The State of the European Payments Marketplace

The Outlook for SEPA and the PSD

A report by the Financial Services Club
Autumn 2009

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THE STATE OF THE EUROPEAN PAYMENTS MARKETPLACE

During the summer of 2009, the Financial Services Club ran an extensive research project sponsored by Logica, BT and Earthport, to get a real sense of the state of transposition of the Payment Services Directive (PSD) and the Single Euro Payments Area (SEPA).

The survey ran throughout the summer of 2009, surveying over 350 payments professionals worldwide from banks, technology firms, consultancy, payments institutions, infrastructure providers, public authorities and policymakers, corporates, media, academia, bankers´ associations, data vendors, law firms and NGOs.

Although the responses were predominantly from the UK, the survey was completed by representatives from all of the countries of Europe, particularly Austria, Belgium, Ireland and Germany. Other contributors came from Croatia, Denmark, Estonia, Finland, France, Hungary, Italy, Luxembourg, Norway, Poland, Romania and more. There were also several responses from near Europe, such as Albania and Turkey, as well as Russia, the Middle East, Israel, China, India, Malaysia, Singapore, Australia, Africa and the USA.

In parallel with the survey, the Financial Services Club interviewed many of the leading actors in this space including the European Commission, European Central Bank, European Payments Council, Euro Banking Association and European Association of Corporate Treasurers, as well as leading banks, infrastructures, payment institutions, corporates, vendors, consultancies and more.

All of this was supplemented by a significant amount of primary research reviewing the PSD transposition plans and SEPA migration plans of each country.

The result of this research has conclusively proved what had anecdotally been suspected. Europe's payments program is on track, but the route to the destination is off course. How far off course is dependent upon which way you look at it.

There are many ways to look at it dependent upon whether you are a policymaker, bank, corporate, infrastructure provider, payment institution or implementer.

The policymakers include the European Commission, ECB and EPC. These actors will all state that the PSD and SEPA are clearly moving in the right direction and towards the right end-state.

The banks will state that these programs have been around for so long and with so much inconsistency, that they don't know what to do or where it is going.

The corporates believe this is a politically inspired program aimed at changing bank systems, and will wait until the banks get a tick from the politicians saying "yes, you've done it" before they will respond.

The infrastructure providers – the automated clearing houses (ACHs) such as Equens and VocaLink, STET and SWIFT –believe that the changes are both a threat and an opportunity, and are clearly trying to exploit the opportunities and fend off the threat.

And the threat comes from the new payment institutions, which are frustrated by the lack of consistency in how to gain approval for payments with passports across the EU.

The penultimate constituency are the implementers: the consultants and technology firms. This group has specifically found the process a challenge and an opportunity too, but are frustrated that there is no clear goal to aim for and no burning platform to focus the process, similar to most.

Finally, there are the citizens and others who are completely unaware of any of this process.

The result is that all constituencies have frustrations which we hope will be resolved by the implementation of the PSD and SEPA in November 2009. This research has discovered that this will absolutely not be the case.

This is because the PSD is off track and is flawed in both its original drafting and its implementation and interpretation by each member state.

The Payment Services Directive (PSD)

The PSD was flawed in drafting by allowing leeway in how payments accounts and legal structures are defined, which immediately opened the doors to inconsistency. The transposition into implementation is also flawed because member states have too much ability to misinterpret the PSD's definitions.

The PSD comes into law on 1st November 2009, but most member states were given far too much latitude in how the original law was drafted. As Paul Smee, Chief Executive of the UK's Payments Council states: "My motto regarding EU directives is that the number of problems a directive causes is directly proportional to the number of words in the directive. This one is a long one, and so there will be many issues resulting in the laws of unintended consequences."

This statement is too true.

In particular, the ability to provide options within the way this is implemented has caused massive inconsistencies. One country says that small businesses are microenterprises and can use corporate bank services; another says that they are consumers, and must use only consumer based products. One country says that currencies entering Europe will be subject to being covered by the PSD's rules and rights and obligations, whilst another does not. One country says that a payments account is an account that processes payments on a regular basis and another does not. One country says that direct debits are subject to an eight week window of challenge, whilst another says that there is no time limit to repudiate a payment.

These are just a few of the issues.

In fact, as of late summer 2009, there are so many holes in the regulation that it is like some form of Swiss Cheese even though the Swiss, who are also implementing this change program, are just as confused by it as we are.

In fact almost everyone believes there is confusion and inconsistency, with 58% of survey respondents saying that the PSD is being transposed inconsistently and 63% stating that this is because of interpretation at the country level.

64% of banks and 67% of infrastructure providers believe the interpretation at country level is an issue. In fact, it's particularly noteworthy that all of the infrastructure providers voted that the interpretation at local member state levels for the PSD is different and inconsistent. All of them, and they should know as they are becoming the core of the SEPA delivery change. Meanwhile, only one out of fifty-three technology companies responding believes the transposition of the PSD is consistent.

The Austrian, Belgian, Swedish and Swiss all say there is no consistency of interpretation, and the Spanish and Swedish all state that the implementation is inconsistent.

In the interviews with key persons involved with the implementation of these changes, typical comments included:

"When the PSD started it was intended to enable the implementation of SEPA; in discussion and implementation it got extended to all sorts of things and that is its issue; it tends to have all sorts of wishes put in from everywhere."
Harry Newman, Head of Banks and Payments Market Infrastructures, SWIFT

"If the PSD is convergent country by country in a different way then we don't have a harmonization. If direct debit in its core functionality is different in Germany and France, then we cannot get efficient markets. Efficient markets need efficient payment systems. If it's not happening, then it's a cross road for SEPA and the PSD that may stop these changes succeeding."
Werner Steinmuller, Head of Global Transaction Services, Deutsche Bank

Add to these the words used by the over 350 respondents who, when asked why this is the case, used words like 'obvious', 'inevitable' and 'clearly the case', and these comments from survey respondents adds a little more flavour:

- *I believe some countries will use those "localised optional services" to duplicate their current systems so that local banks and corporates will be able to keep on functioning as they do today* (French Bank)

- *I even see different interpretations between banks operating in the same country* (Belgian Bank)

- *AOS and PSD are basically an oxymoron* (Italian consultancy)

- *Each country tries to transpose the PSD with a broader scope to include national characteristics* (Spanish Bank)

- *The PSD is poorly drafted and therefore all countries will read the PSD differently while implementing the PSD in their national law.* (Netherlands Bank)

A final, clearly notable statement, was made by one American Governmental representative who asked: "when has anything been consistent in Europe?"

Nevertheless, we should not be too pessimistic because 61% of respondents believe this program is either 'critical' (18%) or 'very important' (43%) to Europe's future.

When asked what the key benefit would be, 35% stated it would be because it would make European commerce ‘seamless and simple, with less banks and fewer barriers to cross border trade’, whilst 18% felt the major benefit was to ‘allow international corporations to rationalise their bank relationships’, and 13% that it would create a Eurozone as large and competitive as America or China.

This still does not mean it is necessarily something driven for these benefits as, when asked what the main driver is for these changes, only 14% said the ‘benefits’, with 19% voting for the ‘cost savings’ and 15% for ‘increased competition’; but the single largest group were the 38% who believe this is purely ‘politics’ being driven out of Brussels.

Admittedly, these views vary dramatically across Europe, with 58% of Germans saying it is political compared to 23% of Italians. Equally, 42% of the banks state it is political compared to 25% of the technology firms. In fact, the only group that had a wildly different view were those from outside Europe, with 23% of the non-European voters believing that the changes are focused upon ‘benefits’ and 18% for ‘innovations’.

The real killer however will be how these changes play out over time, as 37% of respondents believe the biggest barrier to the PSD’s success is national protectionism. If this is the major barrier then many people believe it is compounded by the ability to use Additional Optional Services (AOS) and derogations, which are allowable under the PSD’s transposition, to protect historical national interests.

However, the comment from Gilbert Lichter, Chief Executive of the Euro Banking Association (EBA), that at least “all of the noses are pointing in the same direction”, is a key point here. The reason this statement is key is that, if this were compared to a horse race, then historically the horses of Europe have all been running around in different directions. When the race starts on November 1st, when all nations of Europe have a version of the PSD, at least the horses will be running in the same direction.

Unlike a horse race though, this race to a harmonised European payments market will take years and the European Commission have made it clear that, after three years, there will be a review of the PSD’s progress in 2012. In conversation with the Commission, they say that the PSD review in 2012 is an evaluation of the legislation and that they will come forward with a report showing how the PSD has been implemented, and any issues in the transposition process that should be revisited.

In other words a second PSD, which will start the second round of this European race.

In 2012, the PSD II will get rid of interchange fees for direct debits and many of the AOS. Until then, the inconsistencies will have to be lived with and, a little like IBAN and BIC that came in at the start of the decade and are still to be standardised, it will take a few more years of change before we get to the end of the horse race.

Which brings us to the other part of this change program: SEPA.

The Single Euro Payments Area (SEPA)

Bearing in mind the frustrations mentioned of the different parties involved, the most critical factor that came out of the survey is that SEPA needs an end-date.

The European Commission already knows this, and is consulted through the summer of 2009 to work out what that date should be. 21% of this survey's respondents think that the date for the SEPA vision to be fully realised could be as soon as 2012, but most think sometime thereafter with 23% saying 2015 and 11% sometime after 2018.

The truth lies somewhere in-between but, without an end-date, nothing will happen and this point was made over and over again.

For example, when asked why SEPA Credit Transfers (SCT) are taking so long to take-off, the clear answer (27% of respondents) is that it is because there is no motivation because there is no end-date. A further 22% felt it was because everyone is unsure of the benefits that can be gained from SCTs.

This theme appeared many times in the discussions with the key implementers of SEPA.

For example, Vincent Brennan, Head of Group Payments at the Bank of Ireland, says that "an end-date is mandatory. A bit like when the euro came in. If they had allowed us to continue to use punts, lira and pesetas, it would never have happened."

Michael Steinbach, Chairman of Equens, agrees: "it is similar to the introduction of the euro nine years ago. If this had been based on self regulation, then I would still have the deutsche mark in my wallet and the French would have the franc", and then stated that "there are two scenarios for the end-date. The first is to have one end date for both SCTs and SDDs and the other is to have different end-dates for each."

The actual end-date is open for discussion until the European Commission announces the regulation to mandate this to happen which is announced later in 2009. The danger is that they may place this date too soon as Gerard Hartsink, Chairman of the European Payments Council, believes: "the European Parliament has targeted the end-date for the end of 2012."

Logica believe it will need more time than that to bed-in because, "whilst 2013 may be theoretically possible, the need for further pressure on key stakeholders in the banking and user communities means it is unlikely to be completed in this timescale."

Ashley Dowson, Chairman of the SEPA Consultancy, adds that "by 2012 or 2013, you will get a 25% to 40% take-up of organisations switching to the SEPA schemes. It's all about the supply chain."

This means that there is still 60% to 75% to switch over, and that will take time.

As Lázaro Campos, Chief Executive of SWIFT, states: "an end-date of 2013 or 2014 for SEPA is maybe more a reflection of the complexity and inertia of this industry and the difficulty of achieving real change, than necessarily the ideal timeframe."

At least, as Gilbert Lichter of the EBA states, an end-date "will be the magic stick" because "a mandatory end-date means the migration will start en masse".

There are also several positive aspects from the implementation of SEPA, with 34% of those surveyed saying that it will be the rationalisation of legacy systems and reduced costs; and 32% believing that the most positive aspect will be the ability to deliver truly pan-European payments processing.

Strangely enough, when asked who was most supportive of the SEPA agenda, bankers voted for the European Commission (46%) first, rather than themselves (27%). As this is a bank-led and delivered project that seems strange, but then the SEPA project was created in response to the political drive of Regulation 2560, so maybe not so. The political perspective was especially noted in Germany, where 42% of German respondents voted that banks were the least supportive of the SEPA agenda.

This also reflects the issues of the German direct debit mandate scheme and its position within the SEPA and PSD implementation. Gerard Hartsink, Chairman of the EPC, understands the German issue as Germany "is the only country where the legal validity of mandates for direct debits is still not solved. It's been asked for by ECOFIN, and this is the only market that has not agreed a solution as yet, although I know there is a workaround. But you have to remember that Germany is a federated state, so Berlin cannot just set the rules and expect everyone to adhere to them."

This brings us around to the country-by-country issues, which is the real focus of this research.

European Member States attitudes towards SEPA and the PSD

There was a regular comment in relation to member states having different attitudes towards the European payments agenda, with Italy, Germany and Spain regularly cited as having issues, although many other countries were cited as being in a precarious position from Belgium (payment accounts), Sweden (not able to transpose the PSD until April 2010), France (one year late with SDD for November 2010), and the UK (SDD timescales).

Specifically, there are issues related to which currencies are covered by the PSD's rules and which are not, as this varies by country. Supposedly, any intra-EU payment should be covered but some countries included non-European currencies such as the US$. This is the often cited leg in and leg out issue, which is being played out differently in many countries. For example, Slovenia and the Czech Republic apply the rules to all foreign currency payments including US$, whilst Germany, Italy and Austria do not.

There are many other challenges alongside these, with the Italian RIBA being a particularly thorny issue. The RIBA is viewed as a direct debit by all countries outside Italy, but not within Italy where it is perceived to be a corporate payment product for microenterprises.

According to Daniele Danese, Manager of International Payment Systems & Cash Management at the Italian Banco Popolare, "RIBA is not considered to be payer initiated, so it should not fall under the direct debit products. It is rather an EBPP product. So it should be treated as a payment service under the PSD, but not a direct debit because it is deemed to be debtor-initiated, not beneficiary based. RIBA is used by Italian banks as a small business payment service for microenterprises. This is why we have not classified SMEs as consumers, because we can then maintain the provision of RIBA as a corporate product."

Strangely enough, many of these country level issues were not strongly conveyed in the country analysis. For example, when asked: "how ready are your banks for the implementation of SDDs in your country?" here's the variation:

- Belgium: 13 out of 15 respondents said ready (87%)
- Germany: 20 out of 24 respondents said ready (83%)
- Austria: 10 out of 12 respondents said ready (83%)
- Italy: 10 out of 12 respondents said ready (83%)

- Spain: 6 out of 8 respondents said not ready (75%)
- Ireland: 11 out of 18 respondents said not ready (61%)
- Sweden: 4 out of 8 respondents said not ready (50%)
- France: 4 out of 8 respondents said not ready (50%)
- UK: 36 out of 78 respondents said not ready (46%)
- Netherlands: 4 out of 9 respondents said not ready (44%)

It is strange to find that two countries who are known to have direct debit products at issue – Germany over the mandate management rules and Italy over RIBA's positioning – are saying they are ready for SDDs on 1st November when countries that have really tried to be ready are not.

Another important point here is that there is a migratory period to transition to SDD, and the updating of Regulation 2560 – the regulatory instrument that the European Commission introduced in 2001 to legislate cross-border fees for payments within the Eurozone, and which effectively created SEPA– will make a difference.

As Gerard Hartsink, Chairman of the EPC, clarifies: "under the amended Regulation 2560, from November 2010, all banks delivering euro payments must be reachable for the SDD core scheme participants."

Maybe this is why the bank support for SEPA is good, with almost 28% of respondents saying their banks were really leading the way for SEPA or being supportive of the program, and a further 55% saying their banks were implementing SEPA according to the rules and were actively involved. That does mean that 17% were either avoiding or delaying SEPA, but then there are always those who are laggards.

Where are these laggards?

It would appear to be France (SDD and interchange fee issues), Italy (for the reasons mentioned) and the UK (for not being in the Eurozone).

Overall, the industry is supportive of SEPA and this is in spite of issues. For example, Lázaro Campos, Chief Executive of SWIFT, believes that the change management program for SEPA has been remiss: "If we go back two or three years to the start of all of this, what was concerning us then still does today, and that is the lack of an industry implementation plan. That forum, that single place to keep track of everything in detail and whether it is meeting its objectives. "

Even without this change management, SDD schemes launch on 2nd November 2009 and, ready or not, this means we have reached a critical juncture in the SEPA program. As Werner Steinmuller, Head of Global Transaction Services for Deutsche Bank, emphasises: "If we go through Phase 1 for

SCT and then Phase 2 for SDD and still don't get critical mass, then we have a problem and the question overall will be whether this is failing."

But banks in general across all countries appear to be supportive of SEPA, but is this enough as Earthport state that: "SEPA alone will not deliver a fully integrated payments market, to the goals that were intended following the Lisbon Treaty."

What else is needed?

Obviously, the usage of SEPA instruments by corporates and public institutions – the end users of these payment services. At the point of SDD launch, these institutions are still concerned about the viability of SEPA instruments. As Massimo Battistella, Manager of Accounts Receivables, Administration, Finance & Control at Telecom Italia states: "The banks have not involved the customer in the beginning, and developed services focusing only on the interbank part of the financial value chain, rather than on the needs of corporates and on impacts our processes."

But it is more than just involving users in the design of these services. It is the incentive to migrate, which should be encouraged by the PSD except that the PSD has had a much less favourable review in this research, at both the pan-European level and country view.

For example, when asked: "How well prepared do you believe your national authorities are for the implementation of the Payment Services Directive on 1st November 2009?" the survey found that only 15% of country-based respondents felt their country was 'very ready'; 23% felt 'quite ready'; 30% 'just about ready; 27%, 'not really ready'; and 6% 'not ready at all'.

This means that over a third of voters across the member states of Europe (34%) feel their country is not ready for the PSD. Sweden was the country that was least ready – but then they admit that this is case – whilst Switzerland, France, Germany, the UK and Belgium came next.

Even more concerning may be the results of the question: "How is your country implementing the PSD?" as this revealed the following results:

- 7% of respondents say their country is implementing the full PSD with no changes;
- 60% state they are implementing the full PSD with changes that are permitted;
- 19% are implementing part of the PSD, but the important parts (10% with no changes and 9% with changes that are permitted);
- 10% are transposing with changes that are not permitted; and
- 4% are not implementing the PSD at all.

In the last two categories, respondents including representatives from Denmark, France, Germany, Hungary, Ireland, Netherlands, Spain, Sweden, Switzerland and the UK.

This will cause major issues as the intention of the SEPA and PSD implementation is to promote more competition, in particular with new payments institutions. Leon Isaacs, Chief Executive of the International Association of Money Transfer Networks (IAMTN), articulated this issue well: "The biggest challenge for new entrants is gaining a licence as an authorised payments institution, and then being able to passport into other countries under a licence as a registered payments institution."

With some countries to transpose, and others defining the rules payments institutions being registered and approved, this will create barriers to new entrants.

Who are the new entrants?

When asked which new competitors we will see in the European Union, Western Union, TTT Moneycorp, PayPal, VocaLink, Equens and First Data were the top answers, with clearing houses, money transfer networks, mobile carriers, card processors and post offices viewed as the major industry sectors most likely to become payments institutions.

Conclusions

The PSD and SEPA have taken a significant amount of time to reach fruition. The costs are high to reach the grand ambition of a rationalised payments market but the benefits, long-term, may mean they are worth it. In the meantime, Europe's banks have seen seven years of generating the plans to make this happen which will deliver a new European payments landscape from November 2009.

As of summer 2009, the success or failure of SEPA is still in the balance. The launch of SDD should see critical mass begin but, if it does not, there will be serious questions over the long-term viability of the program.

However, it does not end there as it is quite clear that we still have a long way to go due to the PSD, with its flaws, requiring at least three years to reach some form of resolution, and some years after that to achieve harmonisation.

First there will be the PSD review in 2012, which we expect to create a PSD II. The PSD II will focus upon removing the optional services allowed in the first PSD that have caused so many inconsistencies in transposition and implementation.

This means that the PSD II will be drafted in 2013 for enforcement from a date thereafter. In fact, it is likely to be synchronised with the SEPA end-date, which appears to be most likely to be around November 2013.

This would mean that from November 2013 there would be a fully harmonised European market for payments within the banking system, eleven years since the start of the SEPA program.

We will then see a further ten years or so of migration to SEPA and pan-European payments amongst public authorities, corporations and citizens. This will take far longer as we still do not have IBAN and BIC in general usage in payments amongst these institutions, and that is eight years after Regulation 2560 mandated their usage.

Therefore, the real benefits of these changes will be in the next decade, from 2020 onwards.

So, slowly, slowly we move towards the vision of a pan-European payments market. Is it too slow?

"This industry does not move quickly and we know from experience that for a specific solution to acquire critical mass you are talking seven years or more. It is not an allegro, but a pianissimo."
Lázaro Campos, Chief Executive, SWIFT

The Survey: Background

During the summer of 2009, the Financial Services Club interviewed key leaders implementing the Single Euro Payments Area (SEPA) and the Payment Services Directive (PSD), including:

- Ashley Dowson, Chairman, the SEPA Consultancy
- Daniele Danese, Payments Manager, Banco Popolare
- Dermot Nolan, Head of Payments Strategy, Planning & Change, Bank of Ireland
- Frank Taal, General Manager, Wholesale Banking Product Management, Payments and Cash Management, ING
- Gerard Hartsink, Chairman, European Payments Council
- Gianfranco Tabasso, Chairman, the European Association of Corporate Treasurers (EACT)
- Gilbert Lichter, Chief Executive, EBA
- Harry Newman, Head of Banks and Payments Market Infrastructures, SWIFT
- Jad Khallouf, Chief Executive, STET
- Lázaro Campos, Chief Executive, SWIFT
- Leon Isaacs, Chief Executive, the International Association of Money Transfer Networks (IAMTN)
- Martin O'Donovan, Technical Director, the Association of Corporate Treasurers
- Martin Wilson, Chief Commercial Officer, VocaLink
- Massimo Battistella, Manager, Accounts Receivables, Administration, Finance & Control, Telecom Italia
- Michael Steinbach, Chairman, Equens
- Paul Smee, Chief Executive, UK Payments Council
- Vincent Brennan, Head of Group Payments, Bank of Ireland
- Werner Steinmuller, Head of Global Transaction Services, Deutsche Bank

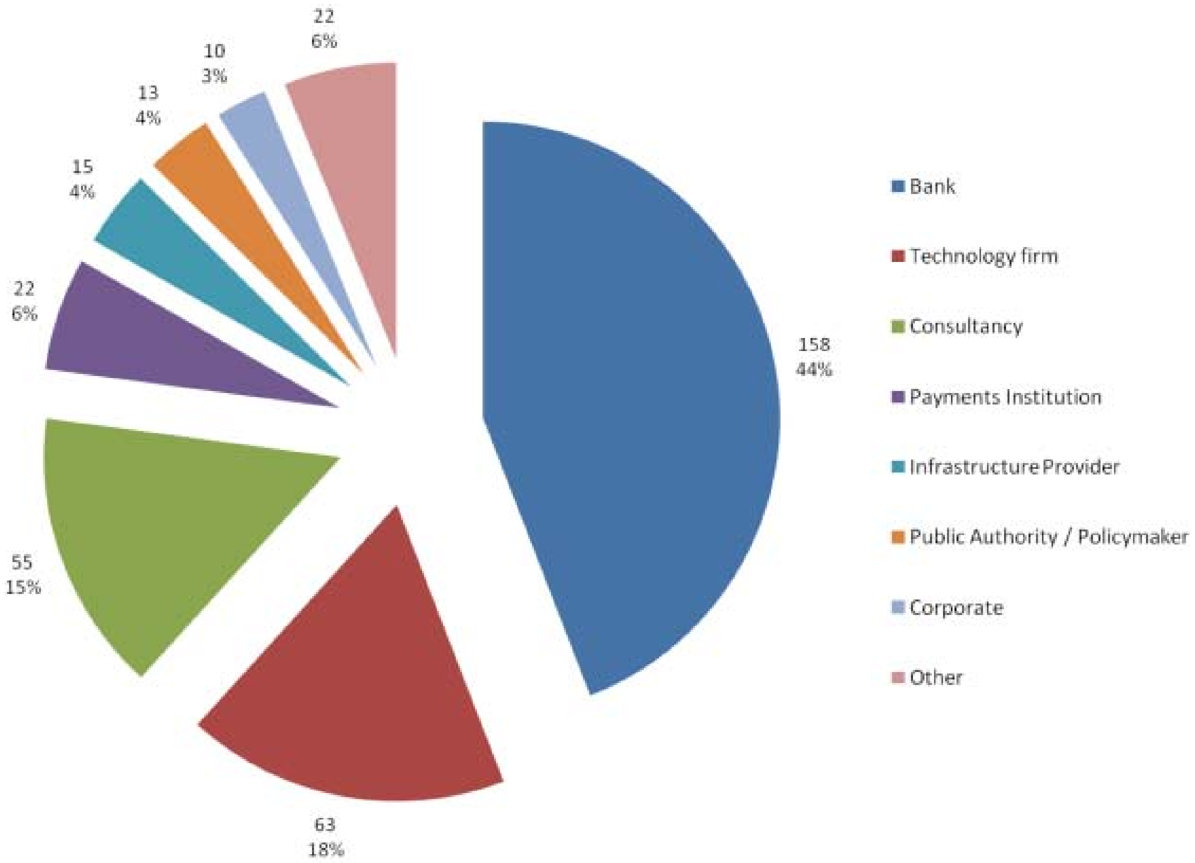
We also spoke with spokespeople from the European Commission, European Central Bank, PayPal and a range of other European financial institutions, who prefer to remain 'off the record'.

These interviews were supplemented by input from our sponsors – BT, Earthport and Logica – as well as a significant amount of time involved in primary research performed by the Financial Services Club reviewing the PSD transposition plans and SEPA migration plans of each country beforehand.

We also ran a survey about general views related to SEPA and the PSD, with over 350 responses.

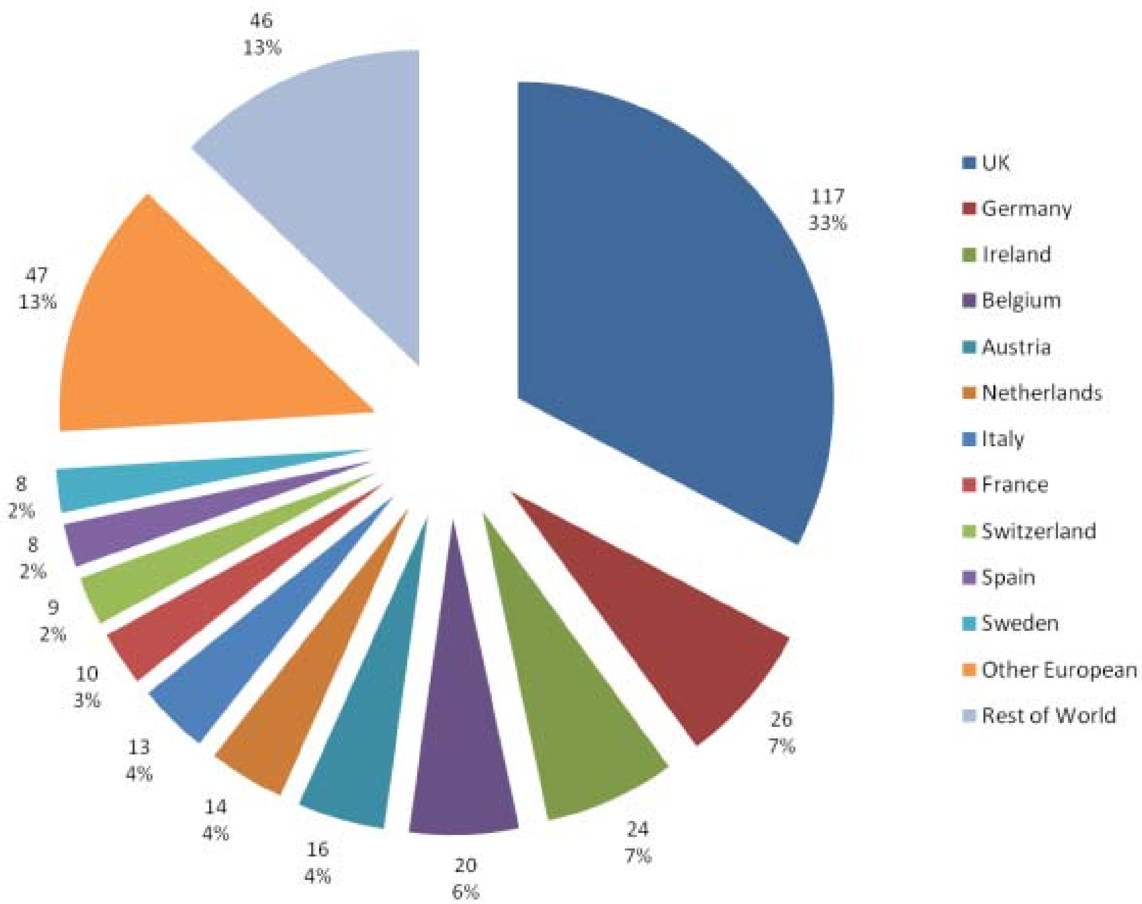
The Survey: Institutions Participating

The survey received 358 responses from a variety of banks, technology firms, consultancy, payments institutions, infrastructure providers, public authorities and policymakers, corporates, media, academia, bankers´ associations, data vendors, law firms and NGOs.



The Survey: Countries Participating

Although the responses were predominantly from the UK, due to the nature of the Financial Services Club being based in the UK, responses were received from all of the countries of Europe including those listed above, Denmark, Finland, Norway, Romania, Croatia, Hungary, Poland, Estonia, Macedonia and more. There were also several responses from near Europe, such as Albania and Turkey, as well as Russia, the Middle East, Israel, China, India, Malaysia, Singapore, Africa and the USA.



About the Research Report

During the summer of 2009, the Financial Services Club ran an online survey about what people thought about the state of play related to the Single Euro Payments Area (SEPA) and the Payment Services Directive (PSD). This report provides a quantified statistical review of what came out of that survey.

We also interviewed the key leaders of SEPA and the PSD including the European Commission, European Central Bank, European Payments Council, the Euro Banking Association, banks of all sizes from Deutsche through Bank of Ireland, SWIFT, VocaLink, Equens, STET, the European Association of Corporate Treasurers and Association of Corporate Treasurers, as well as other representatives of corporates and PayPal.

The resulting Research Report is made available from September 9th 2009 and has three parts:

"The State of the European Payments Marketplace: the progress of SEPA and the PSD, a Qualified View", provides a summary of the survey results, alongside all the commentary received from both those persons interviewed, and the survey respondents. This document is suitable for those who want a pure view of the results and commentary of the markets. Report: 170 pages.

"The State of the European Payments Marketplace: the progress of SEPA and the PSD, a Quantified View" presents the survey in presentation format, with in depth analysis at an institutional and country level. This document is suitable for those who want PowerPoint slides that give them the detailed analysis of the survey results at an institutional and country level. Only a small part of this data is included in the Qualified view. Report: 170 pages.

"The State of the European Payments Marketplace: the progress of SEPA and the PSD, a Statistical View" presents the survey in spreadsheet format, with in depth analysis at an institutional and country level. This document is suitable for those who want all of the data that went into the Quantified View's slides so that they can make their own charts. Only a small part of this data is included in the Qualified view. Report: 210 pages.

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About the Financial Services Club

The Financial Services Club is a unique service aimed at Senior Executives and Decision Makers from banks, insurance companies, technology firms, consultancies ... in fact, any firm that is interested in understanding and planning for the future operating environment for the Financial Services markets. The Club has groups based in England, Scotland, Ireland and Central & Eastern Europe.

About BT

BT Global Services is a division of BT that helps multi-site organisations to master the complexity of business communication, employing around 37,000 people in 53 countries and delivering services in more than 170 countries. In addition, BT Global Services has more than 10,000 professional services people (around 40 per cent of all its employees) skilled in business and process transformation, change and project management, solutions design and innovation.

About Earthport

Earthport plc has been providing cross border payments and collections services globally since 1998. Earthport's services are highly efficient, hence per transaction charges are low. Earthport's services are made available to others on a white label basis. Third parties can adopt the service very quickly, with minimal investment and impact on internal resources. Return on investment is typically very fast. Earthport is listed on AIM. Details on financial performance and other background can be found at www.earthport.com

About Logica

Logica is a leading IT and business services company, employing 40,000 people across 36 countries. We provide business consulting, systems integration, and IT and business process outsourcing services. Logica works closely with its customers to release their potential - enabling change that increases their efficiency, accelerates growth and manages risk. We apply our deep industry knowledge, technical excellence and global delivery expertise to help our customers build leadership positions in their markets.