



SOP - SEPA Payments & Collections

Iptor IP1

Release 7.9

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1. Introduction

The Single Euro Payments Area (SEPA) is a payment-integration initiative of the European Union for simplification of bank transfers within its member countries. SEPA enables customers to make cashless euro payments to anyone located anywhere in the area, using a single bank account and a single set of payment instruments. It is aimed to improve efficiency of cross border payments

A SEPA payment is similar to EFT payments except that the payment interface is in an industry standard format as defined in ISO 20022. The bank accounts in the interface file are in IBAN (International Bank Account Number) format with additional routing information called BIC (Bank/Business Identification Code), which is unique for each bank / bank branch.

This document describes the system process within Bookmaster for complying with the SEPA standard in the payment of creditors and the collection of funds from debtors.

The payment processing program is modified to generate the payment details in ISO 20022 format, which is the SEPA standard remittance data interface for suppliers that are flagged for SEPA payment.

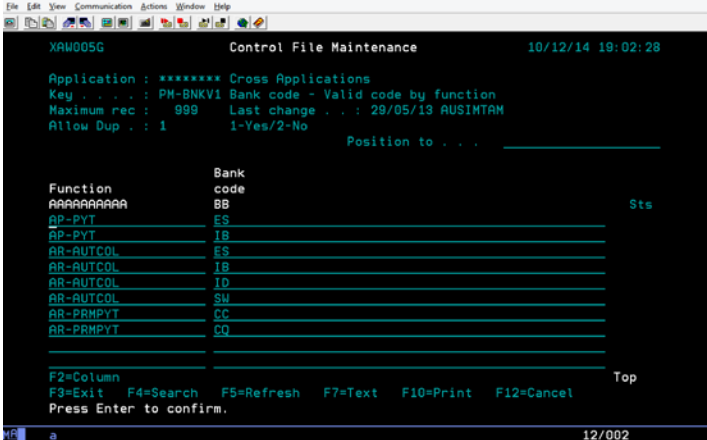
2. Setup

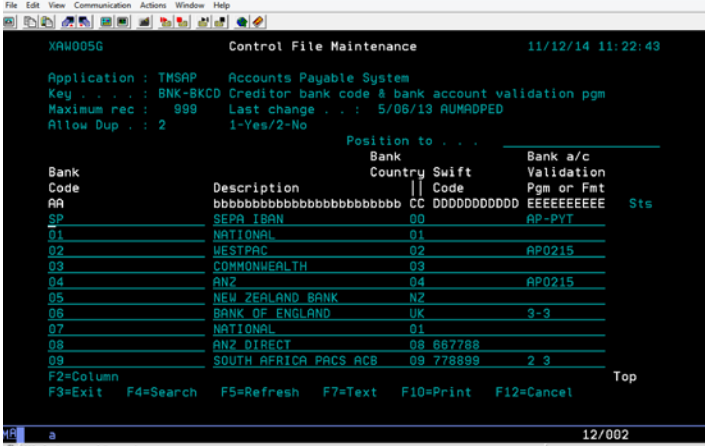
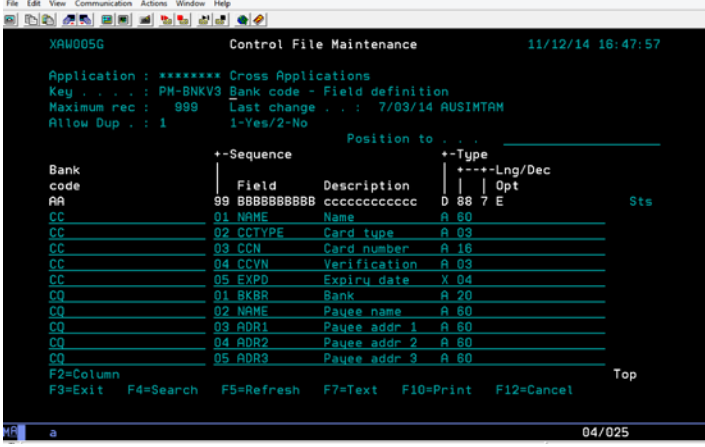
Business rules for SEPA Processing must be setup with support from IBS consultants.

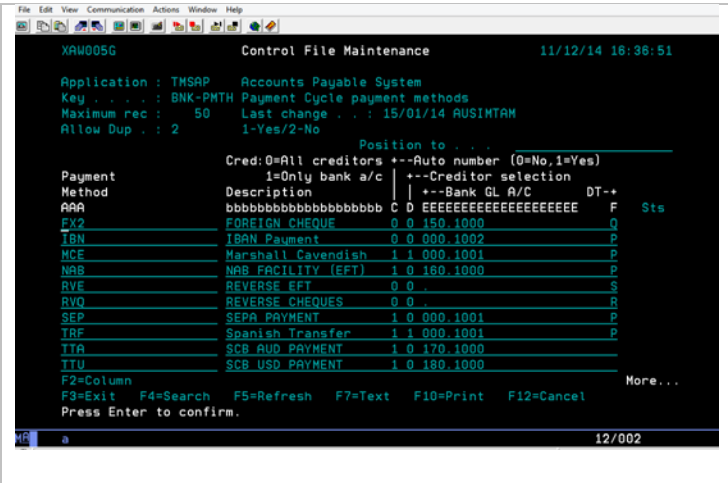
It is critical to understand the setting of control files and how it works. Control files must be setup correctly for the system to operate as intended. Any changes to the control files setup should be addressed cautiously and in consultation with IBS Bookmaster consultants.

The following business rules have to be created/changed to handle the new SEPA form of payments and the sending of relevant data files to the banks. This document does not cover customised setup tasks of specific companies. The purpose of this document is to assist IBS consultants setup appropriate business rules at a customer site for the specified process.

Note: Deviations from this setup should be covered by setup tasks written by individual companies.

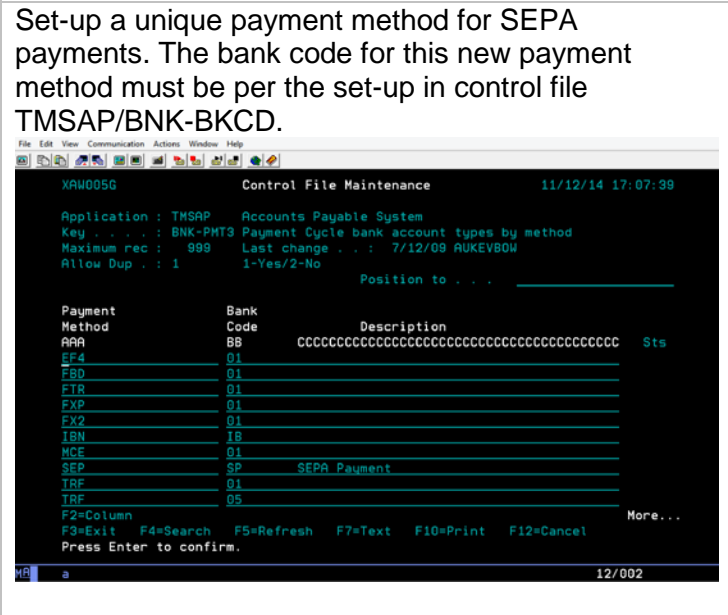
Business Rule	Description	Task
*****/PM-BNKV1	Bank code - Valid code by function	<p>Setup a unique function code and bank code for SEPA related bank accounts. The bank code in this control file is independent and different to the bank code in control file TMSAP/BNK-BKCD. This bank code is primarily used to define what input fields will need to be set-up. This would be used for auto collection & prompt payment.</p> 
TMSAP/BNK-BKCD	Creditor bank code & bank account validation pgm	<p>Set-up a unique bank code to be used for suppliers that will be paid in SEPA standard and the bank a/c validation program for the SEPA based bank codes. This is the bank code entered in the supplier maintenance screen. This bank code must have the function code that was set-up in control file *****/PM-BNKV1 as the entry on the 'Bank a/c validation program or Fmt' column. Whenever this bank code is used for a supplier, the user will be prompted to enter the IBAN and BIC information.</p>

		
<p>*****/PM-BNKV3</p>	<p>Bank code - Field definition</p>	<p>Set-up the individual input fields that will need to be entered for IBAN and BIC for the bank code set-up in control file *****/PM-BNKV1 linked to SEPA related bank accounts. With this set-up, the user will be provide input for IBAN and BIC codes and Account name when the user enters the bank code in the supplier maintenance that is flagged as SEPA. It allows for a maximum length of 60.</p> 
<p>TMSAP/BNK-PMTH</p>	<p>Payment Cycle payment method</p>	<p>Set up a unique payment method for SEPA payments. The document type (DT column on the control file) must be set to 'P' (EFT payment).</p>



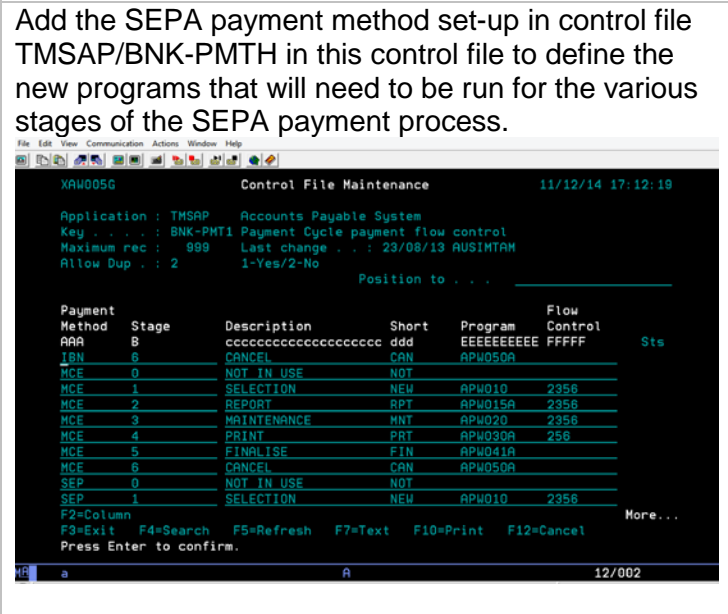
TMSAP/BNK-PMT3

Payment Cycle bank account types by method



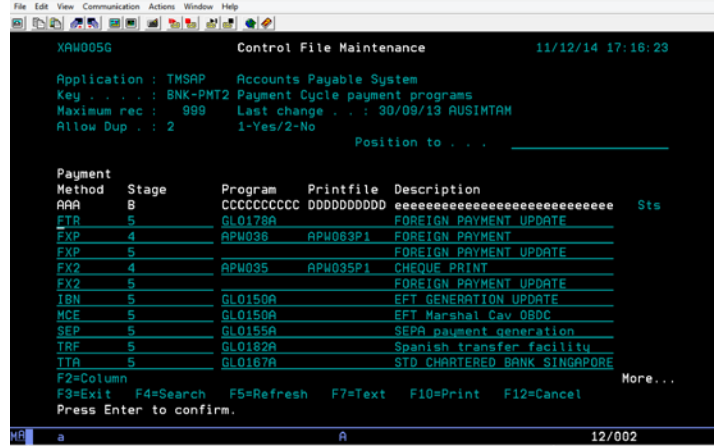
TMSAP/BNK-PMT1

Payment Cycle payment flow control



TMSAP/BNK-PMT2

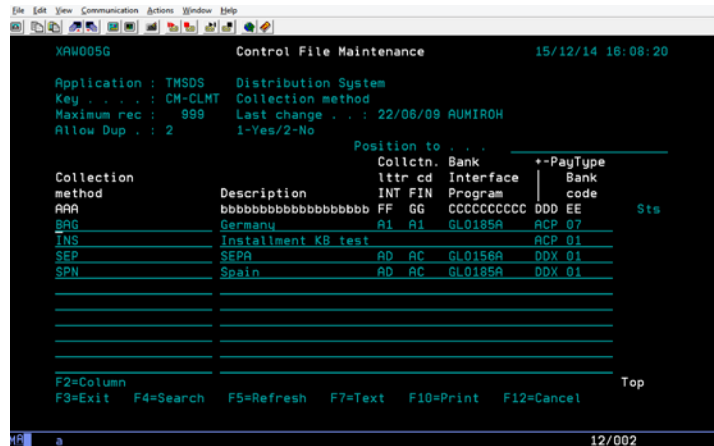
Add the SEPA payment method set-up in control file TMSAP/BNK-PMTH, to define the new specific programs that will need to be invoked, when processing stage 5 (finalising the payment and generating the interface file).



TMSDS/CM-CLMT

Collection method

The program for finalising the payment and generating the interface file for SEPA AR collections must be added to this control file.



TMSBK/EFT-COL

EFT defaults for AR collection file

Details for the generation and storage of the output file for AR collections must be defined in this control file.

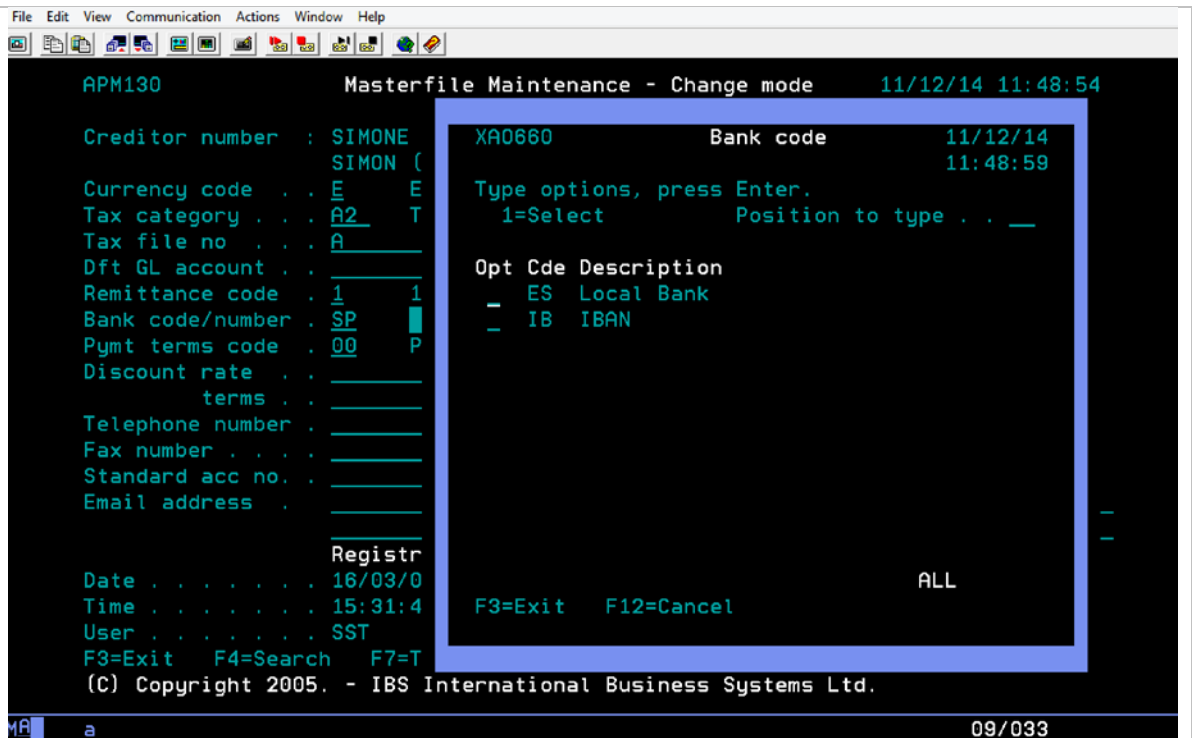
3. Procedure

It is your responsibility to ensure that you understand this procedure before performing the following tasks. This document does not cover individual operation procedures of specific companies.

Note: Deviations from this procedure should be covered by procedures written by your company. Before performing any tasks please ensure all the business rules are set-up accordingly.

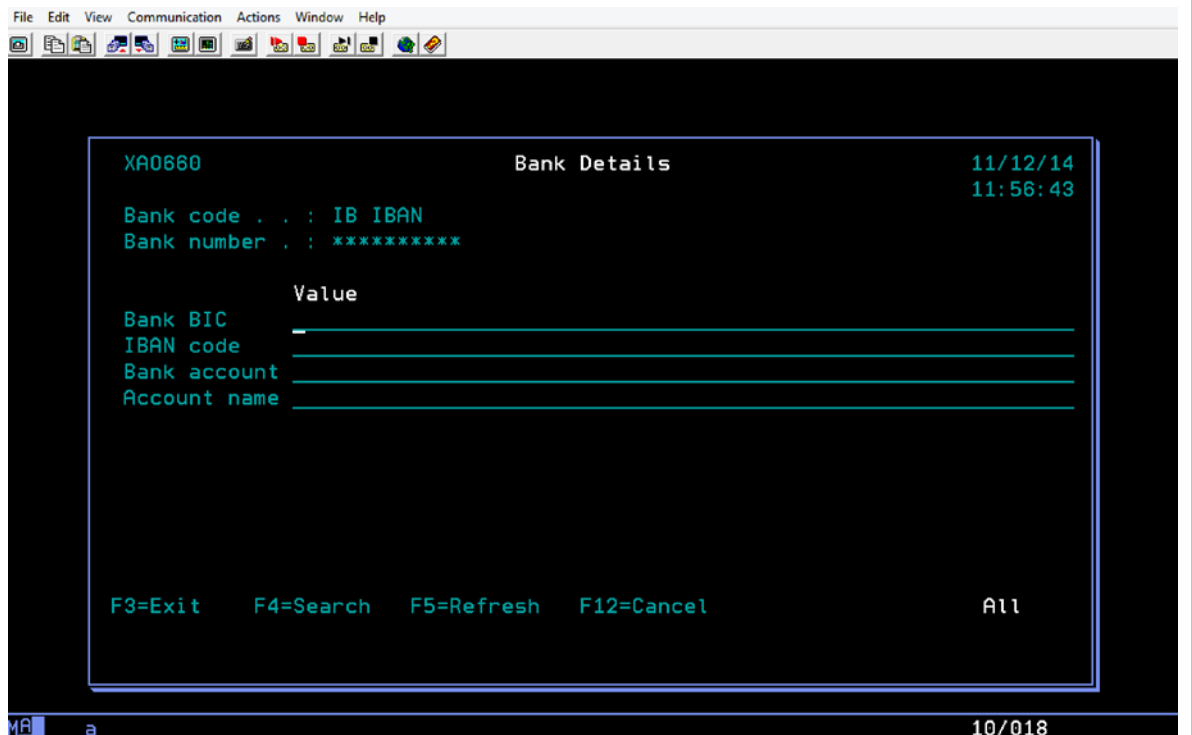
3.1 Capture SEPA specific Bank Details for Suppliers & Debtors

Step	Action
1	<p>The IBAN and BIC will have to be captured for all creditors and debtors that will use the SEPA payment and collections process.</p> <ul style="list-style-type: none"> The bank account number in IBAN format will be: CCYYNNNNNNNNNNNNNNNNNNNNNNNNNNNNNNNNNN, where: CC – bank country code in ISO 3166 YY – check digit N...N – alpha numeric bank account, normally in BBAN format. This part of the IBAN will include the sort code and the original bank account number The BIC code format will be: BBBBCCLLXXX where: BBBB – alpha bank code CC – bank country code in ISO 3166 LL – alphanumeric location code XXX – branch code <p><u>Add bank details for payables in supplier maintenance:</u> Enter the bank account number in IBAN format and the corresponding BIC linked to the bank account for all creditors that will use the SEPA payment process. The bank code is the SEPA bank account as defined in TMSAP/BNK-BKCD.</p>



Use F11 to enter the IBAN details.

Note: F11 functionality is only available for SEPA bank accounts.



Add bank details for collections in debtors maintenance:

Enter the bank account number in IBAN format and the corresponding BIC linked to the bank account for all debtors in the SEPA group. Select collection method for SEPA as defined in TMSDS/CM-CLMT.

```

File Edit View Communication Actions Window Help
DSM005 Customer Masterfile Maintenance - CHANGE 11/12/14 15:20:14

Customer no . . . . . : RA
Duty free customer . . : N
Interest calculation . : N
Auto freight charge . . : N
Customer item code . . : 0
Buy grp store no. . . . :
EDI confirm required . : N
Cartons only . . . . . : N
Ord release priority . . :
Chrg frght on return . : N
B/O confirmation . . . : 0
Debtors statement . . . : 1
Collection method . . . : SE
Bank details . . . . . : 00
Collection limit. . . . : 00
Collection calc rule. . :
Customer search code . . :

F3=Exit F4=Search F10=B
Press Enter to confirm.

XAI000 Collection method 11/12/14
TMSDS/CM-CLMT 15:20:19
Filter . . . . .
1=Select Position to . . .

Collection
Opt method Description
- BAG Germany
- INS Installment KB test
- SEP SEPA
- SPN Spain

F3=Exit F7=Text F12=Cancel F20=Enlarge All

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Use F10 to enter the IBAN details.

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File Edit View Communication Actions Window Help
DSM005 Customer Masterfile Maintenance - CHANGE 11/12/14 15:46:42

XA0660 Bank details 11/12/14
15:46:48

Bank code . . : ID IBAN (DD)
Bank number . : 0000000141

Mandate ref . . : RAJA002
Mandate date . : 25/03/14
Bank BIC . . . : AAAALULLXXY
IBAN . . . . . : LU280019400644750000
Mandate type : 1 (1=Core, 2=B2B)
Mandate seq . : 2 (0=OneOff, 1=First, 2=Recurring, 3=Final, 4=Closed)
Last mand ref : RAJA002
Last collectn : 31/10/13
Last bank BIC : AAAALULLXXX
Last IBAN . . : LU280019400644750000
Last cred Id : ESSEFIHH

F3=Exit F4=Search F12=Cancel F18=Final

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3.2 SEPA Payment (CustomerCreditTransferInitiation)

The CustomerCreditTransferInitiation message is sent by the initiating party to the debtor bank. It is used to request movement of funds from the debtor account to a creditor. This is a request of payments from the publisher to the creditor.

Step	Action
1	Run Due for Payment Selection (APW010) with SEPA payment method. This will initiate CustomerCreditTransferInitiation message to transfer funds from the publisher using the SEPA bank details specified through Creditor Master Maintenance.
2	The output file as defined in TMSBK/EFT-DEF will have the finalised payment transactions.

3.3 SEPA Collections (CustomerDirectDebitInitiation)

The CustomerDirectDebitInitiation message is sent by the initiating party to the debtor bank. It is used to request movement of funds from the debtor account to a creditor. This is a request of payments to the publisher from the debtor.

Step	Action
1	Run Debtor Auto Collection (ARW030) with SEPA collection method. This will initiate CustomerDirectDebitInitiation message to transfer funds from the selected debtor to the publisher using the SEPA bank details specified through Customer Master Maintenance.
2	The output file as defined in TMSBK/DEF-COL will have the collection transactions.

4. Glossary

BBAN (Basic Bank Account Number)

The identifier used by financial institutions in individual countries as part of a National Account Numbering Scheme(s), which uniquely identifies an account of a customer at a financial institution. The BBAN includes an explicit bank identifier. This is now being replaced with the IBAN in the SEPA initiative.

BIC (Bank/Business Identifier Code) – same as SWIFT code

ETC (Electronic Trade Confirmation)

Electronic system used to pass trade confirmations between relevant parties such as fund managers and brokers.

IBAN (International Bank Account Number)

ISO 13616 international standard for numbering bank accounts across national borders in Europe to facilitate the communications and processing of cross-border transactions. This is the bank account number standard used in SEPA. The structure of the IBAN is made up of 2 letter ISO 3166 country code, 2 check digits, and up to 30 alphanumeric characters in BBAN format made up of bank-branch code, and the account number.

ISO 20022

The standard for the Universal financial industry message scheme for SEPA financial transactions.

SEPA (Single Euro Payment Area)

A payment-integration initiative of the European Union for simplification of bank transfers between banks within the member countries.

STP (Straight through Processing)

A banking term where a financial transaction is automatically completed without manual intervention.

SWIFT (Society of Worldwide Interbank Financial Telecommunications) code

The ISO 9362 unique identification code for both financial and non-financial institutions worldwide used when transferring money between banks / financial institution, particularly for wire transfers, and also for exchange of other messages between institutions. The code might consist of 8 to 11 characters made up of a 4 character bank code (letter only), 2 character ISO 3166 country code (letter only), 2 character location code (letters and numbers), and optionally 3 character branch code (letter and number). The branch code is blank for the institution's HQ. SWIFT is the most commonly accepted format for BIC code.