



Etienne Goosse
Director General

Jean-Yves Jacquelin
Chair
Scheme Evolution and Maintenance WG

European Payments Council

c.c. Ralf Jacob, Head of Unit, D3 Retail financial services and payments
DG FISMA
European Commission

5 July 2017

Subject: EPC work on extended remittance information for SEPA payments

Dear Mr Goosse, Mr Jacquelin,

We are writing to you concerning the ongoing work on the remittance information in SEPA payments, which we understand is currently undertaken within the EPC's Scheme and Evolution Maintenance Working Group (SEMWG). We would like to reiterate our strong support for the elimination of the current limitations in the SEPA schemes.

From a Corporates' perspective, the full benefits of SEPA can only be realised if SEPA payments are accompanied by efficient and standardised

payment communication and reconciliation. The current SEPA scheme limitations do not fulfill these expectations as the SEPA scheme limits remittance information both in form and in length, contrary to the underlying ISO20022 standard.

Currently SEPA schemes allow for a single occurrence of the remittance information field (either structured or unstructured) which is limited to 140 characters. We have argued for many years that this is insufficient for Corporates' needs as it limits the possibilities for efficient payment reconciliation and reporting – this is especially true for business-to-business transactions. We believe that SEPA payment schemes should be aligned with the ISO 20022 XML message standard that is designed to include an unlimited number of occurrences of remittance information.

In a nutshell, our requests are the following:

- The remittance information should be extended to multiple amount of occurrences of structured remittance information. The Finnish SEPA Additional Optional Service “Bundling several invoices and credit notes to one payment” demonstrates the technical feasibility of the extension of structured remittance information (space has been extended to 999 occurrences of the 140 character field).
- The current limit of 140 characters should be extended and both structured and unstructured information should be allowed within the same payment message.
- Any extension of remittance information should be done end to end via the currently used ISO 20022 messages and should flow from the originator through PSPs/ACHs to the beneficiary. Solutions that imply access to external databases would not be satisfactory as they add another layer of reconciliation and would not be compliant with accounting, fiscal, legal, internal and external auditing, subsidized financing auditing rules and procedures.

In Annex I to this letter we have explained these requests and their use cases in greater detail.

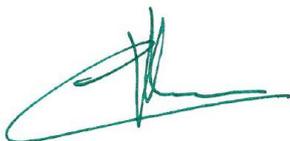
As you know, the request for further space has been recognised by ERPB

as a post SEPA migration issue and we do hope a satisfactory outcome both for PSPs and their corporate clients can be reached as part of the next rulebook change cycle.

Yours sincerely,



Jean-Marc Servat
Chair - European Association of Corporate Treasurers (EACT)



Christian Verschueren
Director-General - EuroCommerce



Maurits Bruggink
Secretary General - EMOTA



Véronique Willems
Secretary General - UEAPME



Marlene ten Ham
Secretary General - Ecommerce Europe

About the signatories

EACT is a grouping of national associations representing treasury professionals in 18 countries of the European Union. We bring together about 13,000 members representing 6,500 groups/companies located in the EU.

Contact: *Massimo Battistella, Chair Payments Working Group (massimo.battistella@telecomitalia.it) and Anni Mykkänen, Policy Advisor (anni.mykkanen@eact.eu)*

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading multinational retailers such as Carrefour, Ikea, Metro and Tesco, and many small family operations. Retail and wholesale provide a link between producers and 500 million European consumers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses.

EuroCommerce is the recognised European social partner for the retail and wholesale sector.

Contact: *Peter Robinson, Payments Advisor (liberticonsulting@gmail.com)*

EMOTA is the European eCommerce and Omni-Channel Trade Association, representing online retailers across 19 EU Markets. EMOTA's main mission is to ensure that online retailer's voice is represented in policy making with the goal to complete the Single Market and remove trade barriers. EMOTA is pro-actively engaging with sellers, consumers and policy makers to help further boost eCommerce, including via initiatives such as the European eCommerce Trustmark and more. For more details please visit www.emota.eu.

Contact: *Razvan Antemir, Director Government Affairs (razantemir@emota.eu)*

UEAPME is the employers' organisation representing the interests of European crafts, trades and SMEs at EU level. UEAPME is a recognised European Social Partner. It is a non-profit seeking and non-partisan organisation. As the European SME umbrella organisation, UEAPME incorporates 67 member organisations from 34 countries consisting of national cross-sectorial SME federations, European branch federations and other associate members, which support the SME family.

Contact: *Gerhard Huemer, Director Economic and Fiscal Policy (g.huemer@ueapme.com)*

Ecommerce Europe is the association representing 25,000+ companies selling goods and/or services online to consumers in Europe. Founded by leading national e-commerce associations, Ecommerce Europe is the voice of the e-commerce sector in Europe. Its mission is to stimulate cross-border e-commerce through lobbying for better or desired policy, tabling the e-commerce sectors' demands on the agenda of those designing the necessary standards and regulations, by offering a European platform bringing the European e-commerce sector and other stakeholders together, and by providing in-depth research data about European markets. Moreover, Ecommerce Europe provides certified online companies across Europe with a European Trustmark label, with the aim of increasing consumers' trust in cross-border purchases.

Contact: *Pascal König, Policy Advisor (pascalkoenig@ecommerce-europe.eu)*

Annex I – rationale and use cases for extended remittance information

Multiple occurrences of structured remittance information

Structured remittance information based on the ISO 11649 standard are inserted in the ISO 20022 payment message to enable the matching and reconciliation of an incoming payment with the items that such a payment is intended to settle and are supposed to be used in straight-through-processing automatic reconciliation; such information include creditor references or other references to the invoices and eventual credit notes that have been settled with the payment.

The current space available in SEPA schemes allows the transfer of structured remittance information concerning only one single item that the payment settles. This is generally fine for consumer-to-business payments but not enough in the business-to-business context, where the originator normally bundles in a single payment multiple invoices and/or credit notes and pays the net amount. We support adopting the Finnish Additional Optional Service (AOS) as an option in the SEPA schemes.

The EACT supports the end-to-end transferring of the remittance information in the ISO 20022 payments messages from the originator through PSPs/ACHs to the beneficiary. Solutions that imply Corporates' access to external databases, like the one proposed by the EPC during last Rulebooks management cycle, require additional corporate investments, duplicate processes and system interfaces, and have the additional problem of managing firewalls to obtain automatic reconciliation. These solutions also require an additional reconciliation phase between the amount received with the payment and the total amount of the detailed information inserted in an external database.

We would like to remind you that Corporates need to receive remittance information directly from PSPs using the existing interfaces in order to comply with accounting, fiscal, legal, internal and external auditing, subsidized financing auditing rules and procedures. Furthermore, competent authorities could require PSP-originated or confirmed information to certify actual settlement of invoices/debit notes. It would also be very inefficient and costly to manage different IT systems for reconciling a single invoice payment using current SEPA schemes formats and multiple invoice payments using external databases.

When a Corporate has wide relationships with its customers, it issues several invoices and, eventually, credit notes. The customers will make payments for the net amount of the invoices and credit notes received in order to settle the credit notes and, in some cases, where bilateral commercial relationships are in place, its own invoices or debit notes.

To allow automated reconciliation of the payment by the payee, the payer must provide adequate remittance information, e.g. the creditor references or other information about the invoices and credit notes that will be settled with the payment.

The lack of space for sending the above mentioned references in the SEPA structured remittance information field obliges the payer to either send the remittance information by other means, e.g. email, or include the details of invoices and credit notes in a text form in the unstructured remittance information of the payment. Both of these alternative methods do not allow automated Straight Through Processing (STP) reconciliation by the payee and/or may cause additional and costly manual processes and interactions between payee and payer.

Allowing both structured and unstructured remittance information

Currently either structured or unstructured remittance information is allowed in SEPA payments, but not both. We believe that originators should be allowed to insert and PSPs should be required to transfer to beneficiaries in the payment message both human readable information in the unstructured remittance information and, when required or considered useful, structured remittance information for automatic straight through processing reconciliation, in the structured remittance information field.

The unstructured remittance information field is completely under control of the initiator of the payment and may contain free text, any proprietary format or formatted remittance information according to the “EACT formatting rules of SEPA Unstructured 140 Characters Field for Remittance Information”.

The simultaneous presence of both types of information will allow payees with different reconciliation capabilities to operate within the same payment message structure, using indifferently the information contained in the unstructured or structured field of the payment message to reconcile the received amount.

Lengthening the number of allowed characters in unstructured remittance information

The current limit of one occurrence (140 characters) to transfer unstructured remittance information to the beneficiary is inadequate. Unstructured remittance information is mostly used by consumers for communicating the details of their payments. A reasonably increased space will allow originators, especially consumers, to insert more information useful for the beneficiary to identify the items paid and increasing the possibility of reconciliation of the payment. Many legacy pre-SEPA

payment instruments allowed more space. We believe that the use of the unstructured information field should be limited to the ISO defined purpose of “Information supplied to enable the matching of an entry with the items that the transfer is intended to settle, such as commercial invoices in an accounts' receivable system”.