



BANCA D'ITALIA
EUROSISTEMA

ABI Associazione
Bancaria
Italiana

National Migration Committee

SEPA Project

The National Migration Plan

December 2007

The document is the update of the National Migration Plan to SEPA of the Italian community and describes the progress made since the approval of the last version in May 2007. It was endorsed by the National Migration Committee in its last meeting on 17 December 2007. On that occasion, representatives of corporates said they would assess the document in light of the work done so far and would make observations and comments, in particular, on critical issues and on possible solutions to open issues.

1. Executive summary: structure and contents of the plan

This National Migration Plan sets forth Italy's position and choices for the operational start of the migration to SEPA. The document should be read as an account of the decisions taken and the progress made in the national migration process, in compliance with the timetable laid down by the EPC and in particular with the deadline for the launch of SEPA on 28 January 2008. Consistent with the European scenario and vision, the contents and structure of the plan follow the guidelines and recommendations of the Eurosystem and the EPC.

- ❖ The Italian banking system has completed all the activities for the start of the SEPA Credit Transfer (SCT) migration on 28 January 2008. Of the 801 banks surveyed nationwide, 79 per cent will be capable of providing the SCT service (incoming and outgoing) as from January 2008. The rest will begin the migration by the end of 2008. The Bank of Italy has adhered to the SCT scheme and notified its adherence directly to the EPC.

The banks have accordingly taken appropriate actions vis-à-vis the operational, commercial and technical aspects of the project in order to provide the service in a timely manner. Further:

- A number of meetings, coordinated by the Italian Bankers' Association (ABI), have been held, leading to a national **interoperability agreement** between CMs.
- A test plan was devised and executed, based on the document "EPC228_06_Testing_Framework v2.2 20070302_ROC". To date, 660 banks, or 82 per cent of the 801 Italian banks, officially adhered to the Test Plan aimed at providing the SCT service in January 2008. Of the participating banks, 53 will have direct relations with Italian and non-Italian ACHs; they will serve both as accounting intermediary and test coordinator for the other banks.
- The national **adherence process** is handled by ABI.
- The **Interbank Corporate Banking (ICB) Association** has developed a payment initiation service for firms for the SEPA Credit Transfer starting 28 January.

As part of monitoring at country level, ABI is still awaiting the results of the "Second survey on the progress made by the banking system". The data will make it possible to **hypothesize the approximate date by which a critical mass** of domestic transactions will have **migrated to the SEPA Credit Transfer** scheme. The hypothesis will be checked out with users. To date, in fact, the banking system has not yet set a date for phasing out national services in favour of SCT; this can be done exclusively on the basis of the market response.

As for the **SEPA Direct Debit**, banks have been urged to continue working to devise the applications needed to handle a "basic" SEPA Direct Debit. The commitment for general provision of the new SEPA collection services depends on when the Payment Services Directive is transposed into Italian law.

- ❖ In parallel with the migration to SEPA instruments, the project stakeholders agree on the exclusive use of IBAN as the bank account identifier starting in January 2008. To facilitate the transition, a special interbank procedure has been developed to align the IBAN of major users of payment orders. The procedure was launched on 5 November 2007.
- ❖ **Payment service infrastructures** will handle the new SEPA instruments, favouring complete reachability of Italian intermediaries (national interoperability agreements). In this regard, in addition to the banks' choices concerning the adherence to SEPA-compliant CSMs that apply to become PE-ACH, ABI, within the National Committee, has sponsored an interoperability agreement among CMs at national level to facilitate circularity and reachability in the interbank procedures for the exchange of SEPA credit transfers in Italy. The agreement is open to future adherence of other CMs intending to provide the service of exchanging SEPA instruments. The Bank of Italy as operator of the Italian retail payment system BI-COMP has adapted its system to handle SCT transfers and be interoperable with similar European structures starting 28 January. The Bank will also offer BI-COMP participants a link-up with EBA Clearing's STEP2 system.
- ❖ **The Public Administration** has completed the studies towards migration of current instruments to SEPA schemes. The migration process will be gradual and will begin in January 2008.
- ❖ The implementation of SEPA for payment cards is on schedule. The work of the Euro Alliance of Payment Schemes, in which Italy participates via COGEBAN, is continuing.
- ❖ The activity towards the Single Euro Cash Area is proceeding on the calendar set by the EPC and the Eurosystem in the SECA Framework and in the Recycling Framework.
- ❖ Communication and training activities have been planned in detail in coincidence with the start-up phase for the provision of SEPA-compliant instruments to customers (the beginning of 2008). The initiatives are tailored to the needs of the various types of user.

To promote familiarity with SEPA issues, ABI, together with consumer and business associations, has begun the diffusion among bank customers – firms and individuals – of information on specific SEPA issues and on the benefits of the migration to SEPA (e.g. the adoption of the IBAN). In 2007 this communication campaign involved the preparation of informational materials and the holding of three conferences on SEPA themes: “cards”, “interbank corporate banking” and the impact of SEPA on Italy.

The communication plan for 2008 will concentrate on a number of events and meetings at local level and on preparing additional informational material. Banks have asked that actions be taken to inform the general public on SEPA issues. The chairmanship of the National Migration Committee is studying possible further actions in the run-up to the launch on 28 January.

- ❖ In line with the European rules on publication of EU-wide Additional Optional Services (AOS) to favour interoperability throughout the SEPA area, the optional services to be offered in Italy will be made available on the web both in Italian and in English, in order to guarantee public access and permit detailed understanding by non-Italian speakers.
- ❖ Since May 2007 the Interbank Corporate Banking (ICB) Association has been conducting an analysis of banking AOS for firms as regards the standardization of innovative services for

the customer-to-bank segment. Starting 28 January 2008 ICB banks will offer the payment initiation service according to the requisites and standards of the SEPA Credit Transfer.

- ❖ Italy has performed preliminary analysis of Remittance Information. Considering the start of EPC work to define the procedures for structuring this field, the possible future adoption of guidelines communicated at European level is envisaged.
- ❖ As to balance-of-payments reporting, in line with the development of the single retail payments area, the Italian Foreign Exchange Office has revised the methodology for data collection, shifting from an indirect, taxation-based system relying on reporting by banks, to direct reporting by firms, mainly via sample surveys.

The changes to the statistical balance-of-payments reports, in effect from 1 January 2008, are the following:

- The reporting threshold for statistical foreign exchange reports and the foreign exchange accounting framework is raised from €12,500 to €50,000 for the transactions of “residents” with “non-residents” who are residents of other EU countries, Iceland, Liechtenstein, Norway and Switzerland. The €12,500 threshold remains in effect for transactions of Italian residents with persons resident in all other non-EU countries.
- The application of the new threshold does not alter the Italian Foreign Exchange Office instruction 2001/3 of 21 December 2001 as regards item 7010 of payment details on the foreign exchange accounting framework form.
- Banks are allowed not to submit the accounting framework form for foreign settlements of transactions on residents’ accounts exchanged among Italian banks (e.g., SEPA and TARGET2 transactions between Italian banks on behalf of resident customers even if settled via a foreign correspondent bank).
- The statistical foreign exchange report for current commercial transactions is abolished, so the payment details on settlements of such transactions need no longer be given.