

SEPA Direct Debit

Reach new customers while being more efficient at cross-border and domestic collections

SEPA Direct Debit is the first pan-European Euro Direct Debit scheme with harmonised processes and standards for collecting and making payments. It enables companies to perform cross-border and domestic collections, across or within 32 countries throughout Europe by providing a single interface, infrastructure and set of processes.

Direct debits are an efficient method of collecting funds. They add control and convenience, improve the predictability of payments and aid customer retention. Although they are increasingly being used as a means of payment between businesses, the highest volumes are seen in the consumer-to-business marketplace to manage repetitive collections.

Until SEPA, an efficient method based on a single standard was not available in Europe to collect payments from cross-border customers, being business or consumers. The SEPA project has created a single infrastructure with a central automated clearing house (ACH) managed by EBA Clearing and regulated by the European Payments Council. In addition to cross-border direct debits, the new infrastructure will be able to support domestic direct debits.

Citi country coverage

Austria	Ireland
Belgium	Luxembourg
Bulgaria	Netherlands
Czech Republic	Norway
Denmark	Poland
Finland	Portugal
France	Romania
Germany	Slovakia
Greece	Spain
Hungary	Sweden
Italy	UK

Innovation brings efficiency

SEPA Direct Debit is composed of two schemes:

Core is dedicated to all payment flows, consumer-to-business or

business-to-business flows.

Collection instructions can be sent by a creditor's bank to the debtor's bank 5 inter-bank business days before the due date for payment for the first collection or a one-off collection and then 2 inter-bank business days before for subsequent collections. The debtor client has recourse to refunds for authorised and unauthorised collections.

B2B is dedicated to business-to-business payment flows. Collection instructions can be sent 1 inter-bank business day before the payment due date for the first and subsequent collections. The debtor client does not have recourse to refunds for authorised transactions.

Citi offers both schemes in all of its branches located in the SEPA area.*

With Citi SEPA Direct Debit, you, as a creditor client, only need to send one file to your bank containing your domestic or cross-border collections for all countries as early as 14 days before the due date for payment. Citi will process the file and collect the funds on the date requested.

You don't have to hold a central account for all the transactions. Citi will credit the account you have specified in your collection instructions.

If any transactions are returned unpaid, Citi will notify you of this, and reverse the original collection automatically.

Benefits at a Glance

Predictable collection of cross-border invoices

enables businesses to collect from business and consumer customers anywhere in the European economic area.

Facilitate centralisation

acts as an enabler for the creation of shared service centre or central treasury operations by being able to reach countries across the SEPA region from a single location.

Harmonized standards:

standardized mandates, file formats and processes for all 32 countries increases efficiency.

Single legal framework:

SEPA Direct Debit is regulated by a single institution, the European Payments Council, setting similar rules in every SEPA country reducing the legal complexities.



Key features of Citi SEPA Direct Debit

Use of BIC and IBAN. Bank Identifier Codes (BICs) and standard International Bank Account Numbers (IBANs) bring standardisation to the way of reaching bank accounts during transactions.

Channels.* Citi's existing web-based platform, CitiDirect® Online Banking, supports the set-up of new SEPA Direct Debits. In addition to CitiDirect, CFX will collect files containing direct debit instructions. This eliminates the cost of connecting to new markets and maintaining multiple connections.

File formats.* In order to minimise client impact and facilitate the adoption of SEPA Direct Debits, Citi supports a wide range of file formats that can be used to send collection instructions: XML, iDoc, DirDeb, CP2E and CDFF.

Core and B2B schemes. All Citi countries offer both schemes to clients who want to adhere to SEPA Direct Debit based on their target customers.

Rejects/returns reporting. Knowing which item has been returned uncollected is the key to any successful direct debit service, which is why SEPA brings standard R-messages. Transactions can be returned as uncollected for a variety of reasons; for example, the collection account does not have enough funds or is closed or the instruction is unclear. All these reasons are communicated back to you.

Accounting structure. Similar to domestic direct debit schemes, funds collected as part of a domestic or cross-border SEPA Direct Debit instruction will be credited in the account specified in the instruction. Therefore one file can contain one or many accounts for each country collecting funds or one central account collecting funds for all the countries.

22 countries.* Citi will offer one of the largest SEPA Direct Debit networks, as all the Citi countries within SEPA are providing the service.

Citi SEPA Direct Debit, step by step

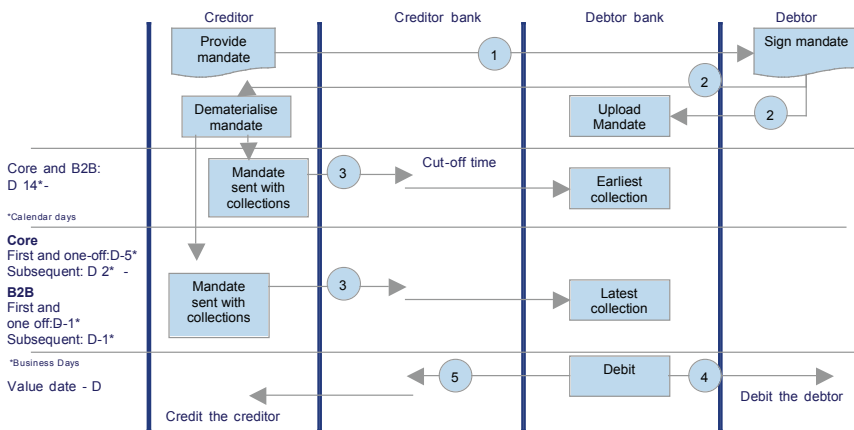
The debtor signs the mandate provided by the creditor.

As a Citi client, a debtor will lodge the mandate with Citi, using CitiDirect. This allows Citi to check that every collection made on the debtor account complies with the mandate.

As a Citi client, a creditor will lodge the mandate in their own systems and will send details of it electronically with each collection instruction.

The transactions within the file are validated as being acceptable for onward processing. Scheme-level exceptions will be communicated to the client via the respective initiation channel.

The creditor's customers are debited by means of the direct debit transactions and the creditor's local accounts or central account are credited based on the information provided in the collection instruction.



* Availability dates are not all the same. Please contact your client manager for details.

Global Transaction Services www.transactionservices.citi.com

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