



Billing of the Future

eBill and QR-bill

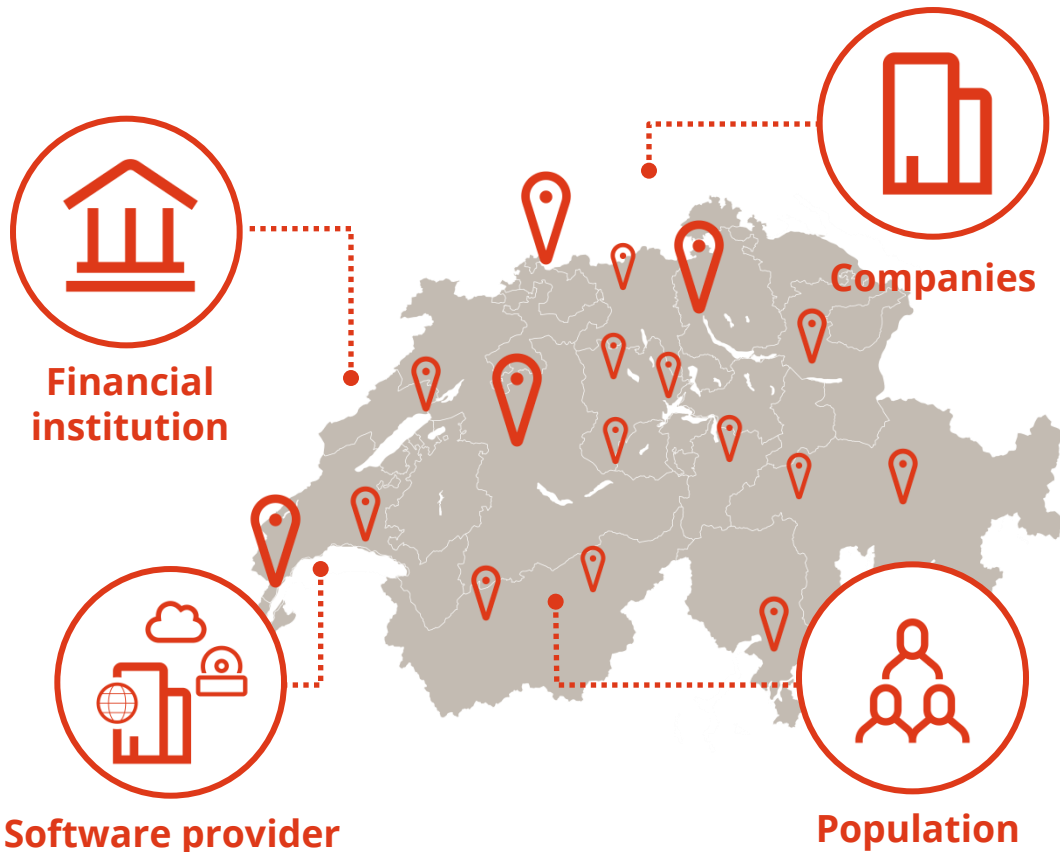
Swiss Banking Services Forum, 22 May 2019

Daniel Berger, Head Billing & Payments Ecosystem, Swisskey Ltd

Agenda

- How do SIX and the Swiss financial center design the ecosystem Billing?
- Current developments in the areas of QR-bill and eBill
- 2019-2021 roadmap & conclusions

The Ecosystem Billing in Switzerland



- 8.5** million people
- 3.7** million households
- 0.6** million companies
- 500+** software providers
- 250+** financial institutions
- 1000** million invoices annually

The Ecosystem Billing Includes Multilayered User Groups; the Foundations For Digitalization Aare In Place

Initial position CH market

93% Internet coverage in households*

90% People (16-74 years of age) who use the Internet at least weekly*

Usage behavior

51 million direct debits**

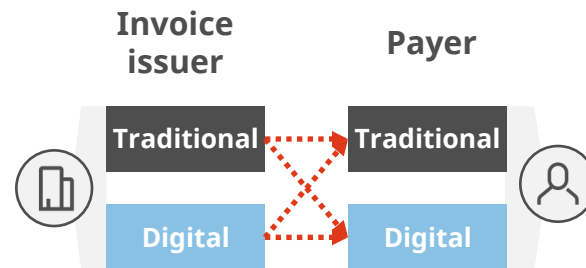
20 million eBill invoices**

142 million payments at post office counters

95+ million bank instructions (via the postal service)


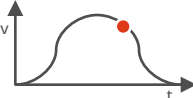

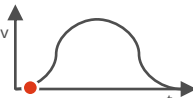



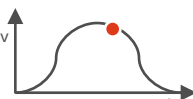
635+ million other electronic payments

The digital transformation in payment traffic is an extended process

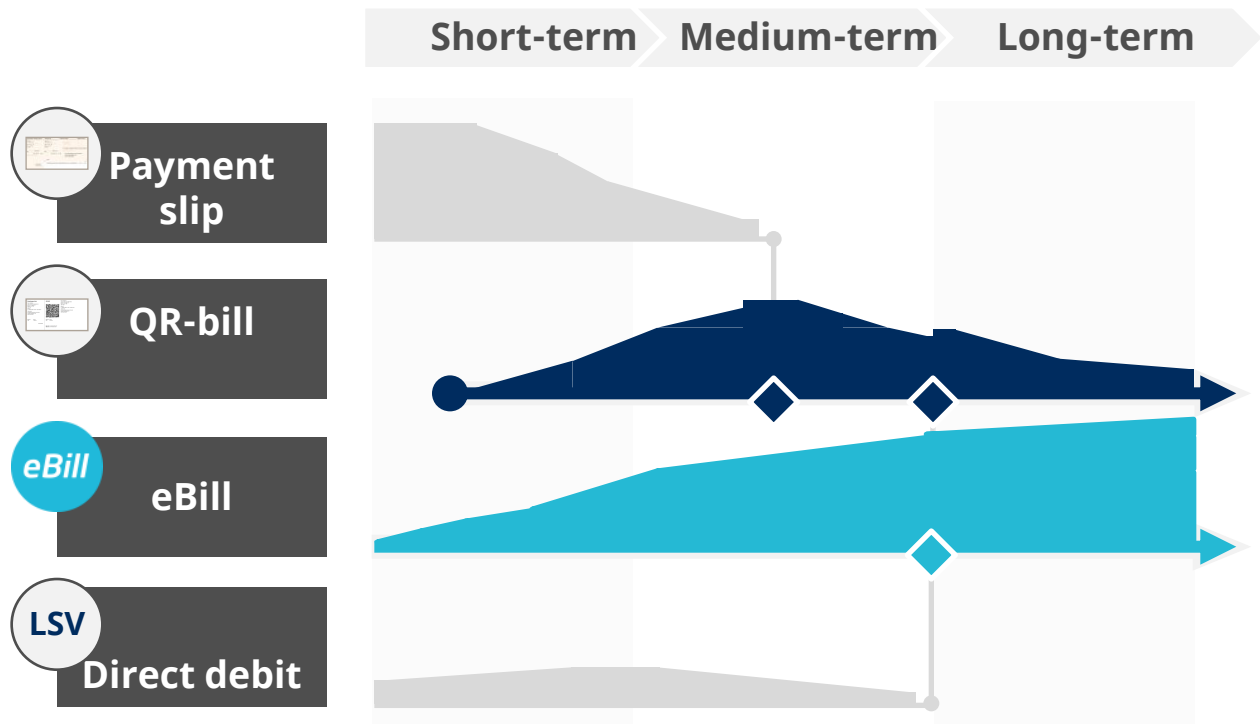


For the foreseeable future, invoice issuers will serve payers both digitally and traditionally. Many invoice issuers have not yet completed digitalization.

The Swiss Financial Center and SIX Create Solution Environments to Comprehensively Meet the Needs of the Market

	Target group	Focus	KPI	Lifecycle	Summary
 Payment slip	Traditional payers	<ul style="list-style-type: none"> Classic invoice Paper slip Counter payment 	1 billion slips annually		<ul style="list-style-type: none"> Both traditional and digital participants will be provided with solutions. Both classic and debit-based payment processing will be supported. Different levels of product maturity are reflected in the redesign of the invoicing landscape.
 QR-bill	Traditional payers*	<ul style="list-style-type: none"> Classic invoice Paper slip Counter payment 	N/A		
 eBill	Digital payers	<ul style="list-style-type: none"> Classic invoice and direct debit End-to-end digital <u>E-banking integration</u> 	>1 million users		
 LSV Direct debits	Traditional payers	<ul style="list-style-type: none"> Direct debit Recurring bills <u>Account bound</u> 	>50 million trx annually		

eBill and QR-bill Are the Invoicing Solutions of the Future - Digitalization Will Be Optimally Supported



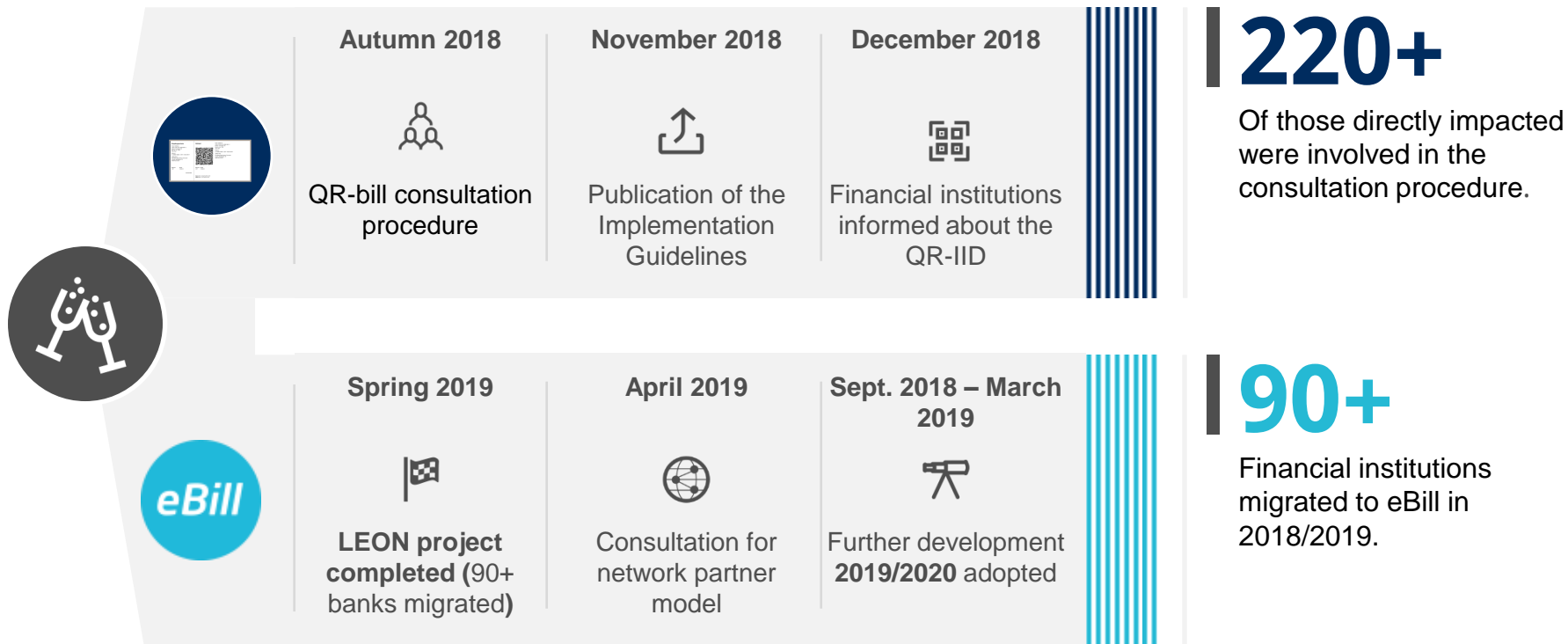
60-80%

Business-to-consumer invoices shall be processed digitally end-to-end by 2028 and then shifted to **eBill**.

The Swiss financial center and SIX are driving this process, taking market needs into account in the process.

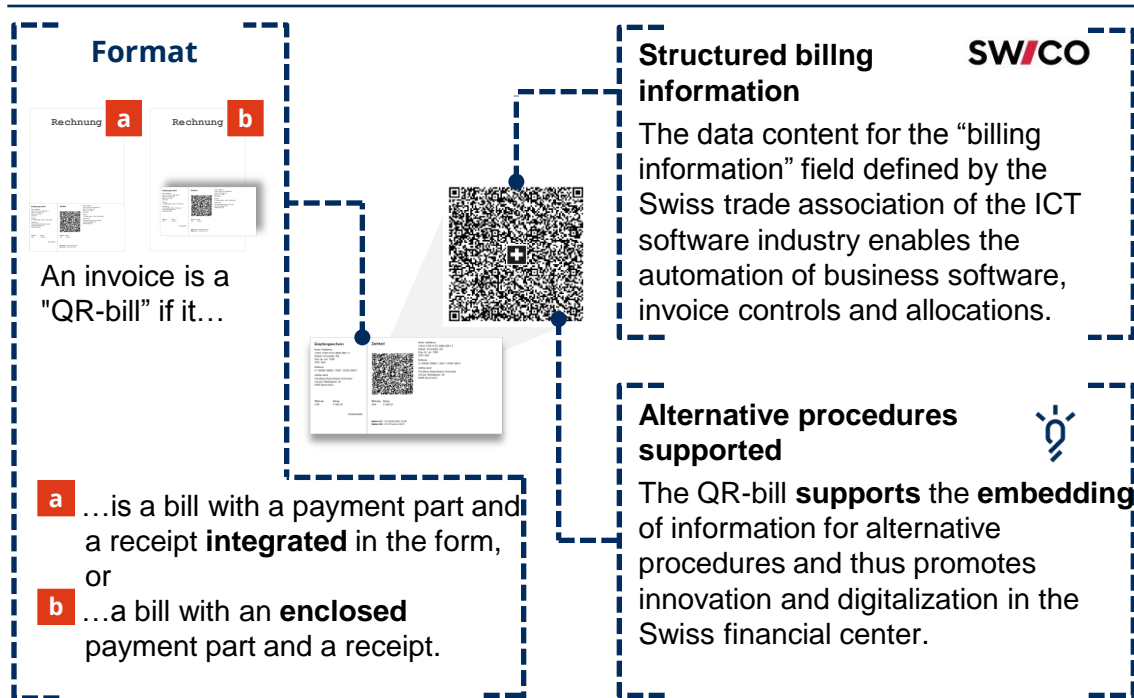
Note: Schematic representation, time scale and volume are indicative

Important Milestones Were Achieved In 2018/2019 For eBill and QR-bill Together With the Swiss Financial Center



The QR-bill Replaces the Existing Payment Slips and Supports Digitalization


Overview of the QR-bill




Background information

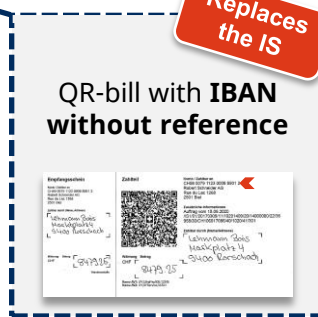
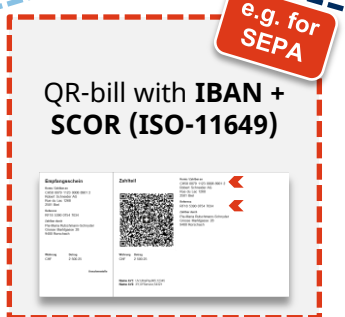
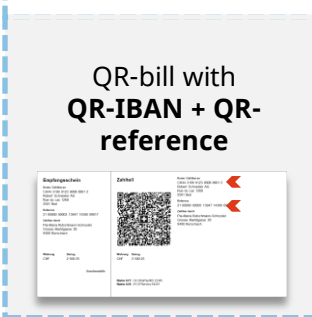
- This "Swiss QR Code" enables the triggering of payments at financial institutions **across all order channels**
- The "Swiss QR Code" enables the **triggering** of payments at **post office counters**.
- The payment part of the QR-bill with receipt contains the **information needed to execute a payment** in the form of a **QR code** along with **readable information**.

There Are Three Different Versions of the QR-bill, All of Which Must Be Supported By Financial Institutions

 **Today**
Two dominant types of slips



 **June 2020**
Three versions for the QR-bill



405 remain to prepare for introduction of the QR-bill on 30 June 2020

243 QR-IIDs were issued to the financial institutions

The QR-bill Offers Diverse Benefits Compared With the Use of Payment Slip and Takes the Digitalization Trend Into Account



Advantages for invoice issuers

- Print out of invoices inhouse on white paper
- Continued use of ISR reference numbers
- SCOR reference numbers are usable (e.g. for payments with the SEPA zone).
- Amount field and/or payer can be left blank
- Combination of reference number and messages possible
- **Support of alternative procedures**



Advantages for invoice recipients

- Billing information received for simple bookkeeping reconciliation
- QR code scanning replaces manual entering of payment data
- Comparison of accurate data through text details in the payment part
- Free choice of the payment channel: e-banking, m-banking or counter

eBill Is the Strategic Initiative For the Digitalization of Invoicing – Constant Further Development of the Solution

Focus on investments

1.

Extension of reach



















2.

Complete coverage of use cases

3.



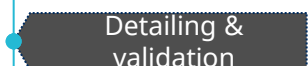
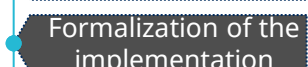
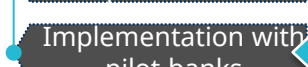
Easy user journey

Development 2019/2020

	1. Reach	2. User C.	3. User J.
 Lookup			
 Network partner model		N/A*	N/A*
 eBill Sharing			
 eBill for Business			
 eBill with direct debiting			

Development approach

Further development is ongoing together with the Swiss financial center in an annually recurring process:

- 
- 
- 
- 
- 

* Detailed design for billers depends on the network partner.

Two Essential Innovations Will Accelerate the Adaptation of eBill Starting November 2019



Lookup functionality

Initial position

Till now, payers had to sign up at each invoice issuer through the e-banking system, which essentially hindered the adaptation.

New functionality



1. Payers need activate the function only once through the e-banking / eBill portal



2. Billers find their customers and send invoices as eBills in the e-banking system

Advantages

Invoice issuers can send eBills to their customers right from the first invoice.*

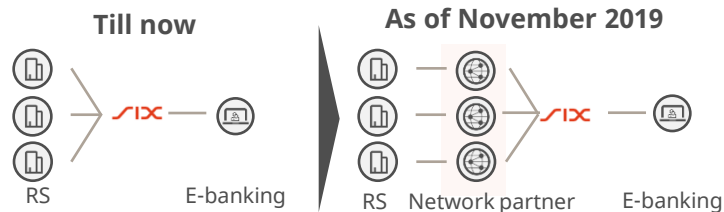


Introduction of the network partner

Initial position

Till now, eBill were operation by two providers. The new network partner model enables new providers to be part of the operation of eBill.

Model



Advantages

Wider range of services for billers, software partners can act as network partners

* Various use cases are made possible: Integration the checkout process in e-commerce, POS integration or reconciliation in the existing customer master data and conversion to eBill.

Starting In 2020, eBill Will Become More Flexible and New Segments Will Be Included With Specific WExtensions

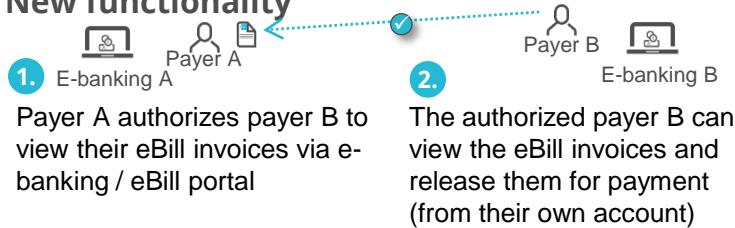


eBill Sharing

Initial position

eBill invoices cannot be paid through another path without detours. There is a market demand here for various constellations (e.g. in families)

New functionality



Advantages

Invoices can be paid and managed by other participants (e.g. partner).



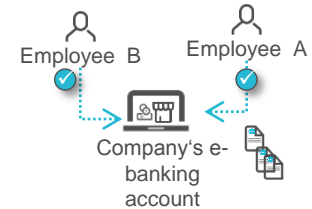
eBill for Business

Initial position

eBill is primarily targeted towards private customers. Business customers that pay invoices via e-banking have until now not been explicitly depicted.

New functionality

Employees A and B are authorized by the company and have access to the e-banking system. They pay eBill invoices for the company through the company's e-banking account.



Advantages

Financial institutions can offer eBill to business customers and depict access authorizations.

The Digital Alternative to the Direct Debit Procedure Will Be Ready For Invoice Issuers in 2021



Initial position



- There have historically been **two** direct debit procedures in Switzerland
- LSV+ contains **analog processes**
- eBill does not have a solution for collection-based use cases**, which are important for certain invoice issuers.



A **decision** was made in the community to upgrade eBill to include a collection mechanism



Objectives



1.



Encourage the shifting of volume from direct debit (LSV+/CH-DD) – and thereby digitalization

2.



Process end-to-end digitally and process without downstream objection



Solution sketch



Electronic collection authorizations initiated by the **invoice issuer or payer**, administrable by the payer electronically in the e-banking/eBill portal



Upstream dissent instead of downstream objection: Dissent possible during a **28 day preliminary period** – then the **debit is executed**.

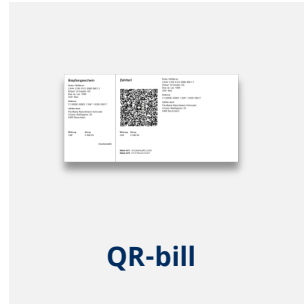


During the preliminary period, the pending **payment can be view in the balance preview (e-banking)** and can only be rejected (if needed) in the eBill portal.

eBill and QR-bill Complement One Another; Continuity Is Ensured and Enables New Invoicing Approaches



eBill and QR-bill
function in
interaction...



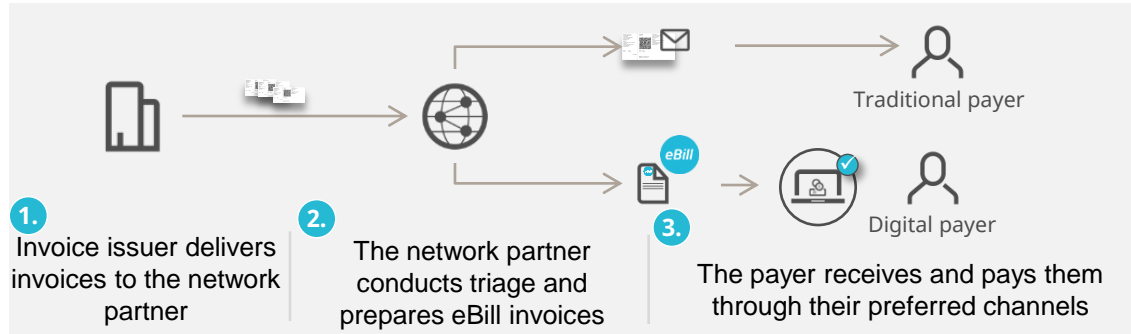
QR-bill



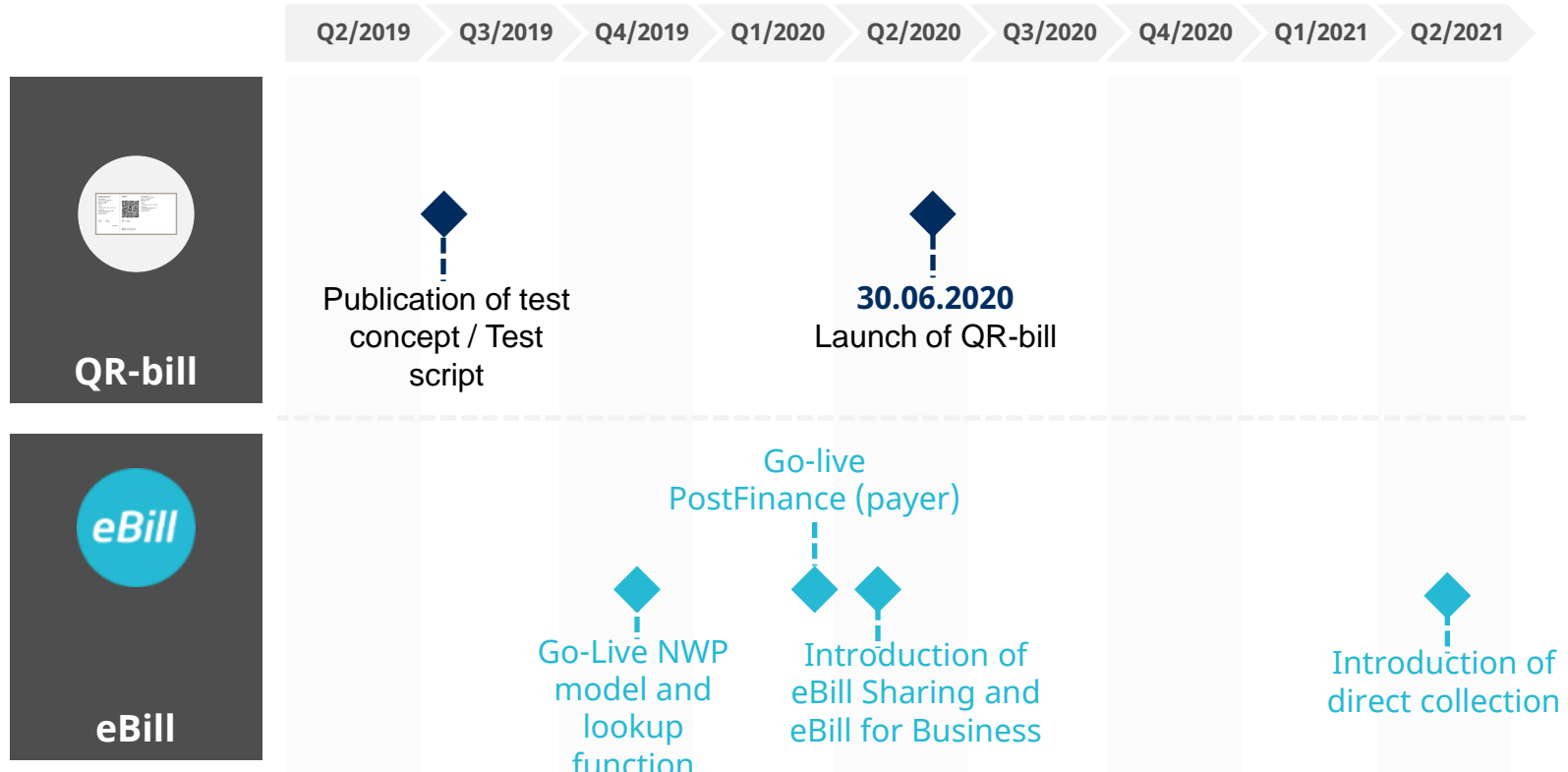
eBill specification for
alternative procedures



...and enable
service
innovations for
network
partners



Billing Roadmap 2019-2021



Note: The roadmap makes no claim in terms of completeness. Subject to change without notice.

Conclusions

1.

Be prepared for the QR-bill

Starting **30 June 2020**, each financial institution must be able to process the three QR-bill versions. Invoice recipients must have completed the technical migration on time in order to be able to pay QR-bills. Private customers must be informed about the handling of QR-bills by their bank.

2.

Promote digitalization

Actively inform your customers about the possibility to send invoices electronically per eBill to the recipients e-banking account.

Show your business customers the possibilities of offering digital invoicing.

3.

Co-design eBill

As a strategic channel of the Swiss financial center, eBill is further developed in collaboration with pilot banks and/or network partners.

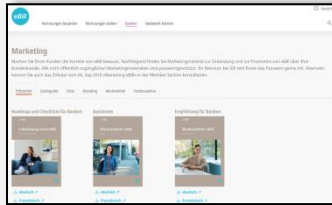
We also welcome your institution to our group of pilot banks to be involved in future developments pertaining to the development of eBill.

Further Information About eBill and the QR-bill

eBill

eBill

eBill.ch

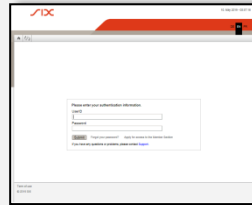


- Communications support
- Specification of alter. procedures
- Instructions



www.ebill.ch

eBill Membersection



- Technical specifications
- Handbooks for banks

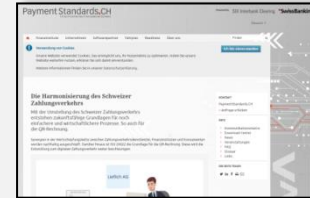


www.six-group.com/en/home/contacts/banking-services.html



QR-bill

PaymentStandards.ch



- Materials for the banking community (flyer, film, datasheet, customer presentation for bank advisors)
- Implementation Guidelines



www.paymentstandards.ch/en/shared/communication-grid.html

Contact

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