

SHORTCUT TO THE SEPA DATA FORMAT

NEED FOR COMMON DATA FORMATS

➔ In the world of payments processing, the role of the data format used to exchange information between banks can be compared to the role of language in communication between people. Today, dozens of different data formats are in place to process payments across different national and European clearing systems in the European Union.

➔ The realisation of the Single Euro Payments Area (SEPA) therefore requires agreement on a common set of data to be exchanged in a common syntax. The SEPA data formats as specified by the European Payments Council (EPC) for the exchange of SEPA payments like direct debits and credit transfers represent such a common data set, respectively.

ISO 20022 MESSAGE STANDARDS

➔ It is important to note that the SEPA data formats do not constitute an exclusive European standard. Rather, the SEPA data formats are based on the global ISO 20022 message standards.

➔ These formats are binding for the exchange of SEPA payments between banks. It is recommended that business customers use the SEPA data formats to initiate payments. However, banks may continue to accept other formats from customers for the instruction of SEPA payments.

➔ ISO, the International Organisation for Standardisation, is the world's developer of global standards. ISO combines the expertise of representatives from all sectors. ISO therefore provides any stakeholder group with the opportunity to participate in the process of standard setting.

➔ ISO has also worked on modelling financial messages. This is set out in ISO standard 20022 (see www.iso20022.org). This standard provides a methodology for defining business processes and the related data elements. In the ISO process, business requirements are defined for all global markets. Different markets have different data needs. This means that each community may need to define its own version within the global standard, specific to its own situation. In this respect, the ISO messages have been adjusted to meet the SEPA requirements.

SEPA IMPLEMENTATION GUIDELINES

➔ The role of the EPC in defining the SEPA data formats therefore consists in identifying all necessary data elements for making SEPA payments as defined in the SEPA Rulebooks within the global standard. These "core" data elements are indicated by yellow shading in the SEPA Implementation Guidelines released by the EPC with respect to the SEPA Credit Transfer scheme and the SEPA Direct Debit schemes.

ADDITIONAL OPTIONAL SERVICES

➔ To allow communities of banks participating in the SEPA schemes to provide additional optional services (AOS) based on the schemes, the EPC has also identified data elements within the global standard that can be used for this purpose*. These data elements are indicated by white shading in the SEPA Implementation Guidelines.

➔ The SEPA data formats are a valid subset of the global ISO 20022 standard.

* The SEPA Credit Transfer Scheme Rulebook and the SEPA Direct Debit Scheme Rulebooks released by the EPC provide detailed information on Additional Optional Services. The Rulebooks are available on the EPC website at www.europeanpaymentscouncil.eu.

EXTENSIBLE MARK-UP LANGUAGE (XML)

⇒ The Extensible Mark-up Language (XML) syntax is recommended by ISO. The primary purpose of XML is to facilitate the sharing of structured data across different information systems such as the Internet. The XML standard is maintained by the World Wide Web Consortium and is a fee-free open standard.

EUROPEAN BANKS ARE LEADING THE WAY

⇒ With the roll-out of the SEPA schemes, European banks are the first in the world to deploy a new global data format — the ISO 20022 message standards — for mass euro payment transactions. This innovation is likely to have an impact far beyond Europe, as corporates and banks in Asia and in the Americas have already started to realise the global implications of 32 countries moving jointly towards this international standard.

The SEPA data formats are globally compatible standards for the exchange of financial industry messages. The European banking industry is leading the way in terms of innovation in payments.

To obtain the latest versions of the Implementation Guidelines for the SEPA Credit Transfer Scheme and the SEPA Direct Debit Schemes please visit www.europeanpaymentscouncil.eu.