



Giuseppe Verdicchio

Head of Treasury and Distribution Channel and Carriers Credit



Italy-based Wind Telecomunicazioni is one of the largest telecoms players in the country. Operating under the brand name Wind, it reaches more than 22 million mobile subscribers and direct fixed line subscribers giving it almost 25% of the market. For fixed line communications it has around 3 million customers, of which 2.2 million are using broadband. The business employs almost 7,000 people and serves customers through a network of 163 owned stores, over 500 Wind-franchised outlets and almost 400 chain stores. In 2013 Wind reported a net income of €254m.

SEPA migration has been creeping up the agenda for many treasurers since the idea for a Single Euro Payments Area was first mooted a decade or so ago. As the mandatory deadline of 1st February 2014 for the transition to SEPA for Eurozone countries approached, the level of activity rose accordingly. But for some businesses, the requirements were not always easy to fulfil.

For Wind Telecomunicazioni, one of Italy's leading telecoms firms, SEPA migration was seen as a compliance requirement but one which meant a huge effort in order to bring its millions of customers into the SEPA Direct Debit (SDD) scheme. The prize for that effort would be lower transaction costs, especially for cross-border Eurozone payments, and process efficiencies. In order to reduce the impact of, and indeed leverage this essential investment, Wind had been discussing this matter in earnest since 2011. It decided not to build its own IT solution but instead to outsource to a technical facilitator. It selected the Italian payments and network services specialist, SIA, one of few service providers in the country in a position to deliver results.

In advance of the migration by Italian companies to SDD, the Italian banking sector had formed SEDA (SEPA-compliant Electronic Data Alignment). This is based on existing electronic payments processes and the national direct debit services (RID). RID features both creditor and debtor-driven mandate flows and uses the country's Electronic Archive Alignment (AEA) management service to provide a level of sophistication above and beyond SDD. Even though SDD will render AEA obsolete, it is hoped that SEDA will deliver some or all of its key benefits.

In purely practical terms, by using the SEDA infrastructure it has been possible for Wind to continue using old legacy file formats, with SIA maintaining the SDD mandate database and converting data from those legacy formats to SEPA's singular XML standard. However, because SEDA was late in delivery, it was felt that the data conversion process could give rise to a loss of information, each of the main Italian banks having adopted its own payments processes and methodologies, says Giuseppe Verdicchio, Head of Treasury and Distribution Channel and Carriers Credit at Wind.

In this respect, UniCredit, one of Wind's primary banks, played a key consultancy role, working with SIA and guiding the telecoms firm towards a number of measures that Verdicchio states have been essential in minimising that SEPA data conversion risk.

There is a simple conversion process for SEPA Credit Transfers (SCT), requiring only the reformatting of existing electronic orders, explains Verdicchio. SDD is more complex and, as such, prolific invoice issuers, such as Wind, have been required to construct a whole new set of processes to meet SEPA guidelines. Although each of the major national banks has its own approach and solution for direct debits, UniCredit has been able to provide Wind with a system where every bank used by its customers can send and receive SDDs. It has facilitated this by analysing each bank model and working with Wind to understand the core steps in those processes. In the process it has been able to lessen the impact of this non-standard environment, reducing the number of SDD payment errors and exceptions to some of the lowest in the country. Bank and client, he adds, are constantly working in partnership to further reduce the number of payment rejections.

Given the diversity of payments models in Italy, the co-ordinating efforts of UniCredit have been instrumental to the success of Wind's SEPA project, notes Verdicchio. In fact, since the project began, he feels that the bank has in effect been "a part of the company" and confirms that the relationship will continue as SEPA moves beyond being just a compliance issue and into a more productive phase of its development, taking it beyond even the capabilities of the AEA.