

SEPA DIRECT DEBIT



What is SEPA?

SEPA (Single Euro Payments Area) is a single space for Euro-denominated payments. The objective of SEPA is to abolish borders for payments and collections denominated in Euro using the single area of SEPA member countries where all transactions shall be conducted in a unified way and under unified terms.

The SEPA Area associates EEA member countries, the territories where EU Treaties apply and other countries adhering to the SEPA rules on a voluntary basis (Switzerland, Monaco and San Marino). At the same time, the banks participating in a SEPA transaction must adhere to the Scheme.

What is SEPA Direct Debit?

Payment processing:

- **collection of funds in Euro** within the SEPA Area executed on the basis of an order issued by the Creditor
- the settlement date of a SEPA Direct Debit transaction is identical for the Debtor and the Creditor

Who are the potential users of SEPA Direct Debit?

The Debtor

- a business entity or a consumer making periodic Euro payments to SEPA countries to pay for goods and services
- **benefit:** an efficient payment method, reliability of timely payment

The Creditor

- a business entity receiving payments in Euro for goods and services from SEPA countries
- **benefit:** efficient cash flow management, certainty that the payment is credited on a set date

SEPA Direct Debit schemes:

B2B (Business to Business)

- business Direct Debit (irrevocable), available only to businesses
- no Refund right for the Debtor

CORE (Business to Customer)

- Consumer Direct Debit, available to private individuals (consumers) and businesses
- grants consumers a “no-question-asked” refund right during the eight weeks following the date that a consumer’s account was debited
- **risk for the Creditor:** during eight weeks following the due date, the Debtor can request a refund of the funds collected by Direct Debit without stating any reason

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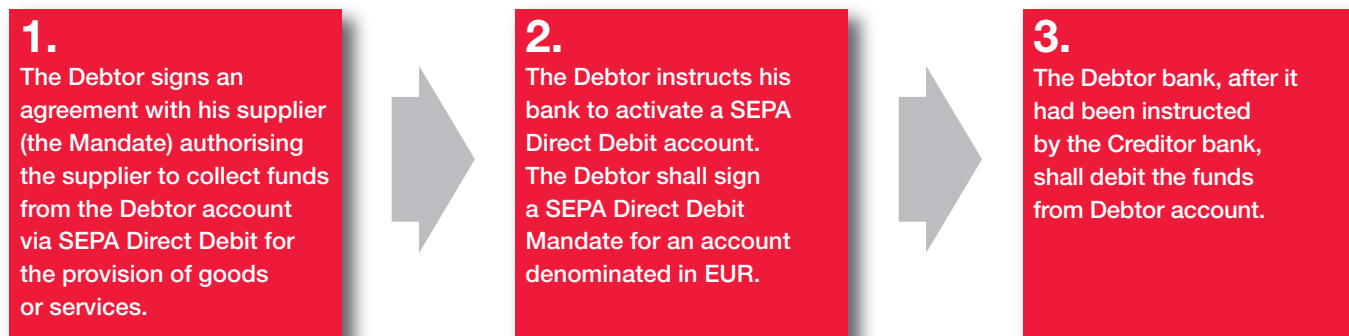


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SEPA Direct Debit at Komerční banka

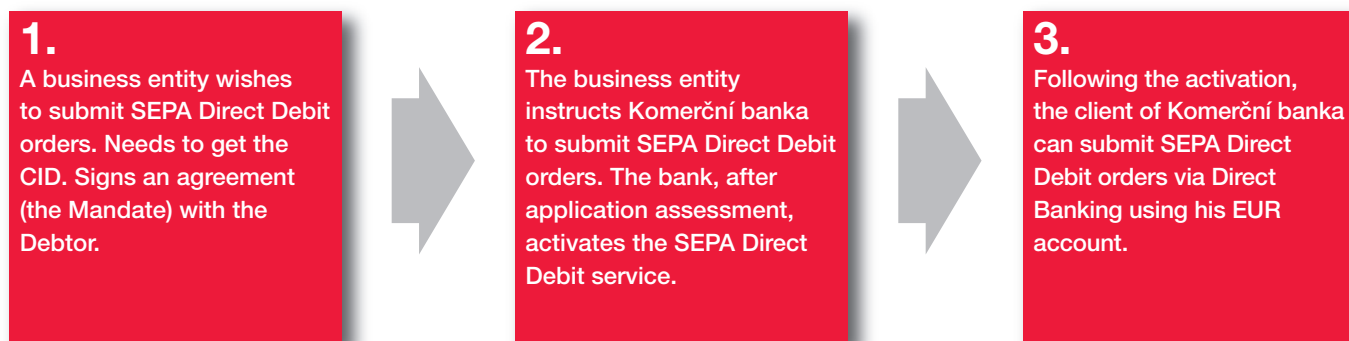
The Debtor

1. signs an agreement (the Mandate) with the Creditor specifying the terms and conditions of collections
2. instructs his bank to activate an account for SEPA Direct Debit purposes, signs a **SEPA Direct Debit Mandate** with Komerční banka stipulating the terms and conditions of Direct Debit (e.g. limits, number of days between orders, etc.)
3. in accordance with the SEPA Direct Debit Notification received, the bank shall debit his account
4. the CORE Scheme grants the client a “no-question-asked” refund right during the eight weeks following the execution and the amount will be credited back to his account



The Creditor

1. applies for a CID (Creditor Identifier) via his bank; in the Czech Republic, the CID is allocated by the Czech National Bank; the client can use a CID allocated in another country
2. signs an agreement (the Mandate) with the Debtor specifying Direct Debit terms and conditions
3. instructs Komerční banka through his Relationship Manager to activate the SEPA Direct Debit service
4. after the activation, the client can submit Direct Debit orders in accordance with the terms agreed upon with the Debtor in the Mandate



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