to share this belief.

Let me also highlight that within our objective to create the broadest possible reach at the start of SEPA, we sought the cooperation with local Clearing and Settlement Mechanisms and we established technical links between STEP2 and these local platforms for the non-local SCT payments of their members. At this point, we have established interoperability between STEP2 and 15 CSM providers in 12 SEPA countries. In this regard, I wish to mention the successful cooperation we have with Seceti.

Our commitment to SEPA does not stop with the implementation of the Credit Transfer Service. We have already integrated and tested a SEPA Direct Debit Service on the STEP2 platform which is compliant with the EPC SEPA Direct Debit Scheme Rulebook. We expect the service to be fully embraced by the banks in Europe once all countries across Europe have transposed the PSD to their national laws. However, we do not exclude that certain communities or banking groups might migrate faster and I can say that we have enquiries in this regard.



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We expect that the development of electronic mandate management solutions in the Business-to-Business area will positively influence the use of the new direct debit instrument. We will therefore start to look into this issue as well.

Furthermore, the EBA Group is trying to identify and tackle the next steps on the road to a dematerialised payment environment: Last week, the EBA Association published a reference guide on e-invoicing. The objective of this report is to provide stakeholders with up-to-date information on the subject-matter and to offer a basis for debate on the way forward towards enabling electronic invoicing at a pan-European level.

At EBA CLEARING, we look forward to supporting our banks in tackling these industry projects. Daniela Vinci, our Country Representative for Italy, and the whole EBA CLEARING staff are excited at the prospect of taking forward some of these work strands with you and your colleagues right here, in our Italian office or during local visits. There is certainly no better place for developing innovative payment solutions than the country that saw the first bills of exchange, cheques and cashless payments. So let us further strengthen our connections and work together at the issues at hand in the cooperative sphere. Together, we should be able to ring the changes and significantly contribute to a truly dematerialised and efficient pan-European payments landscape capable of generating value.

Thank you for your attention.

Giorgio Ferrero  
Chairman, EBA CLEARING

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