eTC wins Emap deal

Emap has licensed the corporate treasury software product eTC from City Financials for its central UK-based treasury operations. Key factors in the decision were the need for a robust system that is strong in accounting, coherent IAS 39 capabilities and strategy, easy report production and sound internal controls to meet corporate governance requirements.

Mike Foye, Group Treasury Manager at Emap, said: "Emap is a growing organisation with more than £400m of new businesses acquired in the UK and Europe in this financial year alone. We therefore need a robust and flexible treasury management system and in eTC we believe that we have found just that. eTC will significantly streamline our liquidity management processes, risk and exposure evaluation." ■

ACT Educational Trust Bursary

The ACT has launched an education bursary to provide financial support for students from developing countries wishing to study for the AMCT. Bursaries are available to cover the cost of the correspondence course for three Associate-level papers (excluding the certificate papers).

The correspondence course comprises the study material (manuals), past papers and the examination. Students will also receive monthly copies of *The Treasurer* magazine.

The bursary is open to:

- **Nationals and residents of a developing country.**
- **Students who have been credited with or have already passed the foundation papers.**
- **Students who are not sponsored by or working for a company that normally sponsors students for the AMCT.**

The deadlines for submission are as follows:

- **Enrolment deadline for April examination: 15 September.**
- **Enrolment deadline for October examination: 15 March.**

Further information and a bursary application form are available at www.treasurers.org/qualifying/amctbursary.cfm. ■

Pensions Regulator sets out approach to scheme funding

A consultation document describing how the Pensions Regulator plans to regulate new funding requirements for defined benefit schemes has been published.

Tim Keogh: a visit to the headmaster

The regulator's approach will be specific to the circumstances of each scheme, focused on schemes that pose the greatest risk to members' benefits, and proportionate to the ability of the employer to fund a realistic recovery plan.

The Pensions Regulator's strategic development director Charlie Massey said: "Our proposals seek to protect scheme members and the Pension Protection Fund while taking into account the circumstances of the scheme and sponsoring employer."

The consultation follows suggestions that the regulator was failing to give pension schemes clear guidance on appropriate funding strategies. Tim Keogh, Worldwide Partner at Mercer Human Resource Consulting, said: "The regulator has come down from the fence and said that, while there is no single answer to what constitutes sensible and prudent funding, it has specific ideas on suitable measures. These will require most employers to dig deeper into their pockets."

A key issue will be the extent to which trustees feel obliged to seek funding at or above the level that attracts regulatory attention. Mercer added that presumably the authorities wanted trustees to push for funding at this level, but did not wish to mandate this explicitly.

Keogh said: "The proposals will introduce new challenges for trustees. The regulator will be looking for a funding target of 70%-80% of the full buy-out cost, which, typically, is at least equivalent to full funding under FRS 17 *Retirement Benefits*.

"Trustees who agree to a lower target and allow employers more than 10 years to pay off the deficit can expect an interview with the headmaster. The signal on good behaviour is clear enough, but the outcome of the interview less so."

Mercer said most companies had sought to correct deficits over more than 10 years and the majority had targeted less stringent scheme-specific deficit measures. In 2004 a typical target was 67% of full buy-out, to be met over 14 years.

See p22 for article by David Norgrove, Chairman of the Pensions Regulator. ■

On the move...

- **Deborah Black,** AMCT, has been appointed European Treasury Operations Manager at Nortel Networks UK. She was previously Assistant Group Treasurer at Kidde.
- **Chee Tham Cheong,** MCT, has been appointed Senior Vice President and CFO at First Ship Lease.
- **Ronan Dunne,** MCT, formerly Head of Finance at O2, has been appointed CFO at O2 (UK).
- **Alexander Filshie,** AMCT, has been appointed Vice President of Regional Financial Control for Europe at American Express.
- **Stuart Fitzsimmons,** AMCT, formerly Treasury Executive at BPB, has been appointed Manager of European Treasury Operations at Hertz Europe.
- **Kevin McCartney,** AMCT, formerly Group FD at Openshaw International, has joined Resources Global Professionals as Associate.
- **Scott Nicholl,** AMCT, has been appointed Senior Consultant in the Enterprise Risk Management practice at Aon.
- **Jonathan Pollock,** AMCT, has been appointed Working Capital Manager at Addleshaw Goddard.
- **Richard Shaw,** MCT, has been promoted to Regional Treasurer for Asia-Pacific and Australia at QBE International Insurance.
- **Martin Walker,** MCT, has been appointed Treasurer at mobile phone company Three.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Anna McGee:* **amcgee@treasurers.co.uk**

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ECB wants SEPA for corporates

The European Central Bank (ECB) is pushing for a Single Euro Payments Area (SEPA) for corporates. The ECB strongly supports SEPA, according to its President, Jean-Claude Trichet.

Speaking at the Association of Corporate Treasurers' annual dinner in November, Trichet said that the ECB and the national central banks of the euro system are proposing a new objective of introducing SEPA for corporates from 2010. Trichet said: "This is a recognition that with modern technology banks can enable corporate customers to benefit from substantial efficiency gains based on automated straight-through processing of payment-related information and electronic invoicing. We really must face up to global competition. Europe must set the benchmark as high as possible by taking full advantage of new technologies."

However, the original timetable of a full migration to SEPA by the end of 2010 is being rethought. Instead, Trichet said that the ECB proposed to align itself so that "a critical mass of credit transfer, direct debits and cards should be irreversibly migrated to SEPA instruments and for the infrastructure a longer adjustment period is probably necessary to achieve the full benefits of the economies of scale that will follow. We need complete interoperability between SEPA-compliant infrastructure."

Trichet said that ECB had been supporting the introduction of SEPA for citizens using credit transfer, direct debit and credit card payments from 1 January 2008. He said there was much work to be done in the national banking communities.

"We have to maintain maximum pressure to this positive drive," he said. "It is clear there are many remaining issues to be solved."

For instance, consumers in the Netherlands and Finland are used to same-day value payments. Trichet said SEPA should be aligned on the best services possible.

He also praised the ACT as one of the modernising forces in the euro area.

Trichet said the ECB was proud of the "major success" of the euro having a money market functioning from day one – 4 January 1999 – and introducing euro notes and coins despite being told it would be a failure.

He added: "We succeeded in making the euro as credible, as confidence-inspiring, as the best currencies of the constituent parts."

He claimed the ECB had convinced market players that it could be trusted. He also said the ECB was involved in explaining and delivering the structural reforms set out in the Lisbon agreement for delivering a better level of growth and job creation and the completion of the single market in goods and services. ■

Jean-Claude Trichet, President of the European Central Bank

The annual dinner raised £21,500 for the Children's Trust through a sweepstake on the length of Jean-Claude Trichet's speech. The money raised will go towards accommodation at the trust's residential school.

Andrew Ross, Chief Executive of the Children's Trust, said: "Please pass on my sincere thanks to those who dug deep into their pockets on the night. This money will help us pay for the modernisation of facilities for some of the most disabled children in the UK." ■

SEPA proposals start to take shape

Proposals for the detailed specifications of the Single Euro Payments Area (SEPA) scheme have been issued by the European Payments Council (EPC), the grouping of banks charged with devising and implementing SEPA. Discussions on the future of the cross-border payments system for the euro have been rumbling on for ages but suddenly a SEPA rulebook has appeared and banks and users given just over a month to respond.

The European Associations of Corporate Treasurers (EACT) has voiced its concern with the European Central Bank and the European Commission, on behalf of all the national treasury associations, over the inadequacy of the consultation process. Users were not allowed to see the rulebook on which they were supposed to comment and even now its circulation is limited by confidentiality agreements.

SEPA and the scheme rules are solely intended to govern the interbank space in the process, and they are leaving plenty of flexibility for the banks to provide tailored services in the competitive space at either end. The clearing and settlement processes are not being specified. So although SEPA is about transfers in euros between the banks, the customer account need not be in euros if the customer's bank can cope with that.

Another example is the timing of the payment cycle. Funds will arrive at the beneficiary bank by D+2 and must be available to the customer no later than D+3. Whether the bank takes a day's float or gives earlier funds to the customer will be for the bank and customer to agree.

The EPC is trying to change the mindset in Europe so that cross-border payments are truly thought of as domestic in nature. As a consequence, there is no question of charges being deducted en route. The recipient will receive the full payment amount.

Less helpful are some very prescriptive rules about the timings for delivery of direct debit mandates which must be provided to the paying bank with the first collection request and in the time window of D-10 to D-5 days. Requests for refunds will be allowed for no more than three months from the payment, as compared with the unlimited period in the UK.

Given the optimistic timetable of launching with early adopters in January 2008, it is good to see that progress is being made, but the haste will mean missed opportunities, with no mention being made of improvements in portability of accounts, straight-through processing and better information on the flow of payments through the system.

If readers would like to learn more about the development of SEPA, they are welcome to join the ACT payments working group. Please contact Martin O'Donovan at modonovan@treasurers.co.uk. ■