

## CSC's PTS/SEPA Solution – Commerzbank plans for payments growth with a pan European PTS/SEPA solution

### PTS/SEPA AT A GLANCE

Every bank offering payment services in the Euro currency must comply with new operating frameworks for the Single Euro Payments Area (SEPA).

SEPA aims to transform individual national retail payment markets into one pan-European market with massive potential cost savings for corporate and public sector customers.

PTS/SEPA is standard - but customisable - web based software that enables customers to get ready for SEPA without huge investment, and delivers efficient and cost-effective straight through processing of global electronic payment transactions.

**Commerzbank is poised to grow its payments transactions business across Europe, using CSC's PTS/SEPA system to develop tailor made, value added services for its corporate customers. PTS/SEPA enables the bank to comply with Single Euro Payments Area (SEPA) regulatory requirements – a key step for Commerzbank's global ambitions.**

Founded in Hamburg in 1870, Commerzbank has grown to become Germany's second-largest bank and one of the leading banks in Europe. It employs some 36,000 employees, looking after eight million customers worldwide.

Commerzbank provides a wide range of financial services to private and business customers. It has a tradition of supporting small to medium sized companies, but also serves major corporate and multinational organisations. Its retail banking is focused in Germany, with some additional direct banking activities provided by its subsidiary BRE Bank in Poland, Czech Republic and Slovakia. Its corporate business is spread across Western, Central and Eastern Europe mainly, with significant business also in North America. Commerzbank's subsidiary "Eurohypo" is a major player in worldwide real estate financing.

The bank believes its success is firmly based on the quality of its services to customers. Amongst its corporate offerings, it is particularly proud of services to promote effective payments and transaction management: up-to-date information, reliable planning tools, and efficient control instruments. Commerzbank says that companies should see the management of transactions as 'of vital importance for securing liquidity and thus the success of a business enterprise'.

### GLOBAL PAYMENTS UNDERSTANDING

Commitment to payment services was why Commerzbank decided to review its payments support technology in the mid 1990s. "We knew we had a very successful payments business. Our customers valued it, and it was a big contributor to our success," says Horst Rinkenberger, Vice President for the bank's IT applications, foreign units, payments and cash management. "To grow that business outside Germany, however, we needed new hardware, better functionality and a business partner that really understands global payments."

CSC's expertise in global payments was a major reason why the bank chose its PTS applications suite from the systems considered, and CSC had provided consultancy to Commerzbank in its payments area before.

"PTS offered us the performance we needed," continues Horst Rinkenberger. "The cost case was also very good. However, the compelling reason was CSC's understanding of the payments markets and processes worldwide, and its ability to support and maintain the system across Europe."

PTS performed well as it went live throughout Commerzbank's European branch network, transacting an average of 8,000 transactions a day in each branch. "It helped us enhance our payments services and take the payments business forward," says Horst Rinkenberger. "PTS straight through processing rates means we decreased our manual workflow, and that translated into efficiency and cost savings."



## SEPA OPPORTUNITY

When Europe's financial industry committed to the creation of a Single Euro Payments Area (SEPA) and standardised processes for Euro payments throughout Europe, Commerzbank saw a massive opportunity to develop its corporate payments business.

To comply with SEPA regulations, the bank needed to support all European Payments Council common payments processes in all its country branches. Success with PTS encouraged the bank's management to work with CSC to develop a new PTS/SEPA customer bank module.

Work began in early 2007, and the bank, after testing the PTS/SEPA software and its interfaces with existing systems in Europe, has been live since the launch of SEPA on 28th January 2008. The plan is to implement PTS/SEPA in Central and Eastern Europe by the end of 2009.

Horst Rinkenberger is enthusiastic about the joint development project and its smooth delivery on time to meet tight SEPA deadlines.

## OBJECTIVES MET

"It wasn't simple because we had to take account of payment systems in Germany and in the six countries where Commerzbank has branches in West Europe, but CSC is a great partner for that kind of complexity. We never had issues that we couldn't solve between us, and the knowledge we have shared has been really good for Commerzbank. CSC's relationship with our team - ten project people - has been open and close throughout the project."

"We have met our objective of achieving SEPA capability by January 2008, and we have a system platform to enable us to develop competitive new services for customers as the SEPA payments harmonisation unfolds. Because it is written in Java, it gives us flexibility to operate independently of other PTS modules as SEPA progresses."

Readiness for SEPA means that the bank can offer corporate customers personal consultations on the effects of uniform processing across Europe. Commerzbank is emphasising its early SEPA direct debit support to customers - the first transnational debit procedure, available by accessing the bank's 'own sophisticated technical interface'.

As well as SEPA credit transfer, which does not differ substantially from the European Union standard transfer introduced in 2003, the bank will also offer SEPA cards framework conformance, allowing card owners to use their cards throughout the payments area, as if using them in their home country. Commerzbank can assure merchants there will be no technical or processing difficulties in the acceptance of SEPA-conformant cards.

"Our payments management specialists are very pleased with CSC's PTS/SEPA system," says Horst Rinkenberger. "They believe it gives Commerzbank the platform to exploit SEPA opportunities - not just in the 'mature' branches, but in the fast growing Eastern Europe units too."

## THE COMMERZBANK STORY

- ▶ Commerzbank differentiates itself with quality services for customers
- ▶ It views payments management as crucial to corporate customers' success
- ▶ As it expanded its payments services in Europe, it needed better systems support and a partner with proven global knowledge and experience
- ▶ CSC's PTS system was chosen for its European branches
- ▶ The development of SEPA set a new challenge for compliance to meet uniform processing requirements throughout Europe
- ▶ The bank chose to work on a joint development of PTS/SEPA with CSC
- ▶ The complex project was delivered on time, met all objectives and enabled knowledge transfer between CSC and Commerzbank
- ▶ The bank is now positioned to enhance its payments management offerings in the short term and has a platform to develop its payments business as SEPA harmonisation gathers pace
- ▶ PTS/SEPA will meet growth opportunities particularly in Eastern Europe in future.

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