

Processing of retail payments: Services of Deutsche Bundesbank

Department
Payments and Settlement System



Processing of retail payments: Services offered by the Bundesbank

With its retail payment system (RPS), the Deutsche Bundesbank provides the banking industry with a cost-effective, high-performance platform for non-urgent domestic and cross-border euro payment transactions. The RPS consists of the SEPA-Clearer processing services as well as the RPS cheque processing service.

- The SEPA credit transfers, SEPA direct debits and SCC collections submitted by credit institutions are processed via the SEPA-Clearer.
- The RPS cheque processing service processes cheque payments denominated in euros between German domestic credit institutions.

Public authorities also process their payments via the Bundesbank. These payments can either be submitted electronically via the Customer Access Mechanism (HBV-SEPA) or in paper form.

The Bundesbank is valued as a reliable and neutral partner by both the banking industry and the public sector for the processing of retail payments.

Europe-wide accessibility via the RPS SEPA-Clearer

All credit institutions which have signed the SEPA Adherence Agreements of the European Payments Council (SEPA credit transfer and/or SEPA direct debit) or the Girocard agreement of the German Banking Industry Committee (SCC collections) are allowed to participate in the SEPA-Clearer. The connection to the SEPA-Clearer can be made either directly ¹ or indirectly ².

Payments for credit institutions which are neither direct or indirect participants in the SEPA-Clearer are forwarded via other clearing infrastructures. For such purposes,

the Bundesbank has direct bilateral links to various other European clearing houses including the payment Service Austria, the Spanish clearing house Iberpay, the Dutch clearing house Wordline and the Bulgarian payment system operator Borica. Further payment markets are accessed via the direct SEPA-Clearer participation of various national central banks. In addition, the Bundesbank is a direct participant in the SCT and SDD services of EBA CLEARING's STEP2 clearing house. SCC collections are exchanged on the basis of a bilateral cooperation between the Bundesbank and EBA CLEARING.

¹ Credit institutions within the meaning of Article 4 (1) of Directive 2013/575/EC

² Credit institutions within the meaning of Article 4 (1) of Directive 2013/575/EC as well as other payment service providers

Europe-wide accessibility via the SEPA-Clearer

Euro area

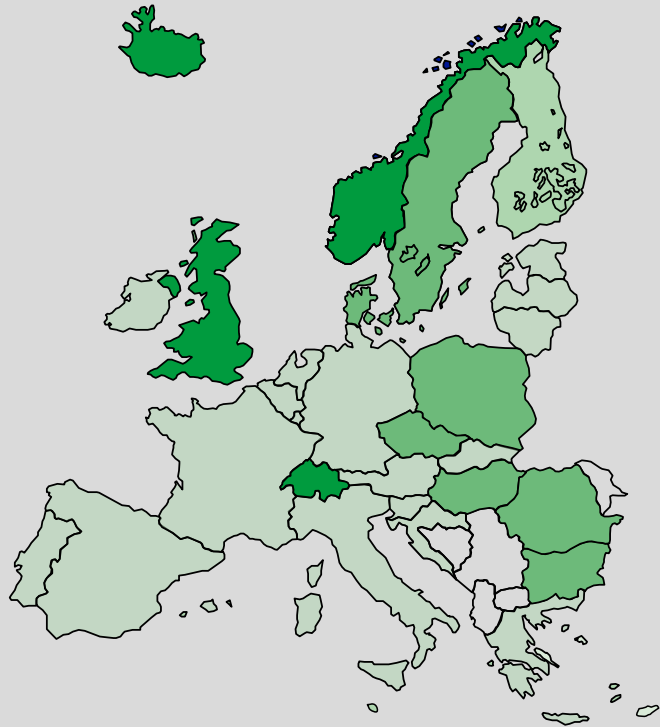
- 343 mn. inhabitants
- 584 mn. overnight deposits
- 313 mn. payments per day
- 5.242 payment service providers

EU-27

- 448 mn. inhabitants
- 745 mn. Current accounts
- 392 mn. payments per day
- 6.551 payment service providers

SEPA geographical scope according to EPC

- EU-27 + EEA countries
- + Switzerland
- + Monaco
- + San Marino
- + United Kingdom
- 516 mn. inhabitants



The processing logic of the SEPA-Clearer

Payment processing in the RPS SEPA-Clearer is conducted in accordance with the TARGET2 calendar. German national and regional public holidays, which are not TARGET2 holidays, are not taken into account.

Submission and delivery of transactions is only possible by means of electronic data transmission. The EBICS and SWIFTNet FileAct communication procedures are available for this purpose.

Various submission windows are supported for SEPA credit transfers, SEPA direct debits and SCC card collections over the course of the business day. Payments are generally settled and delivered following the cut-off time of the individual submission window. The booking is made on RTGS DCAs of TARGET-Services. A participant

can use a settlement agent if desired. Settlements are carried out in accordance with the gross settlement principle for each submitted or delivered logical file.

When delivering payments, account is taken of any routing order which may have been set up based on the Business Identifier Code (BIC).

Every participant receives separate reconciliation files for each of the SEPA-Clearer services used (SEPA credit transfers, SEPA core direct debits, SEPA business to business direct debits, SCC collections) at the close of a business day (around 22.00). These so called daily reconciliation reports contain a compilation of all the successfully submitted and delivered payment files from that business day.

Processing of SEPA credit transfers via the RPS SEPA-Clearer

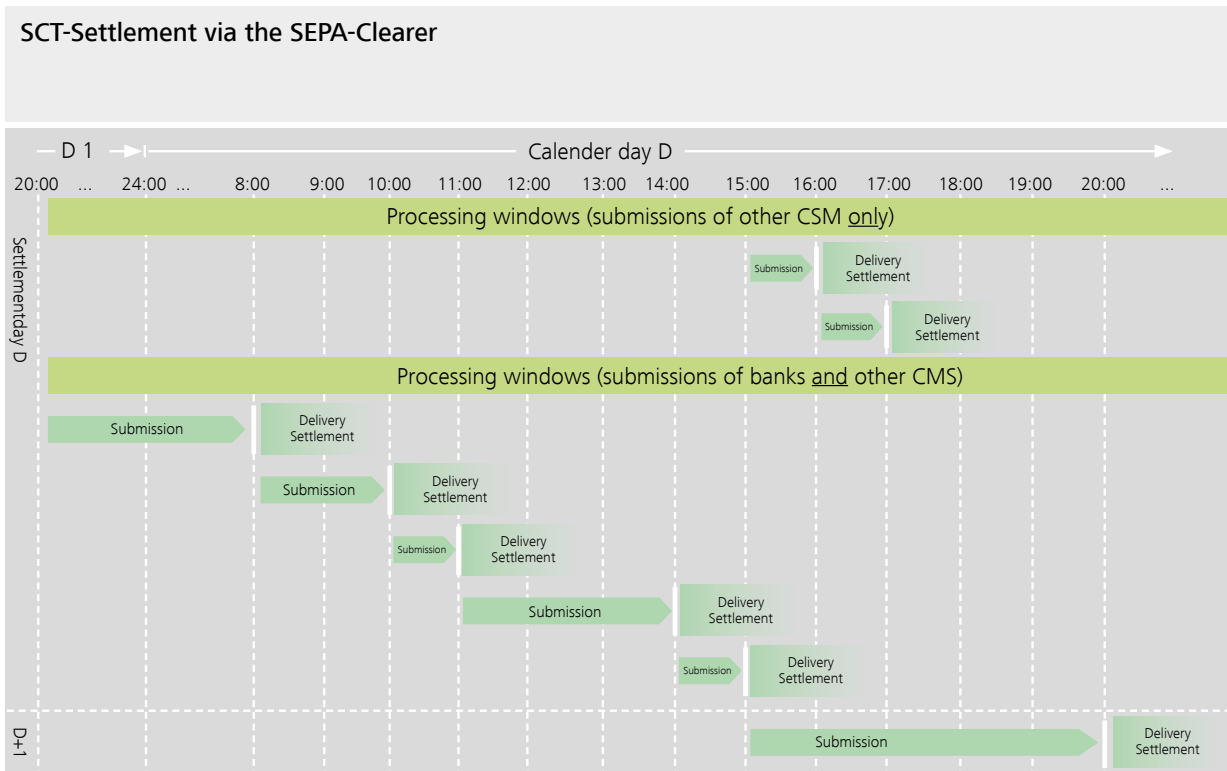
The settlement and delivery of processed SEPA credit transfers takes place directly after cut-off of the respective submission window.

All SEPA credit transfers submitted after 20.00 on the previous day and by 08.00 on the current banking business day are delivered and settled from around 08.10 onwards using the date of the current banking business day. SEPA credit transfers submitted between 08.00 and 10.00 are settled and delivered from around 10.10 onwards. SEPA credit transfers submitted between 10.00 and 11.00 are settled and delivered from around 11.10 onwards. For SEPA credit transfers submitted between 11.00 and 14.00, this takes place from around

14.10 onwards. SEPA credit transfers submitted between 14.00 and 15.00 of the current business day are settled and delivered from around 15.10 onwards.

The SEPA-Clearer business day changes during the subsequent submission window. SEPA credit transfers submitted between 15.00 and 20.00 are delivered as of around 20.10. These payments are settled in accordance with the business day change in TARGET, using the following business day's value date (D+1).

In addition, SEPA credit transfers submitted by other clearing houses are settled and delivered from around 16.10 and 17.10 onwards.

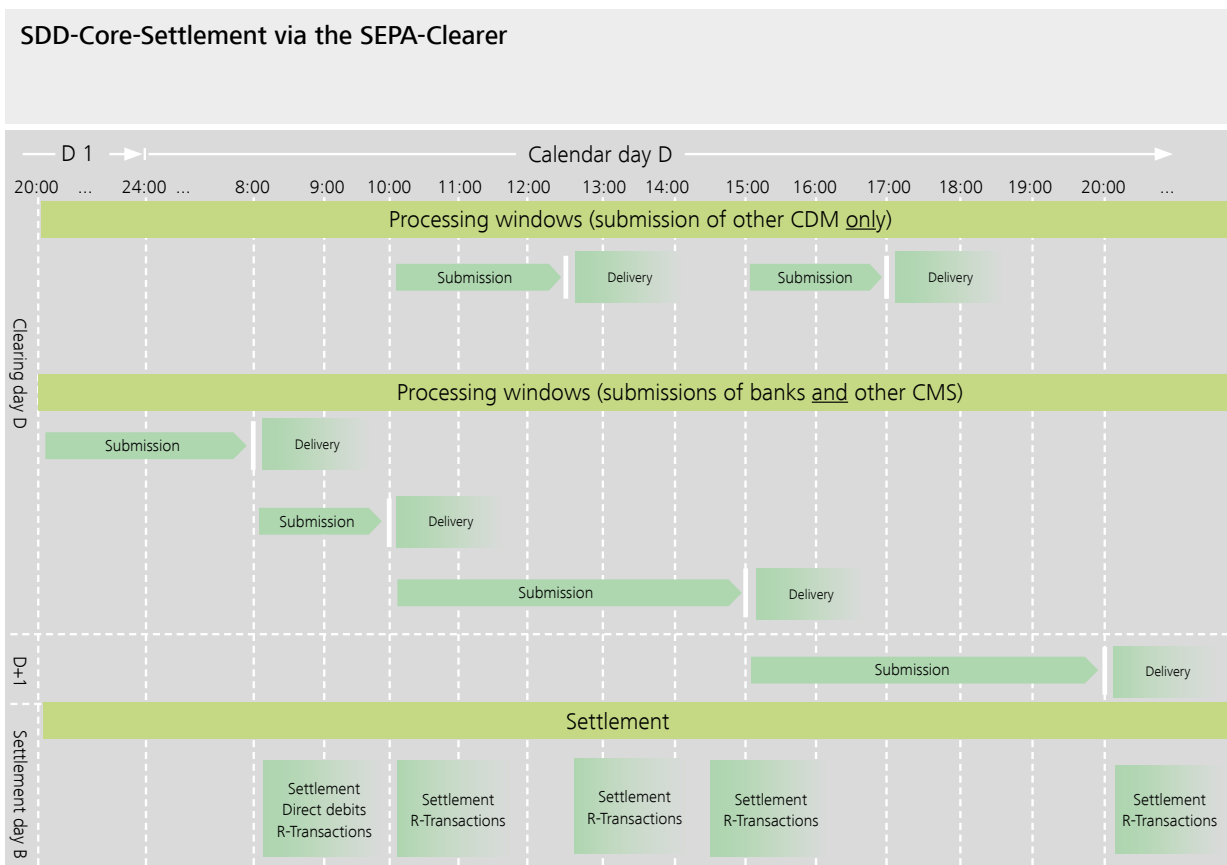


Processing of SEPA direct debits via the RPS SEPA-Clearer

With regard to the settlement of SEPA direct debits, it should be noted that the delivery and settlement of payment messages is usually handled at different times. Aside from this, it is important to differentiate between SEPA core direct debits and SEPA business to business direct debits.

All SEPA core direct debits submitted after 20.00 on the previous day and by 08.00 on the current business day are delivered from around 08.10 onwards. SEPA core

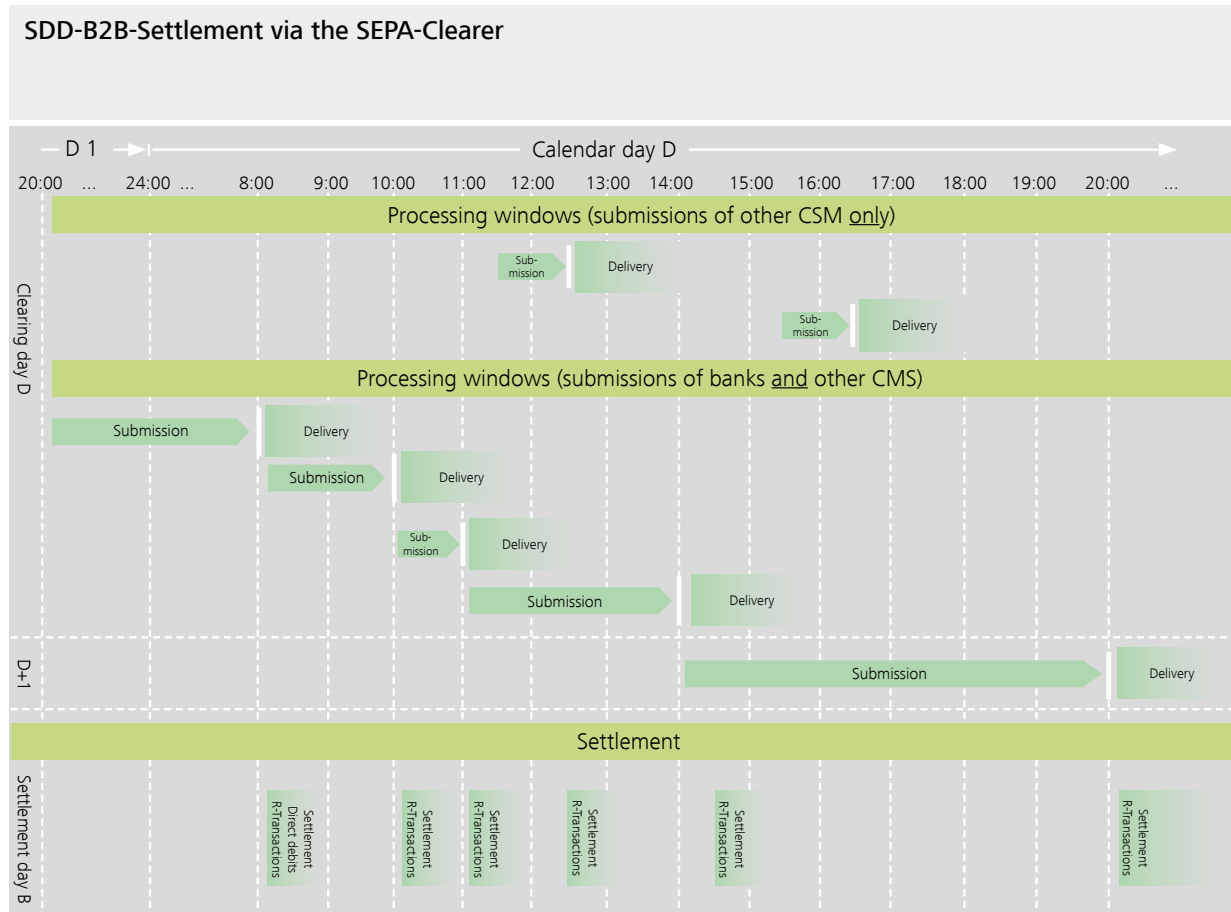
direct debits submitted between 08.00 and 10.00 on the current business day are delivered from around 10.10 onwards. SEPA core direct debits submitted between 10.00 and 15.00 are delivered from around 15.10 onwards. SEPA core direct debits submitted between 15.00 and 20.00 on the current business day are delivered from around 20.10 onwards. In addition, SEPA core direct debits submitted by other clearing houses are delivered from around 12.30 and 17.10 onwards.



All SEPA business to business direct debits submitted after 20.00 on the previous day and by 08.00 on the current business day are delivered from around 08.10 onwards. SEPA business to business direct debits submitted between 08.00 and 10.00 of the current business day are delivered from around 10.10 onwards. SEPA business to business direct debits submitted between

10.00 and 11.00 are delivered from around 11.10 onwards. SEPA business to business direct debits submitted during the subsequent submission window between 11.00 and 14.00 are delivered from around 14.10 onwards. SEPA business to business direct debits submitted between 14.00 and 20.00 are delivered from around 20.10 onwards.

In addition, business to business direct debits submitted by other clearing houses are delivered from around 12.30 and 16.15.



The settlement of submitted SEPA core direct debits and business to business direct debits takes place at the individual interbank settlement dates of the payments. The settlement occurs from around 08.30 on the business

day before the interbank settlement date stated in the dataset of the payment message, with the exception of R transactions. These are settled directly after the cut-off of the respective submission window.

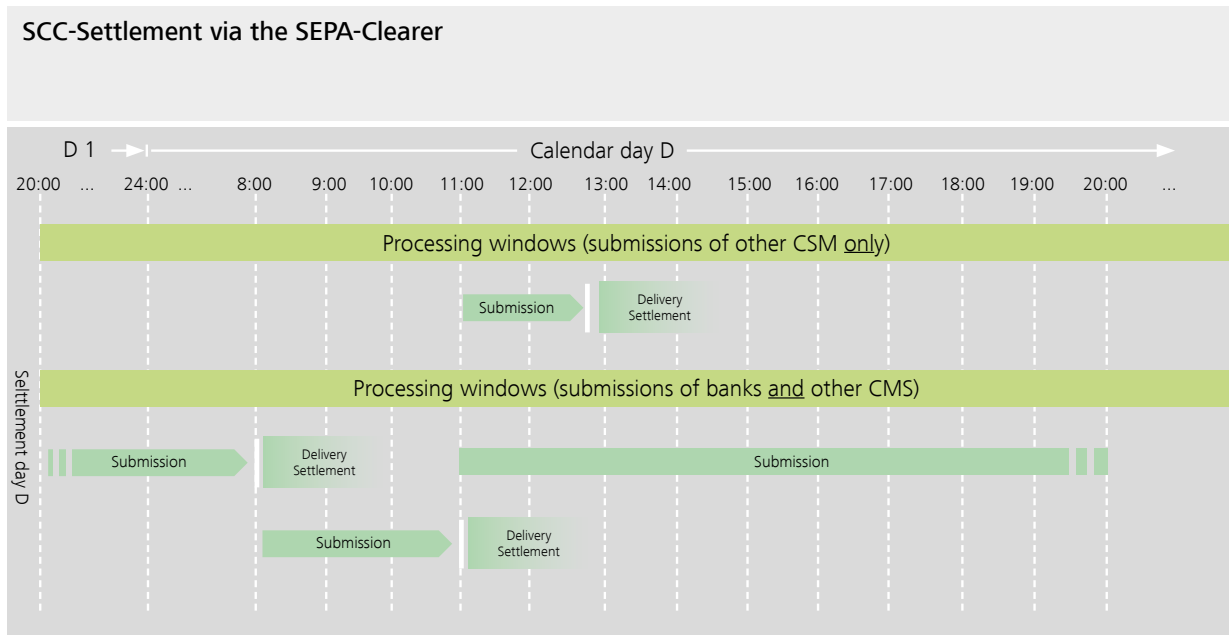
Processing of SCC collections via the RPS SEPA-Clearer

SCC collections are delivered and settled directly after the cut-off of the respective submission window.

tions submitted between 08.00 and 11.00 are settled and delivered from around 11.10 onwards.

All SCC collections submitted after 11.00 on the previous day and by 08.00 on the current banking business day are settled and delivered from 08.10 onwards using the date of the current banking business day. SCC collec-

In addition of this, SCC collections submitted by other clearing houses are settled and delivered from around 12.45.



The national cheque collection procedure

In Germany cheque collection is performed via the paperless cheque collection procedure (BSE) and the image-based cheque collection procedure (ISE). This is based upon the Cheque Agreement and the Traveller's Cheque Agreement of the German Banking Industry Committee (DK).

- **Paperless cheque collection procedure (BSE)**

The paperless cheque collection procedure is used for cheques worth less than €6,000. The cheques are normally not exchanged in paper form. However, the paper cheques can be requested by the cheque depository bank.

- **Image-based cheque collection procedure (ISE)**

In the ISE procedure, the Deutsche Bundesbank, functioning as a clearing house for cheque payments (Abrechnungsstelle), receives cheques for €6,000 or more not in paper form but as an electronic image along with the corresponding clearing data record. These cheque images are forwarded either to the drawee bank or to an institution designated by said bank, which then checks the respective image of the cheque to decide whether it should be honoured. Reversals of cheques that have not been honoured is effected through the clearing house for cheque payments, too.

Cheque images relevant to the ISE procedure are exchanged via the ExtraNet of the Bundesbank.

Processing of cheque payments via the Bundesbank

The RPS cheque processing service processes BSE and ISE clearing data records in accordance with the ISO 20022 format defined by the German Banking Industry Committee in its Cheque Agreement and Traveller's Cheque Agreement. Submission and delivery of payments

is only possible by means of electronic data transmission. The EBICS and SWIFTNet FileAct communication procedures are available for this purpose. Routing channels established on the basis of the Business Identifier Code (BIC) are taken into account for the delivery of payments.

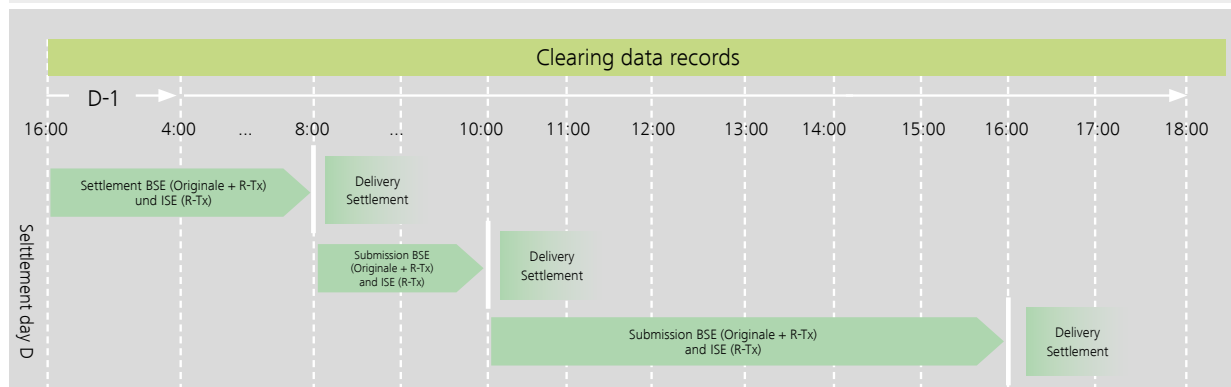
When processing ISE payments, the Bundesbank additionally checks whether a corresponding image has been uploaded to the ExtraNet. If this is not the case, the ISE transaction is rejected to the submitting bank.

The RPS cheque processing service is generally open from Monday to Friday, except for official German national holidays as well as 24 and 31 December. Regional holidays are not taken into account.

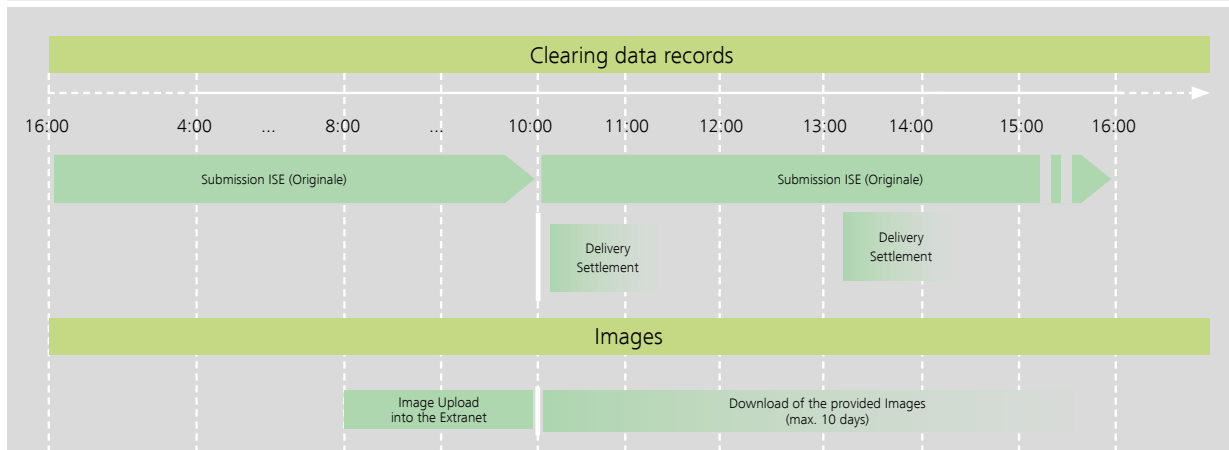
The booking is made on RTGS DCAs of TARGET-Services. A participant can use a settlement agent if desired. Settlements are carried out according to the gross settlement principle for each submitted or delivered logical file.

Three submission windows are supported during the business day. The first submission window enables all BSE and ISE payments to be submitted between 16.00 on the previous business day and 08.00 on the current business day. Successfully processed payments are settled and delivered from around 08.30 onwards. The second submission window takes place between 08.00 and 10.00 on the current business day. All BSE payments as well as ISE return checks are accepted for this submission window. Payments of original ISE cheques can be submitted between 10.00 on the previous business day and 10.00 of the current business day. Successfully processed payments are settled from around 10.30. The submission in the last window takes place between 10.00 and 04.00 and is also limited to BSE payments and ISE return cheques. The settlement and delivery of successfully process payments takes place from around 4.30 onwards.

BSE-Settlement in the cheque processing service



ISE-Settlement in the cheque processing service



The images of successfully processed ISE payments are made available to be downloaded by the banks in the ExtraNet.

Every participant receives reconciliation files at the end of a business day (around 22.00). These so called daily reconciliation reports contain a compilation of all successfully submitted and delivered BSE and ISE payments from that business day.

Fees

The Bundesbank charges a fee of 0.0025 EUR per data record for payments submitted to the SEPA-Clearer. This fee is also applicable if payments from the SEPA-Clearer are forwarded to other clearing houses. No fees are incurred for the delivery of payments to banks.

The fees charged by EBA CLEARING for the connection as a reachable BIC of the Bundesbank within the STEP2 procedure for SEPA credit transfers and SEPA direct debits are passed on to the banks.

A fee of 0.0025 EUR per data record is also charged for the submission of BSE payments to the RPS cheque processing service. No fees are incurred for the delivery of BSE payments to banks.

A fee of 0.05 EUR is charged for the ISE procedure. This is charged to the drawee bank, and covers the processing of the clearing data records in the RPS cheque processing service as well as the transmission of images via the ExtraNet.

Further information can be found in the price schedule.

Information

For more information, visit
www.bundesbank.de → Payment systems