

# **Final Recommendations of the IST Harmonisation Team**

**Version 1.3  
12 July 2004**

## **Acknowledgements**

We would like thank the following individuals and organizations who committed time and effort to the ISTH project. We would also like to thank IFX and SWIFT for providing additional administrative and technical support to this project. The Gartner Group graciously hosted the bank sponsor announcement of the IST Harmonisation Team effort. The presentation given at the Gartner announcement is provided as an appendix to this report. A complete list of participants is contained within "Participants in the IST Harmonisation Effort and Discussions."

## **Sponsor Banks**

ABN AMRO, Bank of America, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Nordea, Standard Chartered and Wells Fargo. All sponsor banks and Mizuho Bank of Japan have endorsed the findings of this report. The SWIFT Global Business Validation Group has also approved the credit transfer and payment initiation status messages to be created as a result.

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Interactive Financial eXchange Forum	<a href="http://www.ifxforum.org">www.ifxforum.org</a>
SWIFT	<a href="http://www.swift.com">www.swift.com</a>
Treasury Integration Standards Team	<a href="http://www.twiststandards.org">www.twiststandards.org</a>
Open Applications Group (OAGi)	<a href="http://www.openapplications.org">www.openapplications.org</a>

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## **Introduction and Summary of Recommendations<sup>1</sup>**

XML (eXtensible Mark-up Language) has provided an opportunity to create flexible but standardized data transfer formats over the Internet. In the payments sphere, a number of groups grasped this opportunity with a view to setting standards for Straight Through Processing, including the automated processing of collections and receipts. Nearly 70 organizations are developing financial or financially-related XML messaging, including but not limited to:

- Bolero
- CIDX (Chemical industry)
- IFX
- Open Applications Group
- PapiNet (Paper and Pulp industry)
- RosettaNet (Electronic Component, Technology and Telecommunications industry)
- SWIFT
- TWIST
- UN/CEFACT TBG5
- X12 XML

The same banking community participants supported many of these initiatives. Corporate participation in these developments has been led by several companies including: Shell (TWIST); Nokia, Intel, Cisco, Texas Instrument and National Semiconductor (the RosettaNet Payment Milestone Program pilot leaders); and members of the Corporate Reference Group/Future Group including IKEA, IBM, Electrolux, Ericsson, Shell, Norsk Hydro, P&O NedLloyd, and Philips.

The results of their analyses and pilot projects have been used in the improvement of the new payment messages proposed herein.

As it became clear that these separate message development initiatives would not lead to a single standard, major banks encouraged several of these organisations to combine their payment-specific efforts. The result is the International Standards Team Harmonisation, where representatives of SWIFT, IFX, OAGi and TWIST have worked together to come to a 'harmonised', global payment XML message standard. The outcome of the IST's deliberations will be registered as a new ISO 20022 message standard and result in the message required documentation (MIGs). Each of the participants will include the results in their standards portfolio.

## **New Definitions and Legacy Constraints**

Definition of new data fields and extending the size of existing fields was guided by the practical capability of banks to process them. Further limitations do exist when delivering payment transactions to a clearinghouse or exchange. One particularly important area relates to communication between remitter and beneficiary in relation to a payment. The number and nature of intermediaries involved (remitting bank, clearinghouse, beneficiary bank) frequently results in disruption (or loss) of data sent by the remitter and required by the beneficiary to properly apply funds.

Usage of new data fields - but also extending the size of existing fields – may be limited by the capabilities of the banks that have to process these data elements. But as systems have to change or have to be replaced, a bank can consider making use of the extended capabilities of the messages. If an extension is only to be processed by the first bank, this bank can decide to extend its processing capability as an extra service offering. If the extension impacts clearing houses or beneficiary's banks as well, the consequence of an extension can be too far reaching (in time and effort) to implement .

The IST has proposed a number of elements and scenarios that may be new (individually or as a group) to any one of the existing standards:

- Options to request an aggregate booking per batch
- Designation of fields which have to be forwarded through the interbank chain to the beneficiary in all cases, and fields which may be forwarded if space is available
- Designation of identifications that have to be returned to the initiating party in all cases in status and statement messages.
- Support for name and address and other text fields in the local language
- Additional specific fields for identifications of persons and organisations
- Increased space for name and address details
- Specification of the method and (electronic) address where remittance details are delivered (when the initiating party already delivered these) or need to be delivered (when the first agent provides this service)
- Ability to make a payment in a foreign currency, amount specified in local currency
- Value date for cheques and drafts.
- Support for payment to a final party not being the account owner (such as accounts held by brokers or Building Societies)
- Support for payment on behalf of a party not being the account owner (in case of Payment Factories or Service Bureaus)
- Cheque handling and various delivery options for the cheque
- Memo fields to be printed on cheque

- Specification of form and signature for cheque
- Regulatory reporting information
- Withholding Tax information and certificate issuance
- Extension in size of existing data elements which can be truncated if necessary
- Increased size for all identifications.

The implementation guides that will result from this effort will describe:

- How the payment standard can be combined with other XML standards or extended by them.
- How the messages can be used to achieve more effective reconciliation.

They can be used in conjunction with the work of the Corporate STP Group (the banks supporting the RosettaNet bank payment effort) which has produced a guide to facilitate more automated reconciliation of receivables.

### **End-to-End: Closing the Information Loop**

Obtaining STP from payer to beneficiary, including information for the reconciliation process in both Accounts Payable and Accounts Receivable, was a guiding element of the IST process. This specification addresses this issue in the manner originally proposed by the RosettaNet Payment Milestone Program, and documented by the Corporate STP Group. That document defines exchange of remittance identifiers between remitter and beneficiary in the context of:

- 1 - The core payment kernel and related messages
- 2 – Various domestic and cross border electronic payment systems.

The payer, beneficiary and beneficiary banks all desire STP (Straight Through Processing).

In practice, different scenarios are already in use to forward remittance details to the beneficiary:

- The payer sends a remittance advice by mail, fax, e-mail or EDI.
- The payer's bank generates and delivers a remittance advice based on the full details present in the payment order.
- The payer uses a service organisation to generate and deliver a remittance advice based on a copy of the payment order (or a specific message) containing full details.

As clearinghouses do not uniformly support forwarding and delivery of massive remittance details, inclusion of limited details is the basic solution. If the payer's bank supports handling extensive details, no limitation is set by using an

industry-accepted extension (such as a RosettaNet 3C6 remittance advice) with the payment message. The new payment messages support STP by:

- including delivery method, (electronic) address, and a unique reference linking the payment order to the remittance information separately sent.
- providing a clear end-to-end client reference.
- allowing remittance advice extensions to the payment message or embedding the kernel into a supply chain standard.

### **Scope of Payment Messages**

The new payment messages support a large number of payment types: both domestic and cross border, including electronic (RTGS and ACH/giro) and paper (cheque/draft). . These new messages are particularly relevant to commercial payments (corporate accounts payable and receivable) but may also be applied in other contexts (e.g. treasury or payroll). In the message implementation guides (MIGs), it will be clarified which elements are applicable or required for which situation. Payments can be grouped (as in single debit, multiple credit transactions) or submitted as individual transactions.

IST also developed a direct debit message as a derivative of the payment message and recommends its usage as a provisional standard whilst some participants prefer to wait for the development of the Pan European Direct Debit by the European Payment Council.

Status messages provide detailed feedback to the payer on progress and reason to reject. These status messages refer to a unique transaction or batch identification for tracking purposes.

Advice and statement messages will be developed in a follow-on effort to provide detailed information on the transactions debited and credited to the bank account, assisting in the automatic application of funds, transaction reconciliation of payments to bank account entries, and account reconciliation.

### **Implementation Planning**

Messages are a means of communication. There is no use sending a message in a new format if the receiver is not equipped to receive and process the message. Both corporates and banks must agree on a plan when the new messages can be used and will likely be guided by the capabilities of their EAI, ERP and workstation vendors.

For corporates, the main advantages will be the use of XML, which is easier to implement and cheaper to maintain than legacy EDI standards, and a format

which supports the STP scenario developed through the banks involved with RosettaNet's payment program. Also, the new messages will potentially more easily support new services when offered by banks.

An additional advantage lies in the reduction of the number of message standards, and the increased expected use of the one "harmonized" standard. Through this effort, we can minimise the need to develop yet more sets of competing standards and, over time, reduce the number of standards in use. This will increase the number of compatible correspondents, and reduce the overheads associated with conversions and supporting multiple standards.

It will be difficult to budget for change without proven added value. Clients asking their banks to facilitate access to the new interface will build demand. Industry-groups, like RosettaNet, will request banks to implement the new XML message standards. ERP vendors, like PeopleSoft, will implement the new standard in new releases, thus facilitating the implementation process.

Banks capable of processing the new messages should be in a favorable position. As we have seen, the capabilities of the new messages being supported by banks and vendors can add the value, stimulating the change to the new message standard. Once the new message standard is widely implemented, savings can be obtained by eliminating or minimising bank-specific interfaces.

## **Timing**

As a result of the work of the International Standards Team, the new payment and status messages will be freely available mid-2004, with implementation documentation. Software vendors, banks and corporates will need time and money to develop the interfaces. Budgets must be allocated for these projects. In practice the first implementations will be in the last quarter of 2004, but more realistically, early 2005 should be seen as an achievable target.

## **Specific Recommendations**

The IST Working Group specifically is making eight recommendations:

1. A final credit transfer initiation message whose data content is described in this report.
2. A provisional debit transfer initiation message whose data content is described in this report, to be used until the European Payment Council completes its review of direct debits.
3. A final payment initiation status message - content is described in this report.
4. Guidance on how to properly extend or embed the payment kernel messages through namespaces is documented.



5. Guidance on the presentation of schema and annotation of elements within the schema is contained.
6. A recommendation is made for alignment of the organizations participating in the IST effort both as ISO TC68 liaison organizations and as country representatives to the organizations that provides country level access to ISO TC68 and registration of the messages as ISO 20022 standards.
7. A proposal is contained for the advice and statement components of our original goals as a next step in 2004, with SWIFT leveraging the Global Business Validation Group process.
8. Implementation Guides will be completed for the messages in the kernel.
9. A recommendation is made to merge of the Corporate STP (bank) group and the IST bank sponsor groups so that all of the work is aligned.

1. The text of this section is largely drawn from: Towards a Single Standard in Financial EDI, Robert Bol, GTNews 2 March 2004. Specific recommendations were added based on the final report itself.

## **Key Objectives<sup>2</sup>**

The underlying objective of the IST Harmonisation Team effort was to:

*"...drive a single "Core Payment XML Kernel" that can be used globally by any corporate, irrespective of size and sector and by any servicing bank regardless of location..."*

Standards bodies IFX, OAGi, SWIFT, and TWIST have collaborated to achieve this common objective. The basis for that collaboration includes:

- a common mission in the availability and use of open standards as it relates to certain forms of payment processing.
- prior activity of a related nature, notably the development of XML standards addressing payments.
- skill sets and resources uniquely required to achieve the common objective.

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<sup>2</sup> Memorandum of Understanding between the Interactive Financial Exchange (IFX) Forum, Inc., the Open Applications Group Inc. (OAGi), the Society for Worldwide Financial Telecommunications (SWIFT), and the Treasury Workstation Integration Standards Team (TWIST).

## Common mission in XML standards

The standard bodies all seek to achieve the creation and adoption of interoperable messaging standards. These standards bodies:

- *"...share a common mission aimed at efficiently and effectively facilitating the development of open and interoperable specifications for on-line exchange of business data within and across all industries."*
- *"...desire to collaborate in the development of a single core payment kernel XML transaction that meets all four organizations' business requirements, establish an agreed upon framework for the use of this XML transaction in packages with their other transactions, and agree on the use of the core payment kernel with their existing XML status, advice and statement transactions."*
- *"...will ensure together that the core payment kernel, as agreed to by the groups, will cover it's ability to interoperate the advice, status and bank statement messages of each standard. These messages are recognized as being related not only directly to the payment kernel but also to the other content of each standard. "*
- *"...will jointly agree to a framework for interoperability, using such XML tools as namespace extension, to allow packaging of the core payment kernel with other XML messages. "*

## Tactics

This effort produces a core payment kernel which:

- contains all information necessary for payment service providers and financial infrastructures to process the payment, and for the beneficiary to identify the payer and underlying business transaction.
- contains limited remittance information, or the ability to coordinate with the separate delivery of extended remittance information
- is useable in the context of each of the involved standards bodies (and others).
- is readily extensible.

## **The Core Payment Kernel**

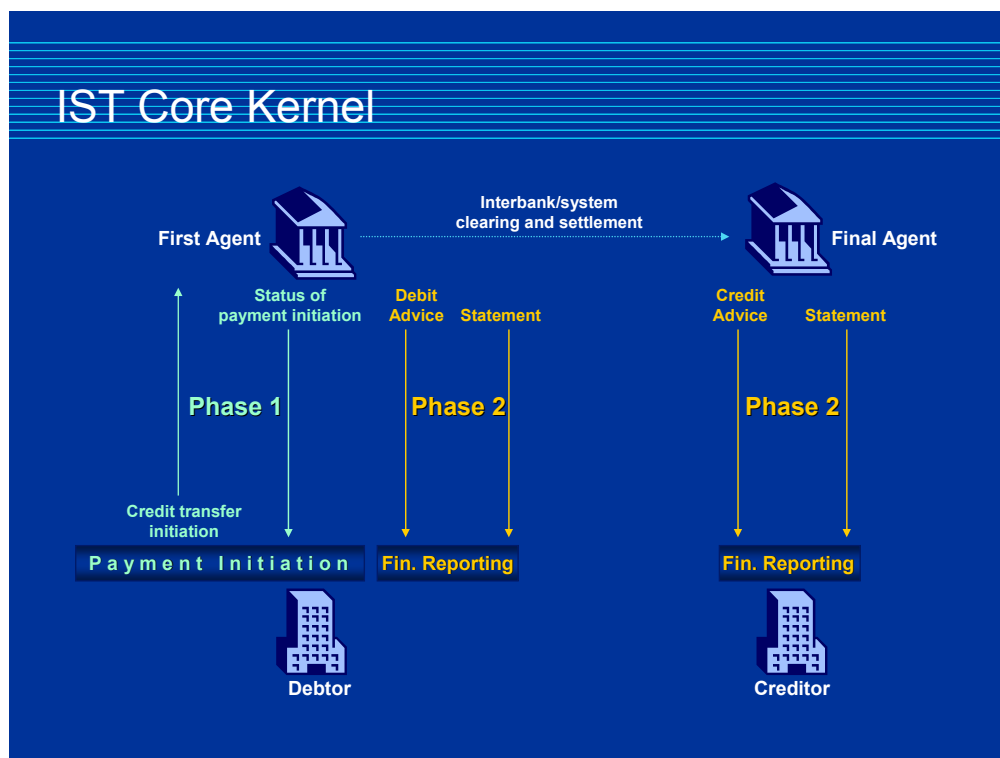
The core payment kernel consists of the essential elements (mandatory and optional) commonly processed by banks as a credit or debit payment instruction.

In addition to the core payment kernel a corresponding status message has been developed.

The objective of the IST is to cover a specific set of messages:

1. Payment initiation
2. Payment status including processing confirmation.

It is further understood that advising (cash transaction advice and statement) are integral to payment initiation and that coordination with the above payment message standards are required. Advising formats are not formally part of the work to date but are proposed for further activity (see Recommendation 7).



Primary intended audiences for these message formats are wholesale payment services users (primarily corporations, accounts payable/receivable and treasury as a typical use), payment services providers (primarily banks) and software vendors establishing interfaces for the payment processes.

Payment instruments involve open account, domestic and cross-border electronic and paper wholesale payments.

Some examples of payment instruments that may be initiated by this means include:

- Cross border – SWIFT, Target
- Domestic ACH/Cheques
- Singapore – IBG, MEPS, cheque clearing
- UK – BACS, cheque clearing
- US – Fedwire, CHIPS, ACH, check clearing.

Information not required to process the actual instruction was outside the boundaries of our work and viewed as a separate component in a message “package” that might be provided to the bank by a customer. Extensive remittance details, for example, were considered outside the scope of the core instruction content. The areas of credit card payments and working capital financing information were also identified as outside the boundaries of the core instruction.

The intent of the kernel is to create a message component that can be used independently to execute a payment in a bank payment processing system. The kernel can be extended upon by other standards for information such as full remittance details or embedded within messages from other standards that contain information in addition to the core instruction.

The work produced through this effort is intended to become an ISO standard as well as be accepted into each of the participating standard organizations. SWIFT has begun the process required for ISO 20022 registration, creation of the schema, and authoring of the documentation surrounding the content of the core payment kernel and status message.

The XML schema’s are planned to be available the middle of July, published via ISO 20022 website. Publication of the kernel into each standard business documentation and schema will occur at the soonest time deemed appropriate by the respective standard organization. The future feedback of these broader communities will be equally important to the future successful use of the payment kernel.

It has also been recognized that it is absolutely essential that the application vendor community (ERP's, EAI's and treasury workstations) support the direction taken by this combined group and the kernel itself.

### **Participants in the IST Harmonisation Effort and Discussions**

Two forums were established to achieve harmonization of the core payment: a sponsor group and a working group.

The sponsor group consists of the nine banks sponsoring the initiative – ABN AMRO, Bank of America, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase,

Nordea, Standard Chartered and Wells Fargo. Participants from the sponsor banks include:

ABN-AMRO	Leonard Schwartz, Stan Harmsen van der Vliet, Ron van Wezel
Bank of America	Susan Colles, Rupert Russell, William Jetter, Peter Hohenstein
Citigroup	Dan Schutzer, Hugh Davies, Jeff Hawkes
HSBC	Mark Sutton
Deutsche Bank	Art Brieske, Lars Oltrogge
JPMorgan Chase	Robert Blair, Tom Kizner, Tom Capria
Nordea	Olli Kahkonen
Standard Chartered	Chris Furness, Jiten Arora
Well Fargo	Craig Stuart, Mark Tiggas

The bankers' forum met every month or two to review the status of the working group and determine any change in direction of focus.

The working group was comprised of representatives from the standards organizations to provide the deliverables – IFX, OAGi, SWIFT and TWIST. Each group nominated lead participants in the effort. Participants include:

Matthew Arrott	CommerceNet	TWIST
Robert Blair	JPMorgan Chase	TWIST
Robert Bol	Robert Bol Consultancy	TWIST
Susan Colles	Bank of America	IFX
David Connelly	OAGi	OAGi
Jean-Marie Eloy	SWIFT	SWIFT
Mike Haehn	Consultant	IFX
Steven Hartjes	Ernst & Young	TWIST
Marcel Jemio	DISA	IFX
Kris Ketels	SWIFT	SWIFT
Tom Kizner	JPMorgan Chase	TWIST
Carl Martin	Eurobase	TWIST
Garret Minakawa	OAGi	OAGi
Mike Rowell	OAGi	OAGi
Leonard Schwartz	ABN-AMRO	IFX, TWIST
Mark Tiggas	Wells Fargo	IFX
Jacques Urlus	Ernst & Young	TWIST
Chantal Van Es	SWIFT	SWIFT

As the working and sponsor groups preceded through meeting their objectives, members brought additional resources or participants into one or more of the

discussions to provide expertise needed to complete the mission. These added participants occasionally included the various chairs of the standards organizations involved in this effort. Added participants in one or more of the discussions included:

Randy Bear	USAA	IFX
William Bird	E Funds	IFX
Tom Buschman	Shell Financial Services	TWIST
Deb Canale	Wells Fargo	IFX
Martine Deweirdt	SWIFT, Head of Standards Department	SWIFT
Hannah Dillon	Bank One	
Frank Eaton	Sun Microsystems	IFX
Cindy Fuller	X9, Executive Director	
Wim Guerden	Microsoft	IFX
Elie Lasker	SWIFT	SWIFT
Sid Sidner	ACI Systems	IFX
Omar Tahboub	OAGi	OAGi
Rich Urban	IFX, Chair	IFX
Michael Versace	Niteo Partners/X9	

Input from several other banks was achieved by leveraging the Global Business Validation Group meetings (see Validation Process and Appendix C for a list of participants).

### **Message Development Process**

The working group established weekly conference calls for every Friday beginning on September 5, 2003, with the goal of completing the definition of the content by mid January 2004. IFX provided a technical resource to generate the applicable working documentation. This work coincided with the pilot project of the RosettaNet Payment Milestone Project and the review of the content by the SWIFT-sponsored Global Business Validation Group (- see Validation Process).

Work was initiated by a comparison of the payment messages of IFX, OAGi, TWIST and SWIFT. The working group then proceeded through five phases of activity:

- Agreeing upon what content is inside and what content is outside the boundaries of the core payment instruction.
- Establishing a business process model relevant to the core payment activity.
- Determining the data elements to include in the core (based upon the existing messages)

- Reviewing feedback obtained from the broader banking community through the Global Business Validation Group sponsored by SWIFT and in which the working group participated.
- Identifying a method through which the core payment kernel can be used with other message components that come from other standards.

Participation was drawn from the core working group and other experts whose time was contributed by each participating organization. See the ISTH participant schedule, above.

The existing SWIFT business models were accepted, after review, as a starting point to guide agreement on data content.

The working group next identified the core components that made up the payment instruction (and also need to be reflected in feedback messages such as status or advice.)

Once these components were agreed to, the content of each payment message was reviewed against these categories. The content of each message was compared side-by-side so that the proposed kernel reflected any content gaps an individual standard had omitted. The analysis then formulated the defined content of the core payment kernel and the resulting status message. A draft structure was developed in Excel and re-reviewed by the group.

The group worked in three directions after content was agreed to:

- Determining the best method for allowing use of the kernel with other standards' message components
- Reviewing of feedback generated from the SWIFT-sponsored Global Business Validation Group (participants are identified in Appendix C)
- Discussing the content of the status, messages that will reflect payment initiation.

TWIST provided specific help with definition of additional data elements needed to support direct debit messaging. (Recommendation 2)

Additional data was brought to the discussion of more technical components such as tax information or Central Bank Reporting to support our review and proposals.

To assist in our efforts, a single face-to-face meeting was held in New York for a three day period. Representatives from IFX, TWIST, SWIFT and OAGi were present at the meeting.

The SWIFT status message became our starting point for content review. (Recommendation 3)

The actual data content agreed upon by the working group is contained within Recommendations 1 through 3.

The group agreed to a recommendation regarding the advice and statement messages. Detailed review of the contents of each standard's messages was not possible and it was recognized that significant new work was required to complete this objective. (Recommendation 7)

To facilitate discussion around how to use the kernel with other standards' message components and in other standards' messages, several new participants joined the discussion that had a richer architectural understanding of XML. Several scenarios were tested to determine how the kernel might be used with other standards, what would be new messages, etc. Scenarios included credit card payments, alternative dates to those in the core payment and use of a combined payment instruction and foreign exchange request. (Recommendations 4 and 5)

Recommendations 1 through 3 represent the logical content agreed to. Whilst names (tags) were also agreed to, the proposed registration of each element with ISO will result in some required differences in actual tag names and the generation of actual schema for the message components included in our effort. This is required to achieve the broader goal of lodging the IST standard into ISO. (Recommendation 6)

Recommendation 8 is intended to authorize continuation of the work on Implementation Guides and Recommendation 9 proposes that the work of the Corporate STP Group and the IST sponsor bank group be brought together given the significant overlap of participant banks and areas of work.

### **Validation and Acceptance Process**

The validation and acceptance of the work prepared through the IST Harmonisation effort took two different forms:

- The Global Business Validation Group (GBVG) gathered by SWIFT that included representatives from the standards organizations involved in the IST and a global representation of bankers.
- Acceptance by each of the standards organizations participating in the IST independently of the GBVG process.



Several minor modifications and additions were made as a result of GBVG meetings. These were reviewed by the IST team to determine if consistency was maintained with our goal for the core payment kernel. There was little substantive change from the IST's independent recommendations and any additions were received in the spirit of gaining acceptance and applicability across the broadest banking community possible.

## **Recommendation 1: Credit Transfer Message Component**

### ***Scope and Usage***

The Core Credit Transfer Initiation message is used to request movement of cash from a Debtor's account to a Creditor. It can be sent by the Initiating Party to the Forwarding Agent or First Agent.

The Core Credit Transfer Initiation message can contain:

- one or more instances of a credit transfer initiation
- payment transactions that result in book transfers at the First Agent or payments to another financial institution
- payment transactions that result in an electronic cash transfer to the Creditor's account or in the emission of a cheque.

The message can be used in a direct or a relay scenario. In a direct scenario, the Initiating Party sends the Core Credit Transfer Initiation message directly to the First Agent. The First Agent is the account servicer of the Debtor.

In a relay scenario, the Initiating Party sends the Core Credit Transfer Initiation message to a Forwarding Agent. The Forwarding Agent acts as a concentrating financial institution. It will forward the Core Credit Transfer Initiation message to the First Agent.

The message can also be used by an Initiating Party that has authority to send the message on behalf of the Debtor. This caters for example for the scenario of a payments factory initiating all payments on behalf of a large corporate. The Core Credit Transfer Initiation message can be used in domestic and cross-border scenarios.

The message can be used to group payments (in this case, the Payment Information component is present once) or can be used as a collection of individual payments (in this case the Payment Information component is present once per occurrence of Payment Transaction component).

### Illustration 1

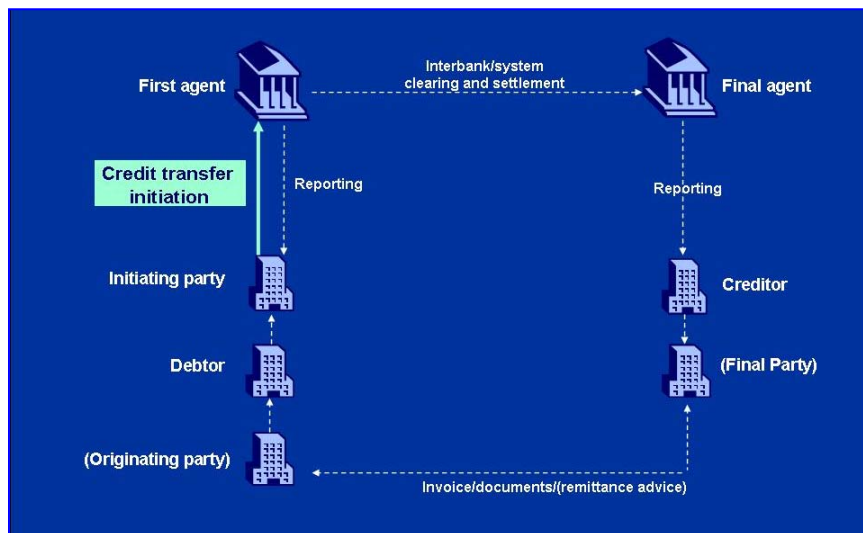


Illustration of a direct scenario. Note : the scenario illustrates the maximum of customer roles that can be identified in the message. In case one and the same party plays several customer roles, not all roles will have to be included in the message. For definitions of the roles, please refer to the description of the roles in the standard specifications in the annex

### Illustration 2

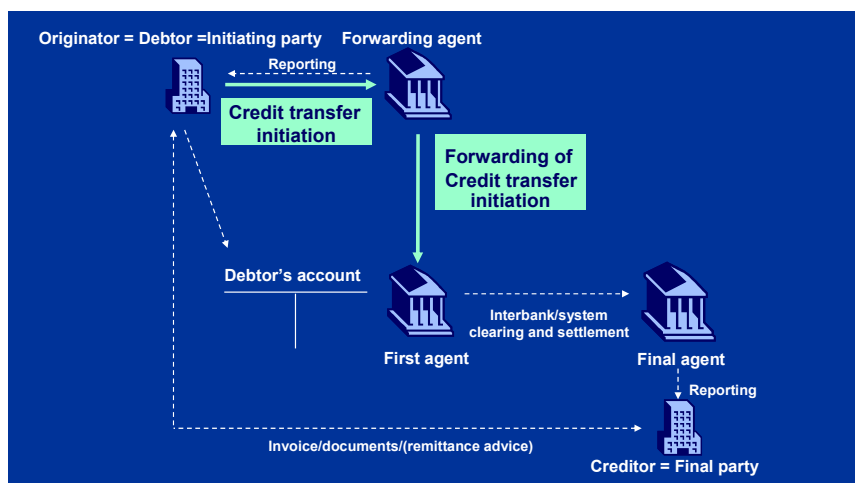


Illustration of a relay scenario. Note: in this scenario, one customer plays the role of originator, debtor and initiating party; and one customer plays the role of creditor and final party. Consequently, not all customer roles will have to be identified in the message

### ***Main Characteristics***

The Core Credit Transfer Initiation message has the following main characteristics:

- **Batch or single entry indication:** The Initiating Party can indicate whether it wants to have all transactions present in the Core Credit Transfer Initiation message booked as one entry or as individual entries on the Debtor's account.
- **Identification of customer parties:** The Core Credit Transfer Initiation message caters for the identification of several customer parties. On the debit side of the payment transaction, the Originating Party, the Debtor and the Initiating Party can be identified. On the credit side of the payment transaction, the Creditor and the Final Party can be identified.
- **Remittance information:** The Core Credit Transfer Initiation message can include basic remittance information. It also contains reference fields that can be used to refer to remittance information sent separately from the payment transaction.
- **Regulatory reporting:** The Core Credit Transfer Initiation can include regulatory reporting information, for use in payments where this is necessary.

### ***Outline of the Message***

The Core Credit Transfer Initiation message is composed of three main building Blocks:

#### **A. Group Header:**

This building block is mandatory. It contains elements such as a Group Identification and Creation Date Time.

#### **B. Payment Information:**

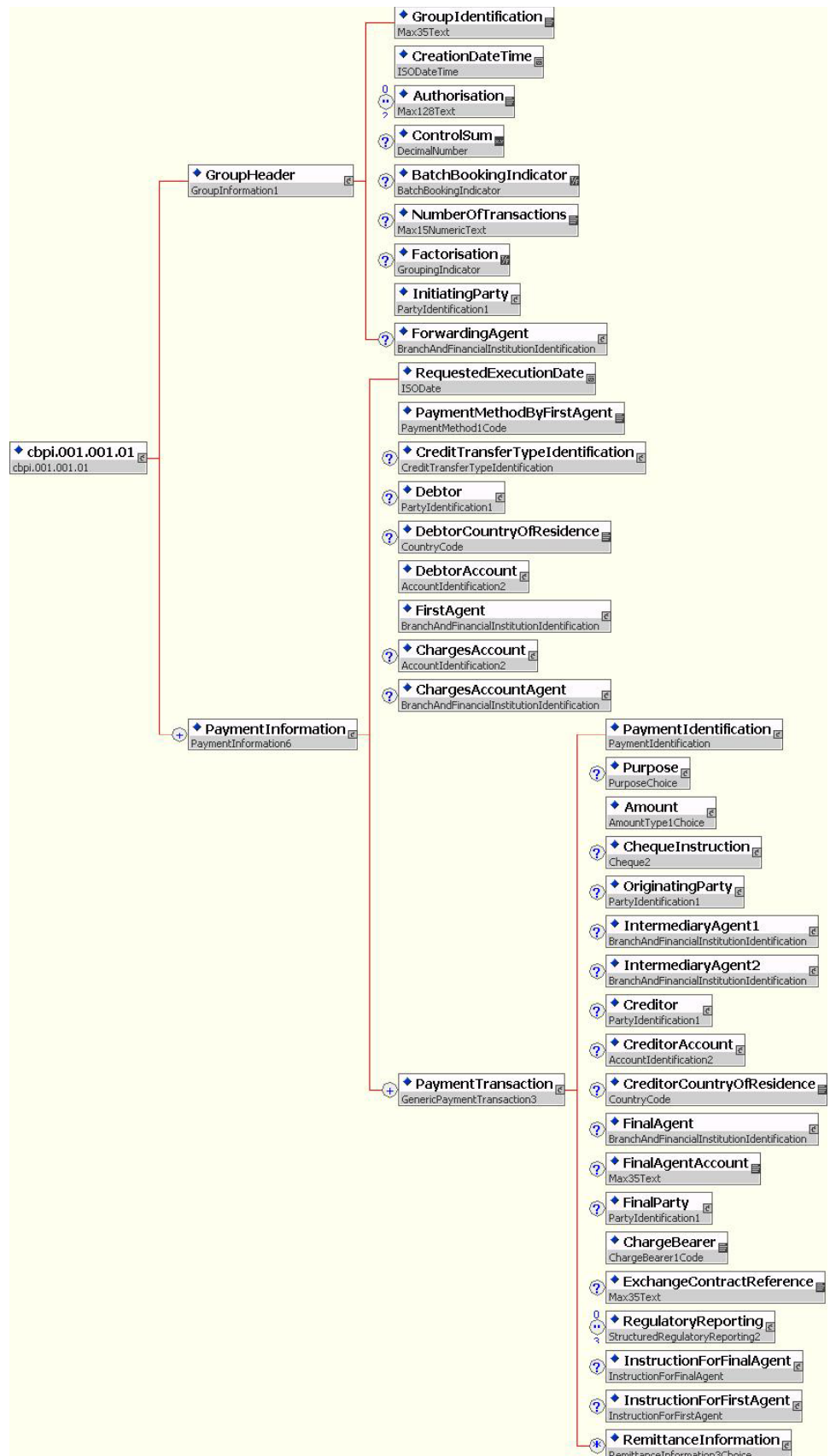
This building block is mandatory and repetitive. It contains elements related to the debit side of the transaction. These elements include Debtor, Debtor Account Information and Payment Method. If there is an agreement between the Initiating Party and the receiving agent to include the payment information details related to the debit side of the transaction only once, this block is only present once. If there is an agreement between the Initiating Party and the receiving agent to repeat the debit information details for each transaction, this building block is present once per occurrence of the Payment Transaction.

#### **C. Payment Transaction:**

This building block is mandatory and repetitive. It contains elements related to the credit side of the transaction. These elements include Creditor, Creditor Account Information and references for the transaction.

## Message Structure

This schema view structure represents the high level structure of the core credit transfer initiation message component. A description of the core credit transfer initiation message elements is included in the annex. Please note the root message name "cbpi" will change to "pain."



## **Recommendation 2: Debit Transfer Message Component**

A core objective of IST effort was agreement upon the elements needed to support debit transfers as part of a single “payments” message. The working group has proposed two messages, rather than a single combined debit/credit transfer message, to better support multiple payments with a single debit or credit (dependent upon the type of transfer). A single structure did not accommodate this as well as having two separate message components.

It was recognized by the group that one of our partners in the Working Group, SWIFT, would not implement the message until it addresses the needs of the European Payment Commission (EPC) which is currently completing its review of direct debits in the framework of the Single Euro Payment Area (SEPA). However the other members of the group overall felt that:

- The EPC recommendation would probably not change the actual data content required in the debit instruction processed by banks. It would more likely change the conventions around the mandate process surrounding the actual instruction contents.
- There is no specific timeline for the EPC recommendations. Until they are completed, agreement upon the modifications required for a core debit instruction could be used by the other three participating organisations.
- Once recommendations are made by the EPC, the message contents as composed by the working group would be critical input to SWIFT, with the EPC recommendations, in determining if any additional changes are required. The IST effort will be part of the SWIFT review as it was part of the GBVG for the credit payment messages.

The working group is recommending that this “standard” be accepted on a provisional basis and reviewed through a similar process as the credit transfer when this additional input is provided. Until that time, each of the other three standards participants is urged to adopt it.

### ***Scope and Usage***

The Core Debit Transfer Initiation Message has the same structure and characteristics of the Core Credit Transfer Initiation Message, with the following noted exceptions:

- Difference in the semantic meaning as the execution of this message initiates a direct debit.

- Inclusion of DirDebInfo (Direct Debit Information) within PmtTransaction, which identifies the Debit Contract Id, Debit Mandate Id, and Sequence (as defined in the Message Items Definitions).
- Placement of Debtor and Creditor information (including Debtor and Creditor accounts) within the overall structure.

The Core Debit Transfer Initiation message is sent by the Initiating Party to the Forwarding Agent or First Agent. This message is used to request movement of cash from a Debtor's account to a Creditor. It is initiated by the Creditor. The Core Debit Transfer Initiation message can contain:

- one or more instances of a debit transfer initiation
- payment transactions that result in book transfers at the First Agent or payments drawn from another financial institution to the Creditor's Account
- payment transactions that result in an electronic cash transfer to the Creditor's account.

The message can be used in a direct or a relay scenario. In a direct scenario, the Initiating Party sends the Core Debit Transfer Initiation message directly to the First Agent. The First Agent is the account servicer of the Creditor.

In a relay scenario, the Initiating Party sends the Core Debit Transfer Initiation message to a Forwarding Agent. The Forwarding Agent acts as a concentrating financial institution. It will forward the Core Debit Transfer Initiation message to the First Agent.

The message can also be used by an Initiating Party that has authority to send the message on behalf of the Creditor. This caters for example for the scenario of a payments factory initiating all payments on behalf of a large corporate. The Core Debit Transfer Initiation message can be used in domestic and cross-border scenarios.

The message can be used to group direct debits (in this case, the Payment Information component is present once) or can be used as a collection of individual payments (in this case the Payment Information component is present once per occurrence of Payment Transaction component).

## ***Main Characteristics***

The Core Debit Transfer Initiation message has the following main characteristics:

- **Batch or single entry indication:** The Initiating Party can indicate whether it wants to have all transactions present in the Core Debit Transfer Initiation message booked as one entry or as individual entries on the Creditor's account.
- **Identification of customer parties:** The Core Debit Transfer Initiation message caters for the identification of several customer parties. On the Credit side of the payment transaction, the Originating Party, the Creditor and the Initiating Party can be identified. On the debit side of the payment transaction, the Debtor and the Final Party can be identified.
- **Remittance information:** The Core Debit Transfer Initiation message can include basic remittance information. It also contains reference fields that can be used to refer to remittance information sent separately from the direct debit transaction.
- **Regulatory reporting:** The Core Debit Transfer Initiation can include regulatory reporting information, for use in direct debits where this is necessary.

## ***Outline of the Message***

The Core Debit Transfer Initiation message is composed of three main building Blocks:

### **A. Group Header:**

This building block is mandatory. It contains elements such as a Group Identification and Creation Date Time.

### **B. Payment Information:**

This building block is mandatory and repetitive. It contains elements related to the credit side of the transaction. These elements include Creditor, Creditor Account Information and Payment Method. If there is an agreement between the Initiating Party and the receiving agent to include the payment information details related to the credit side of the transaction only once, this block is only present once. If there is an agreement between the Initiating Party and the

receiving agent to repeat the credit information details for each transaction, this building block is present once per occurrence of the Payment Transaction.

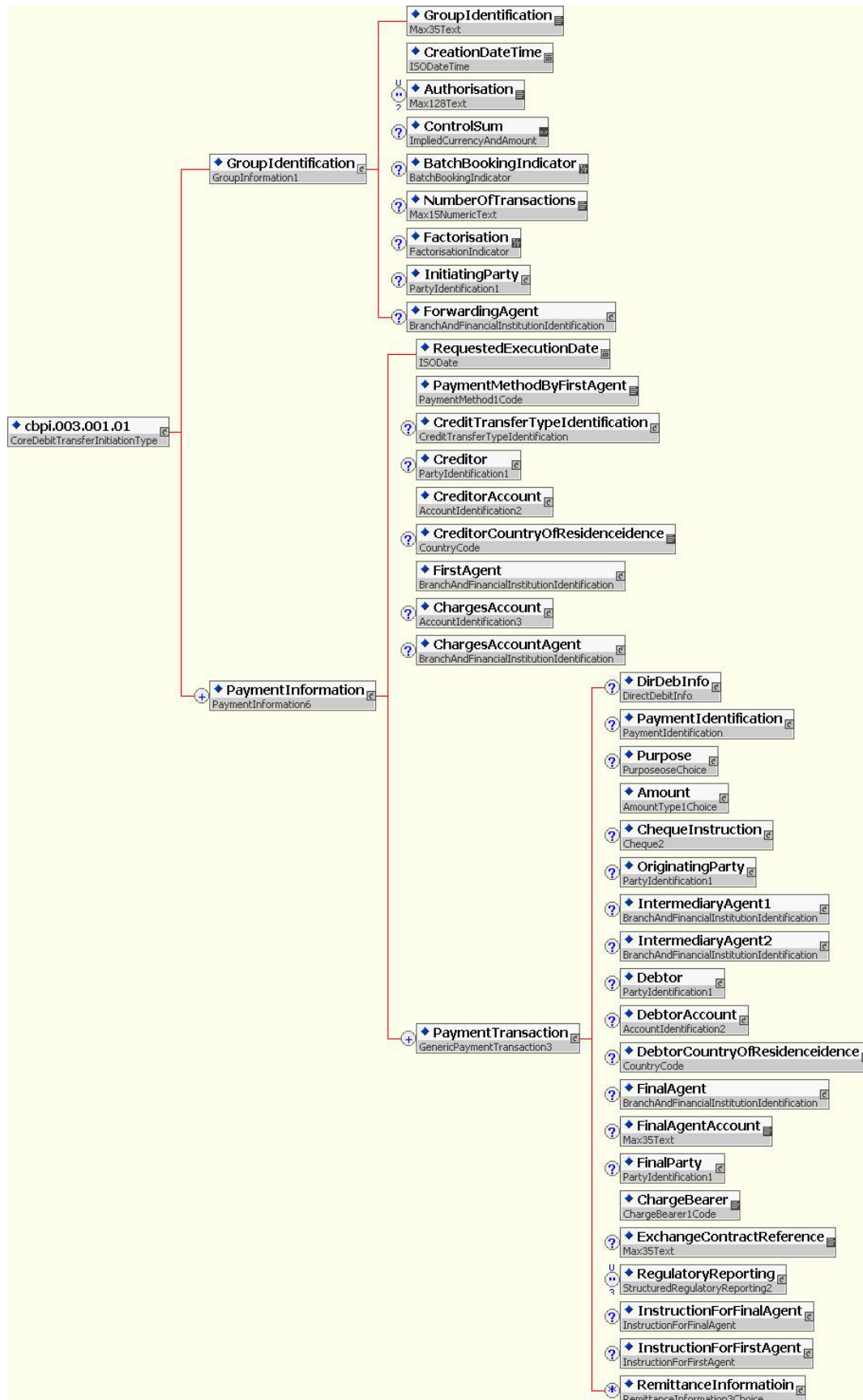
### **C. Payment Transaction:**

This building block is mandatory and repetitive. It contains elements related to the debit side of the transaction. These elements include Debtor, Debtor Account Information and references for the transaction.

#### ***Message Structure***

This schema view structure represents the high level structure of the core debit transfer initiation message component. A description of the core debit transfer initiation message elements is included in the annex.





### **Recommendation 3: Payment Initiation Status Component**

#### ***Scope and Usage***

The Payment Initiation Status message is sent by the First Agent or the Forwarding Agent to the Initiating Party. It is used to inform the Initiating Party about the status of a payment initiation that the Initiating Party sent to the Forwarding Agent or First Agent. The usage of the Payment Initiation Status message will always be governed by a bilateral agreement between agent and customer.

The Payment Initiation Status message can be used to report on the initiation of a credit transfer, as well as on the initiation of other customer transactions. It can contain status information on the group of payments included in the initiation, as well as status information on any of the individual payment transactions included in the initiation. In case of a relay scenario, the Payment Initiation Status message can either be sent by the First Agent to the Forwarding Agent, which in its turn will forward the Payment Initiation Status message to the Initiating Party, or the message can be sent by the First Agent directly to the Initiating Party.

#### ***Main Characteristics***

The Payment Initiation Status message has the following main characteristics:

- **References:** The Payment Initiation Status message uses references to link the Status message to the original initiation message on which it reports. Additionally, a number of elements from the original initiation message can be included to facilitate identification of the message to which it refers.
- **Status information:** The Payment Initiation Status message contains a series of codes to indicate the status. Additional reason information can also be included.

## ***Outline of the Message***

The Payment Initiation Status message is composed of five main building blocks:

### **A. General Information:**

This building block is mandatory. It contains elements such as a Status Identification and Creation Date Time.

### **B. Original Group Reference Information And Status:**

This building block is mandatory. It contains the original Group Identification of the initiation. It also provides the optional status for the group of payments included in the initiation

### **C. Original Payment Information:**

This building block is optional and repetitive. It contains elements of the original initiation related to the debit side of the initiation, such as Debtor and Debtor Account Information

### **D. Original Transaction Reference Information And Status:**

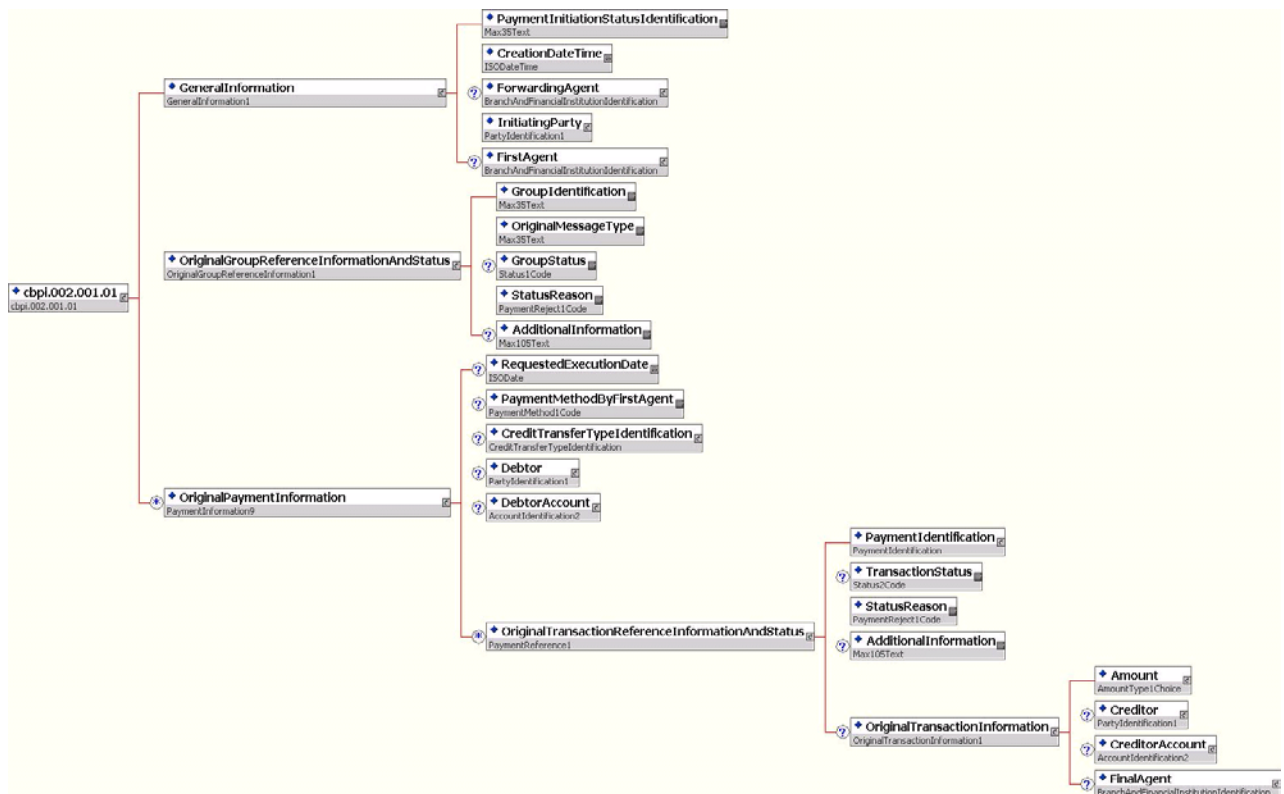
This building block is optional and repetitive. It contains status information and reference elements of the individual payment transactions included in the initiation

### **E. Original Transaction Information:**

This building block is optional. It contains elements of the original payment transactions included in the initiation, such as Amount and Creditor.

## Message Structure

This schema view structure represents the high level structure of the payment initiation status message component. A description for the status information elements is included in the annex.



#### **Recommendation 4: Use of the Kernel Components in Other Standards**

The following principles should guide implementation of the payment kernel as a standard:

- A) Standardization. The overriding goal of our efforts has been to create a single, standard, payment instruction that can be used across multiple standards.
- B) Ease of Implementation: Implementation will become the best judge of the success of the payment kernel. Encouraging its implementation needs to be part of the effort in designing it.

Given these principles, IST recommends implementation of the kernel as a standard that adheres to the following:

1. The kernel be used like a “complex type” in XML, either independently or as part of a set of message components. To accomplish this goal, a payment kernel-specific namespace is used to either derive the kernel, outside the complete component, or to embed the complete kernel within a message body. It represents complete components to be included on an “as-is” into other industry specifications or otherwise implemented by vendors, corporates, or financial institutions. This incorporation is intended to be as a reference to the payment kernel schema, utilizing namespaces to delineate the kernel as a separate structure. No additional elements should be added within the payment kernel namespace.

2. Insertion of new elements, through addition of a namespace with the kernel that is different, must be limited to the types of situations described below. Two valid use cases for adding other namespaces within the kernel have been presented:

- Inclusion of country specific data, required to make a domestic payment, which has not been included within the kernel.
- Inclusion of remittance advices, as defined by another standard, within a grouped (containing multiple credits or debits) file.

3. The payment kernel and its elements are lodged within ISO as an ISO 20022 standard. This will not require the standards efforts that employ it to also be ISO compliant. The kernel is intended to exist in a way that can be used with these other standards. As a result the kernel components and elements will become part of the ISO 20022 Financial Repository that will be made publicly available on [www.iso20022.org](http://www.iso20022.org) later on this year. Although the payment kernel

components and their elements will be ISO 20022 compliant, it is left to each standards effort to decide whether their messages or components extended from it will be ISO 20022 compliant as well.

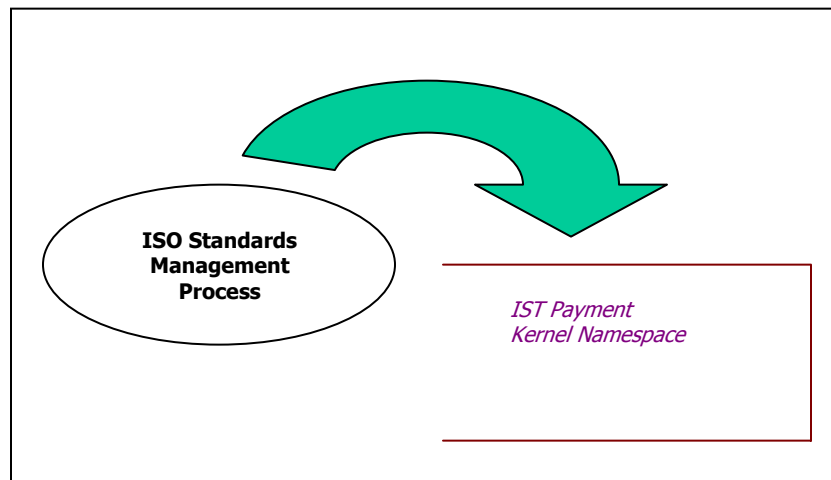
4. It should be recognized that when a new namespace is inserted into the payment kernel namespace, the resulting schema is not specifically ISO compliant. It derives a new schema to be maintained by the standard organization creating the new message.

- The ISO components of new schema should be tested, with the additional namespace insertion removed, against the ISO schema to ensure that the elements in the payment kernel namespace remain the same.
- The constraints and restriction described in Recommendation 5 must be adhered to for the payment kernel namespace itself. For example, element order, excluding the insertion of the new namespace, must be the same as the ordering in the payment kernel without the insertion.
- Trading partner agreements will need to be in place to ensure the new schema is supported by both parties.

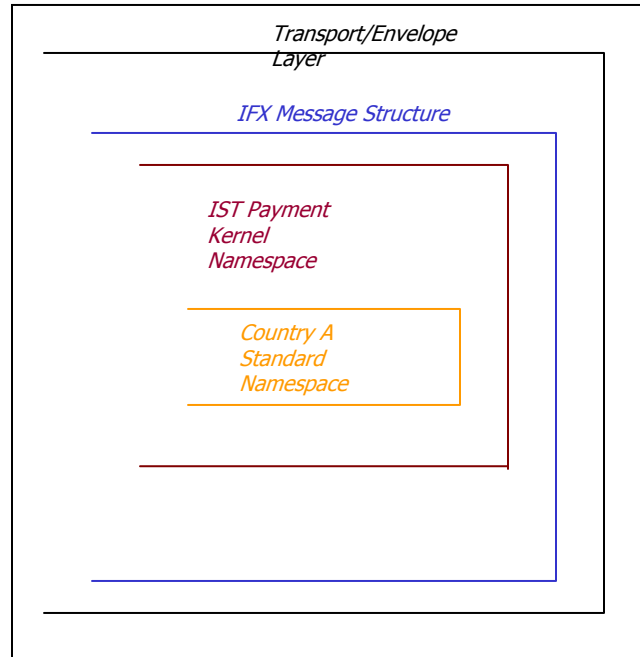
5. It is recognized that header and/or system/platform specific information (such as a SOAP enveloping mechanism), may be necessary to interface to specific gateways. The end goal is to allow a party within the processing chain to recognize and extract the kernel from the outer layers of a message structure for processing.

The group tested the various use cases of how to use the payment kernel schema and has identified the following scenarios:

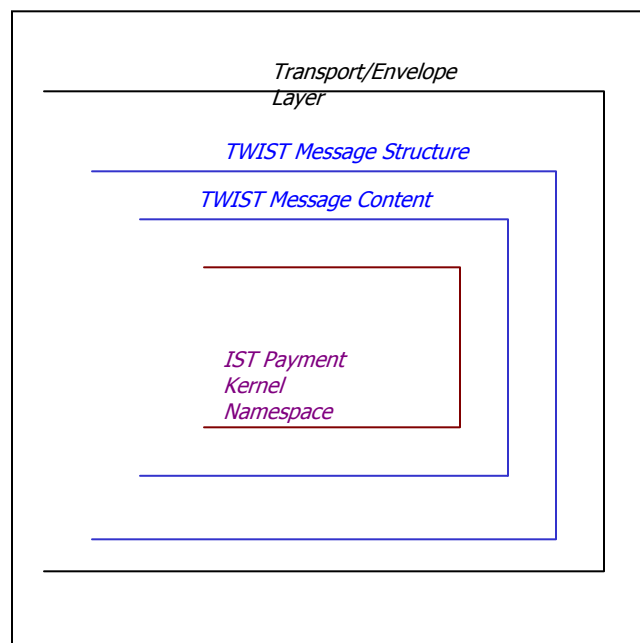
1. A data element is identified that is required for the core processing of a payment. This scenario should be addressed through addition to the kernel itself, remembering that the kernel elements reflect what banks can actually process on. *(A new type of date accepted in the payment processors of banks would be an example.)*



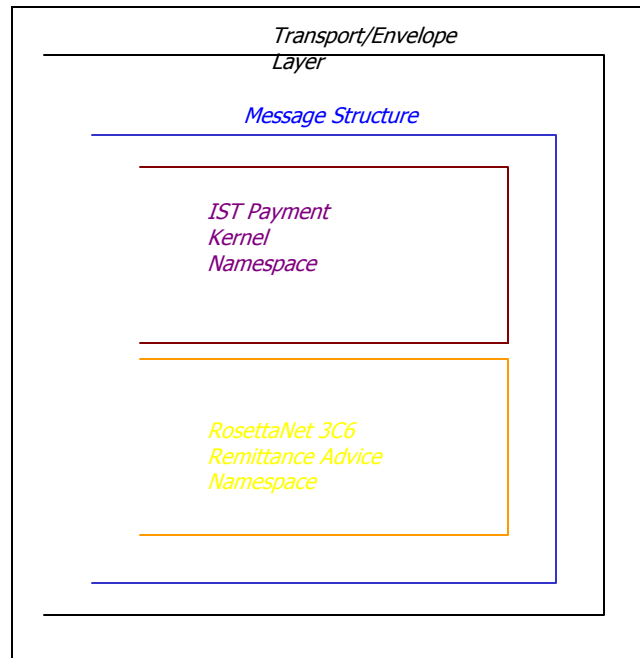
2. A group of country-specific data elements are required to make a payment. These elements have not been included in the kernel but are commonly accepted as a requirement for domestic payments within that country.



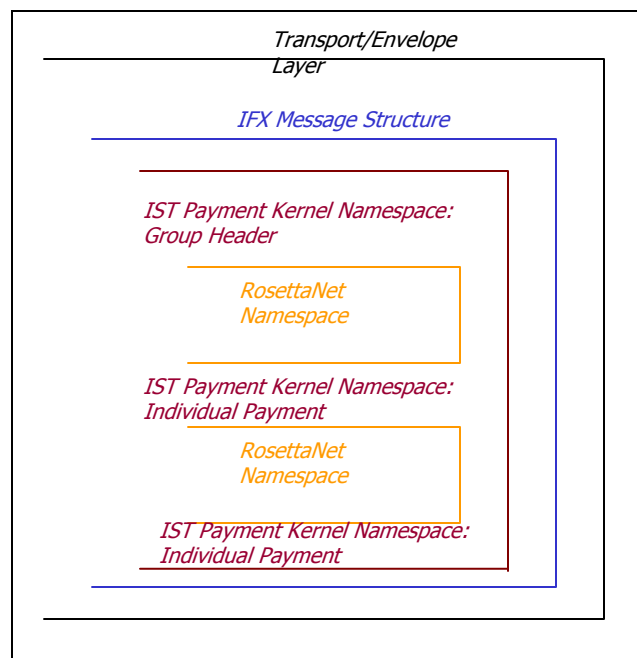
3. A standards organization wishes to include the payment kernel as the payment instruction component of a message. This is accomplished by including through namespace the schema for the selected components. *(Inclusion of the payment instruction component within a financing message developed by TWIST, OAGi or IFX might be an example.)*



4. A supply chain standard develops a body of messages to support its business situation. A payment instruction is needed as part of this body of standards but their implementation calls for including remittance information, as defined by their supply chain, with the payment instructions. *(Combining a payment instruction with a RosettaNet 3C6 remittance advice would be an example.)*

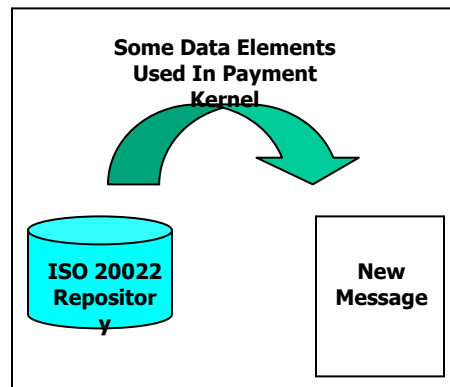


5. As an alternate to scenario #4, a grouped file can be created that contains multiple remittance advices. These remittance advices can either be carried after the payment kernel namespace closes or by using a separate namespace for that remittance advice within it.

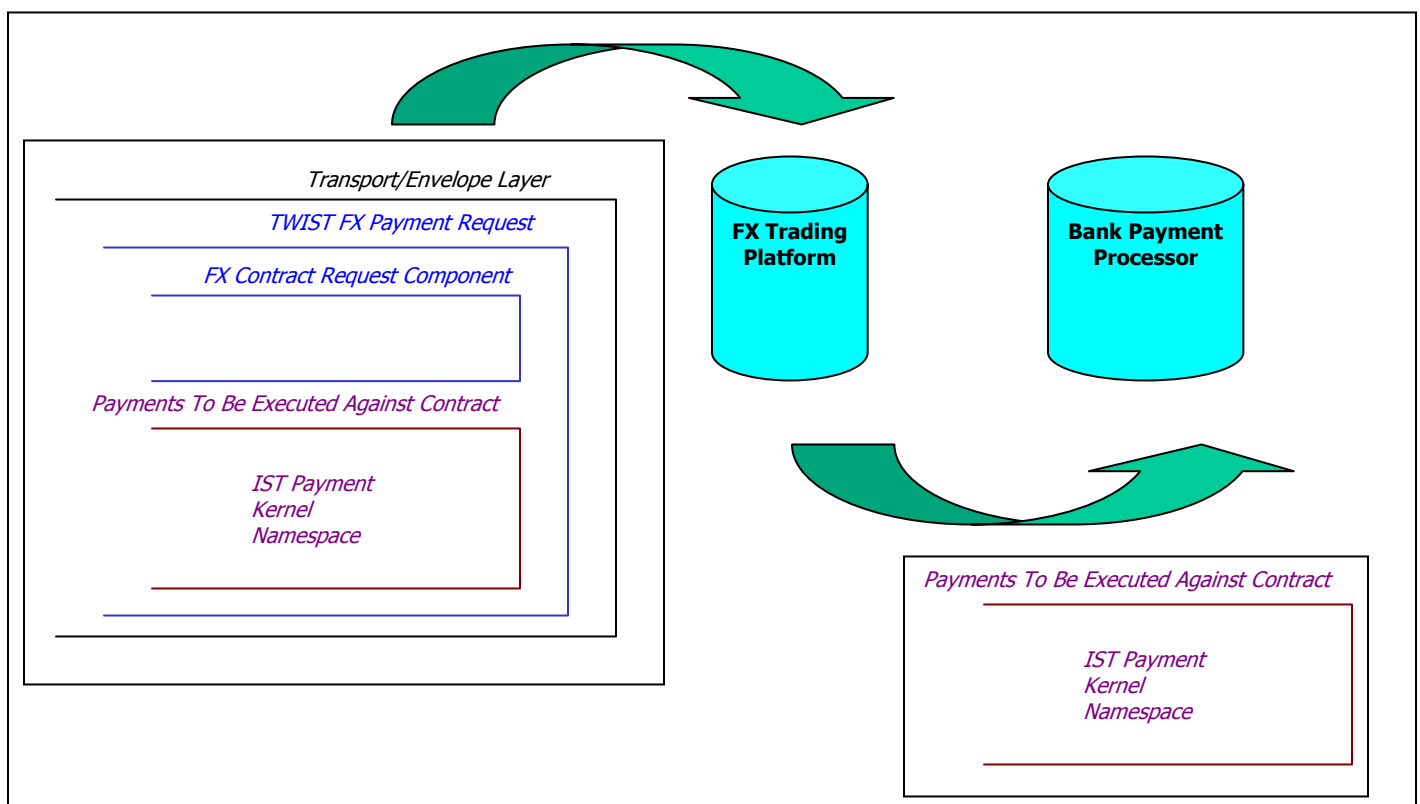




6. A transaction is identified in which 90% of the elements are the same as those in the payment kernel but there are additions required to support this transaction that are not needed by banks for corporate payment processing or the business process associated with the transaction is different from the corporate payment business process. We would encourage reuse of the elements to be registered in the ISO database in a new message. *(Credit card payments are an example.)*



7. A new business process is defined that has as one of its activities or outputs a payment instruction. The payment kernel can be included in the set of messages. *(The example of a foreign exchange contract type request bundled with the payment instruction that would use that contract was discussed.)*



It is the expectation of banks that, without bilateral agreements, the kernel will be used as a complete "set" included in messages or extended upon outside the kernel namespace itself.

### **Recommendation 5: Contents of the Kernel and Presentations of an ISO-Compliant Schema**

In addition, IST is making several specific recommendations on the presentation and use of the IST schemas.

1. Tag Name Annotations: To make the schemas easier to understand it is recommended that each tag name be annotated within the schema with an easy to understand name that describes it. The use of annotations within the schema does not restrict its ISO compliance. Two potential scenarios can be used to accomplish this annotation:

- IFX has offered to provide a tool to add annotations to the schema as produced by SWIFT. It is not possible to amend the actual schema for the imminent release but an "alternative schema" can be produced using this tool that contains annotations to the UML-based names for each tag. We believe that the offer of IFX assistance will help implementation readiness. Ultimately, the schema contained on the ISO 20022 web site should be annotated as described.
- Individual standards organizations can produce their own version of the schema (see below for definition and constraints) with annotations to the tag names they use or are comfortable with for the elements represented in the payment kernel. Schema produced this way would have to be "called" from that organization's web site rather than the ISO web site and as noted in Recommendation 4 are not specifically ISO compliant schemas. It is essential, however, that the actual contents, sequencing and tag names of the payment kernel remain intact and ISO compliant.

Example of the payment initiation schema for three different sets of annotation that produce the same output:

A) Base schema component sample without annotation:

```
<xs:complexType name="AmountType1Choice">
<xs:choice>
<xs:element name="InstdAmt" type="CurrencyAndAmount"/>
<xs:element name="EqvtAmt" type="EquivalentAmount"/>
</xs:choice>
</xs:complexType>
```

B) Schema component using IFX element names as annotations:

```
<xs:complexType name="AmountType1Choice">
  <xs:annotation>
    <xs:documentation>Original Payment Amount</xs:documentation>
  </xs:annotation>
  <xs:sequence>
    <xs:choice>
      <xs:element name="InstdAmt" type="CurrencyAndAmount">
        <xs:annotation>
          <xs:documentation>amount of the payment instruction in the currency of the
            account=Amt in PmtInfo </xs:documentation>
        </xs:annotation>
      </xs:element>
      <xs:element name="EqvtAmt" type="EquivalentAmount">
        <xs:annotation>
          <xs:documentation> amount of the payment in the currency to be paid= Amt
        </xs:documentation>
        </xs:annotation>
      </xs:element>
    </xs:choice>
  </xs:sequence>
</xs:complexType>
```

C) Schema using "another" set of tag names as annotations:

```
<xs:complexType name="AmountType1Choice">
  <xs:sequence>
    <xs:choice>
      <xs:element name="InstdAmt" type="CurrencyAndAmount">
        <xs:annotation>
          <xs:documentation> Amount in the currency of the debit
            account</xs:documentation>
        </xs:annotation>
      </xs:element>
      <xs:element name="EqvtAmt" type="EquivalentAmount">
        <xs:annotation>
          <xs:documentation> in currency to be paid if different</xs:documentation>
        </xs:annotation>
      </xs:element>
    </xs:choice>
  </xs:sequence>
</xs:complexType>
```

All three schema components should result in the same message output- despite different annotations.

3. ISO and Variation Schema: The core schemas for the payment kernel will also become available on the ISO web site ([www.iso20022.org](http://www.iso20022.org)) later this year as part of the ISO 20022 Financial Repository. There was also vigorous discussion on the actual presentation of the schema. Each standards organization presents the contents of its schema differently. One order might follow the elements in the actual message, exploding out the complex element contents in order. Another might alphabetize simple elements, followed by complex elements. The actual presentation of the schema may not inhibit ISO compliance of the derived message AS LONG AS any schema presentation that is developed results in an actual message that can be validated against the ISO schema.

Following are examples of two different payment schema components that produce the same sample ISO compliant output but are "presented" differently.

Example A:

```
<xs:complexType name="PostalAddress" minOccurs="1">
  <xs:sequence>
    <xs:element name="Name" type="Max35Text" minOccurs="1"/>
    <xs:complexType name="Address" minOccurs="1">
      <xs:element name="StreetNum" type="Max35Text" minOccurs="1"/>
      <xs:complexType name="CityState" type="Max35Text" minOccurs="1">
        <xs:element name="City" type="Max35Text" minOccurs="1"/>
        <xs:element name="State" type="Max35Text" minOccurs="1"/>
      </xs:sequence>
    </xs:sequence>
  </xs:sequence>
```

Example B:

```
<xsd:simple type name="City">
  <xsd:max length value="35">
<xsd:simple type name="Name">
  <xsd:max length value="35">
<xsd:simple type name="State">
  <xsd:max length value="35">
<xsd:simple type name="StreetNum">
  <xsd:max length value="35">
  <xsd:annotation/>Street Number
<xsd:complexType name="Address" minOccurs="1">
<xsd:sequence>
<xsd:element ref="Name" minOccurs="1">
<xsd:element ref="PostalAddress" minOccurs="1">
```

```

<xsd: complexType name= "CityState">
<xsd sequence>
<xsd: element ref="City" minOccurs="1">
<xsd: element ref="State" minOccurs="1">
</xsd: sequence>
<xsd: complexType name="PostalAddress" minOccurs="1">
<xsd: sequence>
<xsd: element ref="Name" minOccurs="1">
<xsd: element ref="StreetNum" minOccurs="1">
<xsd: element ref= "CityState" minOccurs="1">

```

The resulting out file from both should be:

```

<PostalAddress>
  <Name/>
  <StreetNum/>
  <CityState>
    <City/>
    <State/>
  </CityState>
</PostalAddress>

```

As long as the element names, definitions and sequence are equivalent then the output should be ISO compliant and should be able to be validated by either the ISO or variation schemas. This facilitates using the output in the same map regardless of schema presentation.

4. Constraints and Restrictions. It is essential to maintain ISO compliance of the payment kernel namespace regardless of the actual presentation of the schema. If an organization views a particular presentation as encouraging implementation of the kernel by its user base, we should facilitate this presentation with clear restrictions. Those restrictions are:

- The element names must be the same.
- The definitions of the element names must be the same, even where different annotations are used
- The sequence of simple elements within a complex element must have the same order and definition.
- The sequence of complex and simple elements that compose the payment kernel messages must be the same.
- Where there is a valid use case for adding a new namespace within the payment kernel the contents and sequence must be the same if the new namespace were extracted from it. In other words, a

message resulting out of the schema, with the new namespace extracted, should be capable of validation by the ISO schema.

5. Best Practices in Schema Presentation. The ISO 20022 XML design rules are intended to be reviewed based on experience gained, feedback from implementers, vendors and standards organizations on best practices in articulating schema. SWIFT has agreed to facilitate this effort through ISO. This effort cannot be completed in time for the first version of the payment kernel, to be used in the RosettaNet effort.

6. Redundant Data within the Core ISO Schema. The schema currently presented for the payment kernel contains data that is not needed for implementation. It is expected that this redundant data should be removed later in 2004.

7. The complexity of maintenance increases as variations on the presentation of the ISO schema are introduced. It will become the responsibility of each standard organization that it ensures it maintains consistency with the ISO schema. Wherever possible any extensions should be introduced outside the payment kernel namespace. We wish, however, to encourage actual implementation. Without these efforts, it will not be able to claim compliance with the payment kernel.

#### **Recommendation 6: Maintenance of the Kernel Components**

Guided by the principle of maintaining the kernel as an open standard which other standards efforts can employ, it is recommended that:

- The payment kernel and its elements are lodged within ISO as an ISO 20022 standard. This will not require the standards efforts that employ it to also be ISO compliant as the kernel exists in a way that can be used with these other standards. As part of this, the kernel components and derived messages would become part of the ISO 20022 Financial Repository that will be made publicly available on [www.iso20022.org](http://www.iso20022.org) later on this year.
- Maintenance of the kernel will be managed by the ISO 20022 process which includes a business validation by a "Standards Management Group" of experts in the field of corporate to bank payments.
- Each IST standards organization should nominate an expert to this "Standards Management Group", which is expected to be formed in Q4 2004. This will require each IST standards organization to become a "Liaison Organization" to ISO TC68 – Financial Services (for direct

nomination). These organizations are also encouraged to align themselves with the ISO TC68 national standards body that represents the nation in which they are based (for example, X9 in the US, APACS in UK, AFNOR in France, NEN in the Netherlands or DIN in Germany). This would allow the same representatives to support national voting through ISO.

We also recommend that interested members of the IST Bank group apply to become members of the Standards Management Group through their ISO TC68 national standards body.

### **Recommendation 7: Advice and Bank Statement Messages**

Sufficient time was not available to fully review the advice and bank statement messages. Existing messages may need a significant amount of new work and additional subject matter expertise may be required. The detailed review these messages could not be done in the first half of 2004. It is now targeted, with SWIFT's agreement, for the second half.

We are recommending a new work effort focused specifically around these messages. We have asked SWIFT to undertake coordinating this effort with the greatest urgency with the IST as a joint project.

### **Recommendation 8: Work on Implementation Guides**

The importance of Implementation Guidelines was echoed many times during the working group discussions. Meaningful completion of Implementation Guidelines requires that final registration of elements, etc., be completed. Therefore, it is not possible to complete work on the implementation guides until after this report is approved and elements/message components are registered with ISO (see Recommendation 5).

We are recommending that this work be completed by a sub set of the working group subsequent to approval of this report. This work should be consistent with the work completed on Implementation Guidelines for the RosettaNet effort-sponsored by the banks that form the Corporate STP group. (See Recommendation 9.)

### **Recommendation 9: Relationship to Bank Corporate STP Group**

The banks represented in the Corporate STP effort (driven by the RosettaNet Payment Milestone Program currently) and the sponsors of the IST Harmonisation effort are virtually the same. The work of each group either overlaps or is complimentary.

We are recommending upon official completion of this IST work that the two groups combine into an ad hoc effort in which the further deliverables described above will be reported and guided.



## **Appendix A: Memorandum of Understanding**

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE INTERACTIVE FINANCIAL EXCHANGE FORUM, INC.,  
OPEN APPLICATIONS GROUP, INC.,  
THE SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL  
TELECOMMUNICATION, AND  
THE TREASURY WORKSTATION INTEGRATION STANDARDS TEAM.**

THIS AGREEMENT is made this 17th day of October, 2003, between the Interactive Financial eXchange (IFX) Forum, located at 333 John Carlyle Street, Suite 600, Alexandria, Virginia, USA (hereinafter referred to as "IFX"), the Open Applications Group, Inc., located at PO Box 4897, Marietta, Georgia, USA (hereinafter referred to as "OAGi"), the Society for Worldwide Interbank Financial Telecommunication, located at Avenue Adele 1-b-1310 La Hulpe, Belgium (hereinafter referred to as "SWIFT"), and the Treasury Workstation Integration Standards Team, located in London, United Kingdom (hereinafter referred to as "TWIST").

The purpose of this agreement between IFX, OAGi, SWIFT, and TWIST is to outline a framework of cooperation and coordination in the area of the content and use of a core payment kernel XML transaction.

**1. Definition of the Parties to this Memorandum of Understanding**

- A. SWIFT is charged with the development of standards relating to the financial services industry. SWIFT is a worldwide community of financial institutions whose purpose is to define and offer communications solutions enabling interoperability between its members, their market infrastructures and their end-user communities. SWIFT is a cooperative society under Belgian law and is owned and controlled by its members.
- B. IFX develops standards for use between the financial services industry and its clients. IFX is an independent, non-profit organization dedicated to the development and promotion of a standard suite of XML-based business message specifications to enable the exchange of data among financial institutions, service providers and technology vendors.
- C. TWIST develops standards for the automation of treasury, working capital management and commercial payments activities. TWIST aims at identifying/defining the particular "business scenarios" (to be) used by a community of corporate treasurers and their information requirements with the purpose of harmonizing their communications with their financial institutions.
- D. OAGi is a not-for-profit industry consortium focused on promoting interoperability among business applications and creating business language standards to support this goal.

**2. Work to be Accomplished Within this Memorandum of Understanding**

- A. IFX, OAGi, SWIFT, and TWIST share a common mission aimed at efficiently and effectively facilitating the development of open and interoperable specifications for on-line exchange of business data within and across all industries.
- B. IFX, OAGi, SWIFT, and TWIST have a desire to collaborate in the development of a single core payment kernel XML transaction that meets all four organizations' business requirements, establish an agreed upon framework for the use of this XML transaction in packages with their other transactions, and agree on the use of the core payment kernel with their existing status, advice and statement transactions.
- C. IFX, OAGi, SWIFT, and TWIST will ensure together that the core payment kernel, as agreed to by the groups, will cover the ability to interoperate the advice, status and bank statement messages of each standard. These messages are recognized as

being related not only directly to the payment kernel but also to the other content of each standard.

- D. IFX, OAGi, SWIFT, and TWIST will jointly agree to a framework for interoperability, using such XML tools as namespace extension, to allow packaging of the core payment kernel with other XML messages.
- E. Appendix 1 to this agreement defines a mutually agreed, high level, work plan for the tasks described above.
- F. IFX, OAGi, SWIFT, and TWIST will jointly communicate the agreed upon core payment kernel and interoperability framework after acceptance by each organization of the kernel and interoperability framework into their body of standards.
- G. IFX, OAGi, SWIFT, and TWIST will work together to maintain the kernel. It is recognized that this may require periodic meetings.

### **3. Agreement and Understanding**

IFX, OAGi, SWIFT, and TWIST all consider that a contribution of the each other's existing payment messaging work will help build a firm foundation toward establishing interoperable cross-industry message specifications based on industry organizations' reuse of best practices for the development of message frameworks, architectures and core components.

NOW, THEREFORE, in consideration of the mutual promises and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by IFX, OAGi, SWIFT, and TWIST,

IT IS AGREED:

- A. Each organization will make available its XML-based business message specifications, business process descriptions and data dictionary, whether copyrighted or not, for the purpose of accomplishing their mutual objective as described above.
- B. IFX, OAGi, SWIFT, and TWIST will permit the use of those aspects of the copyrighted and published, or non copyrighted or published, business message specifications that a working group representing all four organizations views as appropriate for inclusion and reuse in a cross-industry interoperable core payment kernel and interoperability framework.
- C. IFX, OAGi, SWIFT, and TWIST grant to each other a non-exclusive, irrevocable, royalty free, worldwide license to make, use, reproduce, distribute, disclose, display, perform, create derivative works and transmit the recommendations, content and message specification developed as covered within the terms of this agreement. Nothing within this agreement will represent a transfer or forfeiture of intellectual property rights that have accrued to the individual organizations.
- D. IFX, OAGi, SWIFT, and TWIST will permit the incorporation and extension, as needed, of their respective business message specifications and data dictionaries to support the core payment kernel. Only extensions and messages that have been approved by each body will be referenced as compliant with that body's standards.
- E. The terms of this Memorandum will not prohibit bilateral agreements between the parties to this agreement as seen appropriate by each organization in the normal course of its business.
- F. In the event of any dispute, claim, question, or disagreement arising from or relating to this agreement or the breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to all parties. If such a solution is not reached within a period of 60 days, then, upon notice by any of the parties to the others, all disputes, claims, questions, or differences shall be finally settled by arbitration administered by a mutually agreed upon arbitrator.

- G. Since a trade association is, by definition, an organization of competitors, this agreement must take precautions to ensure that activities are not engaged that could be interpreted as violating anti-trust or other unfair competition laws. For any activity, which is deemed to unreasonably restrain trade, the listed organizations and individual representatives, may be subject to severe legal penalties, regardless of otherwise beneficial objectives. It is important to realize, therefore, that an action that may seem to make "good business sense" can injure competition and therefore be prohibited under the antitrust or unfair competition laws.
- H. There shall be no discussion of rates, surcharges, conditions, terms or prices of services, allocating or sharing of customers, or refusing to deal with a particular supplier or class of suppliers. Neither serious nor flippant remarks about such subjects will be permitted.

### **Signatures and Effective Date**

The effective date of this agreement shall be October 17, 2003.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized agent.

IFX

By: \_\_\_\_\_

OAGi

By: \_\_\_\_\_

SWIFT

By: \_\_\_\_\_

TWIST

By: \_\_\_\_\_

### **High Level Work Plan**

1. Creation of Working Group. Each standards group will assign members to a working group. The goal of the working group will be to establish the payment kernel, agree upon the interoperability framework and ensure that the payment kernel can operate properly with the advice, status and statement messages within each of the standards. (September 2003)
2. Review and agree on a set of UML business models reflecting the payment activity. The SWIFT C2B UML models will be used as the starting point. (September 2003)
3. Determine boundaries of the payment kernel. (September 2003)
4. Agree upon content and representation of the payment kernel (September/October 2003)
5. Agree upon an interoperability model, allowing packaging of XML documents. (September/October 2003)
6. Ensure payment kernel can operate with the status, advice and statement messages of each standard. (October 2003)
7. Business validation/acceptance of payment kernel. Validation will be performed within the structure of each organization. SWIFT will extend its C2B Business Validation effort, with representation from IFX, OAGi, and TWIST. Each organization must approve the payment kernel and interoperability model for it to be accepted. (November/December 2003).
8. Announcement of the kernel and interoperability model to the general community. (December 2003/January 2004).
9. Publication of the payment kernel XML document and interoperability model will occur within each standard at the earliest appropriate date for that standard.

## **Appendix B: Gartner Presentation: Announcement**

The presentation is in PPT format and is embedded in this document. Right click on the mouse and select Presentation Object and then Show to display the presentation contents.

**Bringing Common XML Payment Standards  
to the Corporate Community:  
The IST Harmonisation Team Effort**

Core Bank Group/ IST Harmonisation Team  
November 7th, 2003

## **Appendix C: GBVG Participants**

<b>Country / Industry Body</b>	<b>Representative</b>	<b>Company</b>
US	Mr. Tom Capria, Chase.	JPMorganChase
GB	Mr. Stuart Newman	Barclays Bank
FR	Mr. Stephane de la Fouchardiere	BNP Paribas
DE	Mr. Thomas Egner	Commerzbank
CH	Mr. Veyhelmann	UBS
BE	Mr. Luc Crahaij	ING
Hong Kong	Mr. Eric Lai	HSBC
Scandinavian region	Mr. Jorma Kostia	Nordea
TBG5	Mr. Stig Korsgaard	Danish Banking Association
IT	Mr. Luca Vanini	Unicredit
RosettaNet pilot corporate	Mr. Markus Kortmann	Nokia
Original MG representative/IST	Mr. Leonard Schwartz	(Former: Citigroup)/ ABN AMRO
IFX/IST	Mrs. Susan K. Colles	Bank of America
TWIST/IST	Mr. Robert Bol	TWIST/IST/Corporate Consultant (Philips, Shell)– also took part in the original payment initiation MG
OAGI/IST	Mr. Michael Rowell	OAGI
NL	Mr. Jan Sybesma	Rabobank
AU	Mr. John Plunkett	Australia and New Zealand Banking Group Ltd
JP	Mr. Toshio Yuki	Mizuho Corporate Bank, Ltd.
MA-CUG corporate	Mr. Pierre Boisselier	Arcelor
ECBS	Mr. Joachim Geisler	ECBS' TC6/WG2-ePI

## **Appendix D: Core Credit Transfer Initiation Message Component**

### **1. Outline**

The Core Credit Transfer Initiation message is composed of three main building Blocks:

#### **A. Group Header:**

This building block is mandatory. It contains elements such as a Group Identification and Creation Date Time.

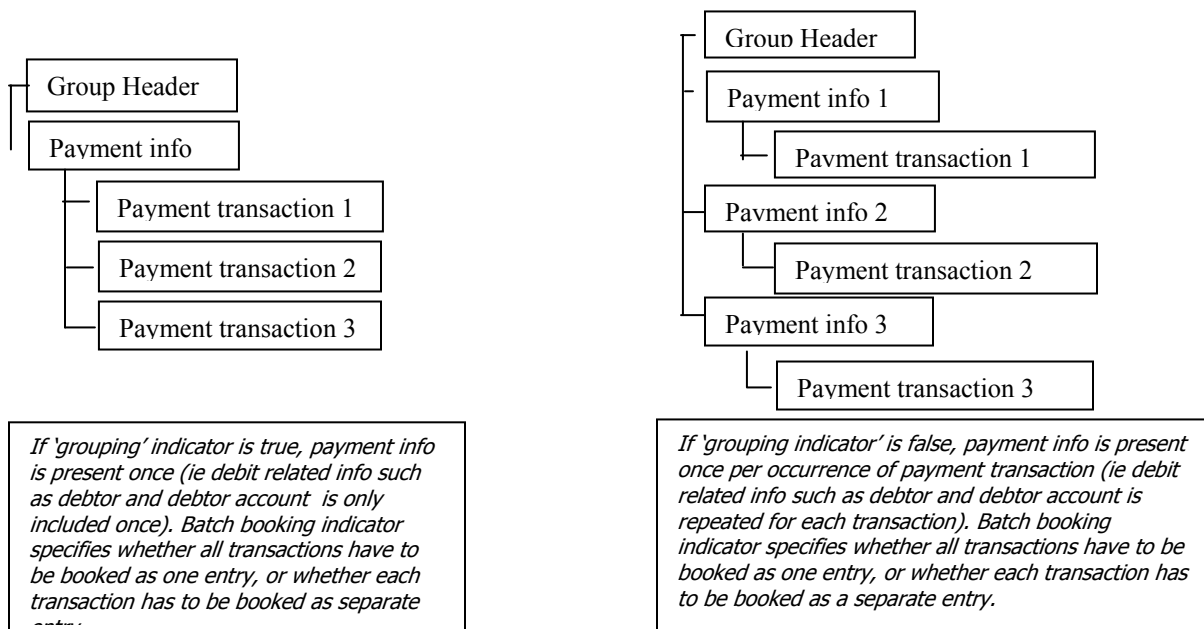
#### **B. Payment Information:**

This building block is mandatory and repetitive. It contains elements related to the debit side of the transaction. These elements include Debtor, Debtor Account Information and Payment Method. If there is an agreement between the Initiating Party and the receiving agent to include the payment information details related to the debit side of the transaction only once, this block is only present once. If there is an agreement between the Initiating Party and the receiving agent to repeat the debit information details for each transaction, this building block is present once per occurrence of the Payment Transaction.

#### **C. Payment Transaction:**

This building block is mandatory and repetitive. It contains elements related to the credit side of the transaction. These elements include Creditor, Creditor Account Information and references for the transaction.

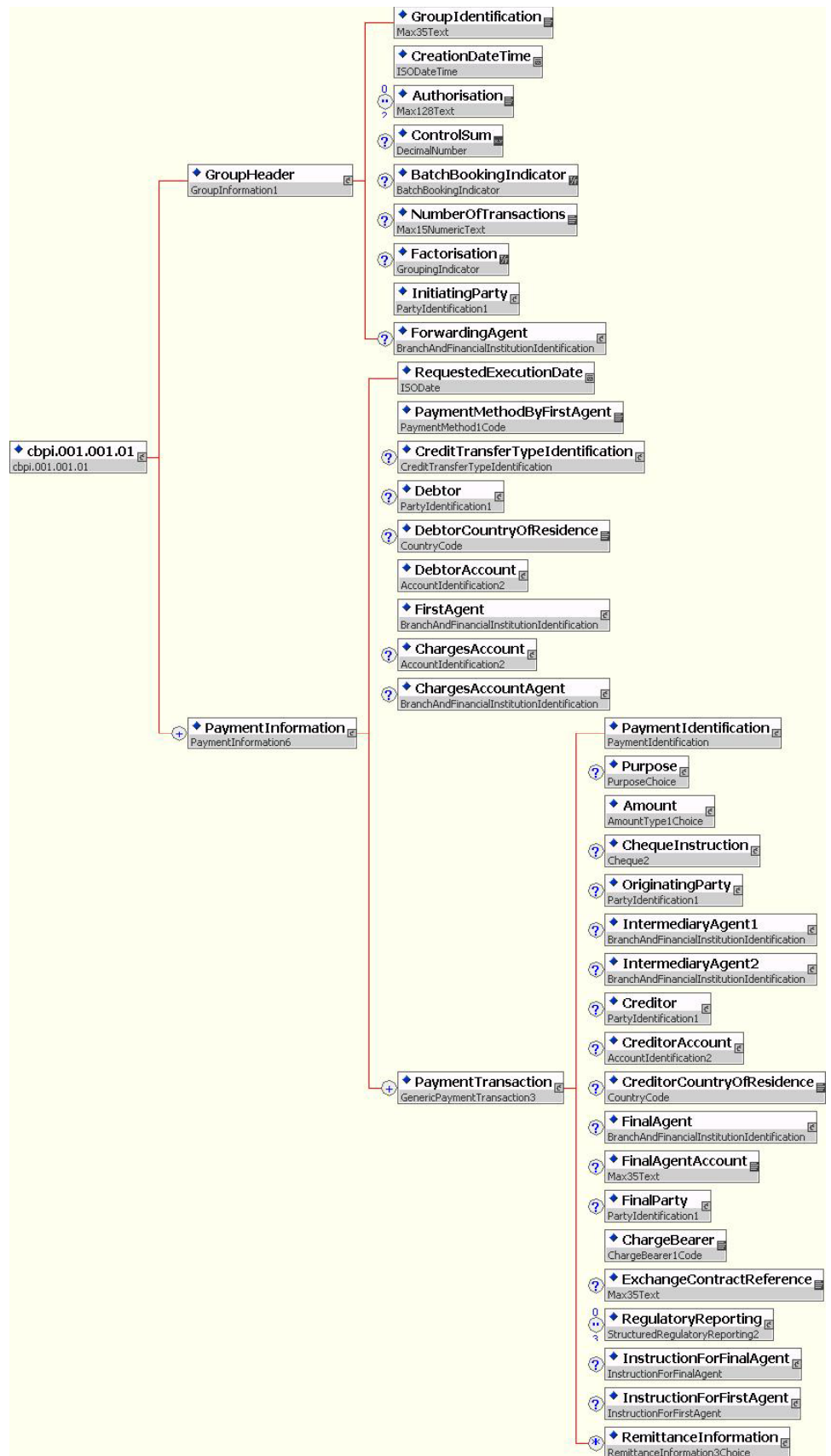
Explanatory note : ***this structure allows for the following 2 possibilities :***





## 2. Message Structure

This schema view structure represents the high level structure of the credit transfer initiation. All elements are described in the message item definition section below. Please note the root message name "cbpi" will change to "pain".



### 3. Message item definitions

**Note:** The following definitions are currently being reviewed by the ISO Registration Authority for completeness, English, etc., and there may be some slight cosmetic changes in the final released version. XML tags for all elements will undergo a final Registration Authority check.

#### Terminology:

Please find below a short overview of the nuances between business rules/guidelines and usage:

- Business rule = is a textual rule that can be programmed on top of the validation features offered by the schema. If a rule is not respected, this may result in non-STP processing by the receiver.
- Business guideline = is a textual guideline that could be programmed on top of the validation features offered by the schema. If a guideline is not respected, this may result in redundancy or duplication of information.
- Usage = clarifies how an element should be interpreted, or in which scenarios an element should be used.

#### 1. Group Header <GrpHdr>

**Presence:** [1...1]

**Definition:** Set of characteristics shared by all individual payment transactions included in the payment initiation

**Type:** The Group Header component is composed of the following component 'Group Information1' items:

Index	Message Item
1.1	Group ID
1.2	Creation Date Time
1.3	Authorisation
1.4	Control Sum
1.5	Batch booking indicator
1.6	Number of Transactions
1.7	Factorisation
1.8	Initiating Party
1.9	Forwarding Agent

##### 1.1 Group ID <GrpId>

**Presence:** [1...1]

**Definition:** Reference assigned by a sending party to unambiguously identify the group of individual transfers being sent.

**Usage:** this reference is used between initiating party and forwarding/first agent to refer to the group of transactions sent. It can be used in status messages, statements and advices between the forwarding or first agent and the initiating party.

**Type:** Max35Text

## **1.2 Creation Date Time <CreDtTm>**

**Presence:** [1...1]

**Definition:** Date and time at which the credit transfer initiation message was created by the initiating party.

**Type:** ISODateTime

## **1.3 Authorisation <Authstn>**

**Presence:** [0...2]

**Definition:** User identification or any user oriented key that allows checking if the initiating party is allowed to pay from the account specified in the initiation.

**Usage:** the content is not of a technical nature, but reflects the organisational structure at the initiating side.

This authorisation element can typically be used in relay or 'on behalf' scenarios.

**Type:** Max128 Text

## **1.4 Control Sum**

**Presence:** [0...1]

**Definition:** Total of all the individual instructed amounts included in the payment initiation.

**Type:** Decimal Number

## **1.5 Batch booking indicator**

**Presence:** [0...1]

**Definition :** Indicates that the initiating party requests a batch entry for the sum of the amounts of all transactions included in the payment initiation.

**Type:** Indicator

If indicator is 'true' (i.e. is present), it means batch booking is requested. If indicator is 'false' (i.e. not present), it means batch booking is not requested.

## **1.6 Total Number of Transactions**

**Presence:** [0...1]

**Definition:** Number of individual transactions contained in the payment initiation, i.e., the number of occurrences of payment transaction.

**Type:** Max15NumericText

## **1.7 Factorisation** *(note : name will be changed to 'Grouping' in the official schema release)*

**Presence:** [0...1]

**Definition :** Indicates that the common debit information in the transactions is included once and not repeated for each transaction.

**Type:** Indicator

**Business rule:** If indicator is 'true' (i.e. is present), it means payment info is present once and transaction is present 0..n.

If indicator is 'false' (i.e. not present), it means that transaction is present exactly once per occurrence of payment information.

### 1.8 Initiating Party <InitgPty>

**Presence:** [1...1]

**Definition:** Party initiating the payment to the forwarding or first agent. This can be the debtor (in a credit transfer), the creditor (in a direct debit) or a party that initiates the payment on behalf of the debtor or creditor.

**Type:** PartyIdentification1 (included in full message report)

### 1.9 Forwarding Agent <FwdgAgt>

**Presence:** [0...1]

**Definition:** The agent that receives the payment instruction from the initiating party and forwards it to the first agent in the payment chain.

**Type:** Branch and Financial Institution Identification (included in full message report)

## 2. Payment Information

**Presence:** [1...n]

**Definition :** Set of characteristics that applies to the debit side of the payment transactions included in the payment initiation.

**Type :** The Payment Information component is composed of the following component 'Payment Information 6 items:

Index	Message Item
2.1	Requested Execution Date
2.2	Payment Method by First Agent
2.3	Credit Transfer Type Identification
2.4	Debtor
2.5	Debtor Country of Residence
2.6	Debtor Account
2.7	Charges Account
2.8	Charges Account Agent

### 2.1 Requested Execution Date <ReqdExctnDt>

**Presence:** [1...1]

**Definition:** Date at which the initiating party requests that the payment instruction be executed. If payment by cheque, the date when the cheque is required to be generated by the bank.

**Type:** ISODate

**Usage:** This is the date on which the debtor's account(s) is (are) to be debited.

### 2.2 Payment Method by First Agent <PmtMtdByFirstAgt>

**Presence:** [1...1]

**Definition:** Specifies the transfer method that will be used by the first agent to transfer the funds to the creditor.

**Type:** Code

One of the following PaymentMethod1Code values must be used:

Code	Name	Definition
TRF	Credit Transfer	The first agent will transfer the cash to the creditor by credit transfer (either a book transfer - if the creditor has an account at the first agent, and the first agent consequently equals the final agent - or by issuing a further credit transfer to the next party
CHK	Cheque	The first agent must issue a cheque to pay the creditor.

### 2.3 Credit Transfer Type Identification <CdtTrfTpId>

**Presence:** [0...1]

**Definition:** Set of elements that further identifies the type of credit transfer being requested by the initiating party.

**Usage:** It is up to the initiating party and the recipient to bilaterally agree on the usage of this component.

**Business rule:** This component may be present if payment method is TRF. It must not be present if payment method is CHK.

**Type:** This component is composed of the following CreditTransferType Identification component elements:

Index	Message Item
2.3.1	Type
2.3.2	Instruction Priority
2.3.3	Settlement priority
2.3.3.1	Payment Scheme {or
2.3.3.2	Priority Indicator or}

#### 2.3.1 Type <Tp>

**Presence:** [0...1]

**Definition :** Underlying nature of the transaction that resulted in the payment initiation.

**Usage:** Type is used by agents in the payment chain to define the instrument and/or processing conditions that will be used to execute the payment.

**Type:** Code or Proprietary Instrument

This element must either contain text to indicate a proprietary instrument (Max35Text), or one of the following CreditTransferType1 codes.

Code	Name
CASH	Cash management transfer.
CORT	Payment made in settlement of a trade
DIVI	Dividend.
GOVT	Government payment.
HEDG	Hedging
INTC	Intra-company payment
INTE	Interest
LOAN	Loan. Transfer of loan to borrower.
PENS	Pension payment
SALA	Salary payment
SECU	Securities.
SSBE	Social security benefit. Payment made by government to support individuals.
SUPP	Supplier payment
TAXS	Tax payment
TRAD	Trade.
TREA	Treasury payment
VATX	Value added Tax payment

**Usage guideline:** If free text is used to identify proprietary or local instruments, codes provided by local authorities should be used.

### 2.3.2 Instruction Priority <Prty>

**Presence:** [0...1]

**Definition:** Specifies the relative urgency or order of importance that the originator would like the recipient of the payment instruction to apply to the processing of the payment instruction.

**Usage:** This priority relates to queue processing and queue management by forwarding/first agent.

**Type:** Code

One of the following Priority2Codes must be used :

Code	Name
HIGH	Priority level is high
NORM	Priority level is normal

### 2.3.3 Settlement Priority <Prty>

**Presence:** [0...1]

**Definition:** Indicates the priority with which or the system through which the agents in the payment chain will clear and settle the payment transaction.

**Type:** This component is composed of the following elements:

Index	Message Item
2.3.3.1	Payment Scheme {or
2.3.3.2	Priority Indicator or}

### 2.3.3.1 Payment Scheme

**Presence:** [1...1]

This element is part of a choice component.

**Definition:** Pre agreed offering between clearing agents or channel through which the payment instruction is to be processed. This payment scheme can point to a specific rulebook governing the rules of clearing and settlement between two parties.

**Type:** Code or Proprietary scheme (max35Text)

This element must either contain text to indicate a proprietary scheme (Max35Text), or one of the following Payment Scheme codes

Code	Name
ACH	Payment has to be executed through an Automated Clearing House
RTGS	Payment has to be executed through Real time gross settlement system.
Fednet	Payment has to be executed through FedNet
CHIPS	Payment has to be executed through CHIPS.

### 2.3.3.2 Priority

**Presence:** [1...1]

This element is part of a choice component.

**Definition:** identifies the priority with which all agents in the payment chain have to clear and settle the payment transaction.

**Type:** Code.

One of the following Priority2Codes must be used :

Code	Name
HIGH	Priority level is high
NORM	Priority level is normal

## 2.4 Debtor <Dbtr>

**Presence:** [0...1]

**Definition:** Party that owes an amount of money to the creditor. In the context of the payment model, the debtor is also the debit account owner.

**Usage guideline:** If required for legal reasons, this element must be present.

**Type:** PartyIdentification1 (included in full message report)

## 2.5 Debtor Country of Residence <DbtrCtryOfRes>

**Presence:** [0...1]

**Definition:** Identifies the country where the debtor resides.

**Type:** Country code

## 2.6 Debtor Account <DbtrAcct>

**Presence:** [1...1]

**Definition:** Identification of the account of the debtor to which a debit entry will be made to execute the transfer.

**Type:** This component is composed of the following AccountIdentification2 items:

Index	Message Item
2.6.1	Account Currency
2.6.2	Name
2.6.3	Identification
2.6.4	Type

### 2.6.1 Account Currency <AcctCcy>

**Presence:** [0...1]

**Definition:** Identification of the currency in which the account is held.

**Usage guideline:** currency should only be used in case one and the same debtor's account number covers several currencies and the initiating party needs to identify which currency needs to be used for settlement on the account.

**Type:** Currency Code

### 2.6.2 Name <Nm>

**Presence:** [0...1]

**Definition:** Name of the account, assigned by the account servicing institution in agreement with the account owner in order to provide an additional means of identification of the account.

**Type:** Max70Text

**Usage:** The account name is different from the account owner name. The account name is used in certain user communities to provide a means of identifying the account, in addition to the account owner's identity and the account number.

### 2.6.3 Identification <Id>

**Presence:** [1...1]

**Definition:** The unique and unambiguous identification of the account between the account owner and the account servicer.

**Type:** Account Identification1Choice ( choice between **IBAN**, **BBAN**, **UPIC** or **Domestic Account** ) (description included in full message report)

### 2.6.4 Account type

**Presence:** [0...1]

**Definition:** Nature, or use, of the account.

**Type:** Code



One of the following codes must be used :

Code	Name
CASH	Cash Account : Account used for the payment of cash
CHAR	Charges Account : Account used for charges if different from the account for payment.
SACC	Settlement account : Account used to post debit and credit entries, as a result of transactions cleared and settled through a specific clearing and settlement system.
CACC	Current Account : Account used to post debits and credits when no specific account has been nominated
SVGS	Savings Account : Account used for savings.

## 2.7 First Agent <FrstAgt>

**Presence:** [1...1]

**Definition:** Financial institution that receives the payment transaction from the account owner or authorised party and processes the instruction.

**Usage:** In a credit transfer context, the first agent is the account servicer of the debtor. In a direct debit context, the first agent is the account servicer of the creditor.

**Type:** Branch and Financial Institution Identification (description included in full message report)

## 2.8 Charges Account <ChgsAcct>

**Presence:** [0...1]

**Definition:** Account used to process charges associated with a transaction.

**Usage:** Charges account should be used when charges have to be booked to an account different from the account identified in debtor's account.

**Business Rule:** If Charges Account Agent is present, then charges account is mandatory.

**Type:** This component is composed of the following items:

Index	Message Item
2.8.1	Account Currency
2.8.2	Name
2.8.3	Type
2.8.4	Identification

### 2.8.1 Account Currency

**Presence:** [0...1]

Please refer to previous description of account currency.

### 2.8.2 Account Name

**Presence:** [0...1]

Please refer to previous description of account name.

### 2.8.3 Account Type

**Presence:** [0...1]

Please refer to previous description of account name.

### 2.8.4 Account ID

**Presence:** [1...1]

Please refer to previous description of account name.

## 2.9 Charges Account Agent <ChgsAcctAgt>

**Presence:** [0...1]

**Definition:** Identification of the agent that services the charges account, when different from the first agent.

**Business Rule:** Should only be used in case the charges account agent is different from the first agent. If present, the charges account agent must be a branch of the first agent.

**Type:** Branch and Financial Institution Identification (included in full message report)

## 3 Payment Transaction <PmtTx>

**Presence:** [1...n]

**Type:** The Payment Transaction component is composed of the following 'GenericPaymentTransaction3' component items:

Index	Message Item
3.1	Payment Identification
3.2	Purpose
3.3	Amount
3.4	Cheque Instruction
3.5	Originating Party
3.6	Intermediary Agent 1
3.7	Intermediary Agent 2
3.8	Creditor
3.9	Creditor Account
3.10	Creditor Country of Residence
3.11	Final Agent
3.12	Final Agent Account
3.13	Final Party
3.14	Charge Bearer
3.15	Exchange Contract Reference
3.16	Regulatory Reporting
3.17	Instruction for Final Agent
3.18	Instruction for First Agent
3.19	Remittance Information

### 3.1 Payment Identification <PmtId>

**Presence:** [1...1]

**Definition:** Set of elements used to provide further means of identifying the payment transaction.

**Type:** The Payment Identification component is composed of the following 'Payment Identification' items:

Index	Message Item
3.1.1	Instruction Identification
3.1.2	End-to-End Identification
3.1.3	Payment Remit Identification

#### 3.1.1 Instruction Identification <InstrId>

**Presence:** [0...1]

**Definition:** Unique and unambiguous identifier for a payment instruction assigned by the initiating party.

**Usage:** The instruction identification can be used between the initiating party and the receiving agent to refer to the individual instruction. It can be used in several messages, e.g. status messages, debit advices or account statement messages.

**Type :** Max35Text

#### 3.1.2 End-to-end Transaction Identification

**Presence:** [1...1]

**Definition:** Unique and unambiguous identification of a payment transaction, as assigned by any of the parties on the initiating side, which will be passed on throughout the entire end-to-end chain.

**Usage:** The end-to-end identification can be used for reconciliation or to link tasks relating to the payment transaction and can be included in several related messages to the payment transaction.

**Type:** Max35Text

#### 3.1.3 Payment remit Identification

**Presence:** [0...1]

**Definition:** Unique and unambiguous identification of remittance information which is sent separately from the payment initiation information.

**Usage:** The payment remittance identification is used to link separately sent remittance information to the payment transaction information included in the payment initiation.

If the business context requires the use of a creditor's reference or a payment remit ID, it should be used to populate the end-to-end Identification in cases where the end-to-end Identification is the only reference that can be passed on end-to-end.

**Type:** Max35Text

### 3.2 Purpose <Purp>

**Presence:** [0...1]

**Definition:** Underlying reason for the payment transaction, e.g., a charity payment, or a commercial agreement between the creditor and the debtor.

**Usage:** Purpose is used by the end-customers, i.e. originating party, initiating party, debtor, creditor, final party, to provide information concerning the nature of the transaction. 'Purpose' is a 'content' element, which is not used for processing by any of the banks involved in the payment chain.

**Type:** Code or Proprietary Purpose

This element must either contain text to indicate a proprietary purpose (Max35Text), or one of the following Purpose codes :

Code	Name
ADVA	Advance payment.
AGRT	Agricultural transfer. Support payment to farmer.
ALMY	Alimony payment.
BECH	Child benefit. Payment made to assist parent/guardian to maintain child.
BENE	Unemployment/disability/benefit. Payment to person unemployed/disabled.
BONU	Bonus payment.
CASH	Cash management transfer.
CBFF	Capital building fringe fortune. Capital building for retirement.
CHAR	Charity payment
CMDT	Commodity transfer.
COLL	Collection Payment
COMC	Commercial credit.
COMM	Commission.
CONS	Consumer Third Party Consolidated Payment
COST	Costs.
CPYR	Copyright.
DBTC	Debit Collection Payment
DIVI	Dividend.
FREX	Foreign exchange.
GDDS	Purchase and sale of goods. Reason for transaction is purchase and sale of goods.
GOVT	Government payment. Payment to or from a government department.
HEDG	Hedging
IHRP	Installment/hire-purchase agreement.
INSU	Insurance premium.
INTC	Intra-Company
INTE	Interest
LICF	License fee.
LOAN	Loan. Transfer of loan to borrower.
LOAR	Loan repayment. Repayment of loan to lender.
NETT	Netting.
PAYR	Payroll Payment
PENS	Pension payment
REFU	Refund.
RENT	Rent.
ROYA	Royalties.

SALA	Salary payment
SCVE	Purchase and sale of services.
SECU	Securities.
SSBE	Social security benefit. Payment made by government to support individuals.
SUBS	Subscription
TAXS	Tax payment
TREA	Treasury payment
VATX	Value added Tax payment
VENP	Vendor Payment

### 3.3 Amount <Amt>

**Presence:** [1...1]

**Definition:** Amount of money that should be transferred between debtor and creditor, before charges.

**Type:** This element must be followed by only one of the following AmountType Choice elements:

Index	Message Item
3.4.1	Instructed Amount {or
3.4.2	Equivalent Amount or}

#### 3.3.1 Instructed Amount <InstdAmt>

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** amount of money to be transferred between debtor and creditor, before deduction of charges, expressed in the currency of the debtor's account or in another currency.

**Usage:** Currency of the amount is expressed in the currency (or one of the currencies) of the debtor's account or another currency, e.g., 'pay 100000 EUR (and debtor's account is in EUR) or 'pay 1000000 JPY' (and debtor's account is in EUR).

**Type:** Currency and Amount

#### 3.3.2 Equivalent Amount <EqvtAmt>

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** amount of money to be transferred between the debtor and creditor, before deduction of charges, expressed in the currency of the debtor's account and to be transferred into a different currency.

**Usage:** Currency of the amount is expressed in the currency of the debtor's account, but the amount to be transferred is in another currency. The first agent will convert the amount and currency to the amount and currency to be transferred, e.g., 'pay equivalent of 100000 EUR in JPY (and debtor's account is in EUR).

**Type:** This component is composed of the following items:

Index	Message Item
3.3.2.1	Amount
3.3.2.2	Currency of Transfer

#### **3.3.2.1 Amount <Amt>**

**Presence:** [1...1]

**Definition:** amount of money to be transferred between the debtor and creditor, before deduction of charges, expressed in the currency of the debtor's account and to be transferred into a different currency

**Type:** Currency and Amount

#### **3.3.2.2 Currency of Transfer <CcyOfTrf>**

**Presence:** [1...1]

**Definition:** Specifies the currency of the amount to be transferred, which is different from the currency of the debtor's account.

**Type:** Currency Code

### **3.4 Cheque Instruction <ChqInstr>**

**Presence:** [0...1]

**Definition:** Information related to a cheque instruction.

**Business rule:** This component may be present if payment method is CHK. It must not be present if payment method is TRF.

**Type:** This item is composed of the following ChequeInstruction1 component elements:

Index	Message Item
3.4.1	Type
3.4.2	Cheque Number
3.4.3	Delivery Method
3.4.4	Cheque From
3.4.5	Deliver To
3.4.6	Instruction Priority
3.4.7	Cheque Maturity Date
3.4.8	Forms Code
3.4.9	Memo Field
3.4.10	Regional Clearing Zone

#### **3.4.1 Type <Tp>**

**Presence:** [0...1]

**Definition:** Specifies the type of cheque to be issued by the first agent.

**Type:** Code

One of the following ChequeType1 codes must be used:

Code	Name	Definition
CCHQ	customer cheque	A cheque drawn on the account of the debtor, and debited on the debtor's account when the cheque is cashed. Synonym is 'corporate cheque'.
CCCH	certified customer cheque	A cheque drawn on the account of the debtor, and debited on the debtor's account when the cheque is cashed. The financial institution prints and certifies the cheque, guaranteeing the payment.
BCHQ	bank cheque	A cheque drawn on the account of the debtor's financial institution, which is debited on the debtor's account when the cheque is issued. These cheques are printed by the debtor's financial institution and payment is guaranteed by the financial institution. Synonym is 'cashier's cheque'
DFFT	draft	A guaranteed bank cheque with a future value date (do not pay before...), which in commercial terms is a "negotiable instrument": the beneficiary can receive early payment from any bank under subtraction of a discount. The ordering customer's account is debited on value date.
ELDR	Electronic draft	Electronic draft

#### 3.4.2 Cheque Number <ChqNb>

Presence: [0...1]

Definition: Identifies the cheque number.

Type: Max35Text

#### 3.4.3 Delivery method

**Presence:** [0...1]

**Definition:** Specifies the delivery method of the cheque by the first agent.

**Type:** Code

One of the following codes must be used :

Code	Name
MLDB	Mail to Debtor
MLCD	Mail to Creditor
MLFA	Mail to Final agent
CRDB	Courier to debtor
CRCD	Courier to creditor
CRFA	Courier to final agent
PUDB	Pickup by debtor
PUCD	Pickup by creditor
PUFA	Pickup by final agent
RGDB	Registered mail to debtor
RGCD	Registered mail to creditor
RGFA	Registered mail to final agent

#### 3.4.4 Cheque From <ChqFr>

**Presence:** [0...1]

**Definition:** Identifies the party that ordered the issuance of the cheque.

**Business Guideline:** Should only be used in case the party that needs to be printed on the cheque as the 'party from which the cheque originates' is different than the originating party (if present) or debtor (if originating party is not present).

**Type:** This item is composed of the following items:

Index	Message Item
3.4.4.1	Name
3.4.4.2	Address

##### 3.4.4.1 Name <Nm>

**Presence:** [1...1]

**Definition:** Name by which a party is known and is usually used to identify that identity.

**Type:** Max70Text

##### 3.4.4.2 Address <Adr>

**Presence:** [1...1]

**Definition:** Information that locates and identifies a specific address, as defined by postal services, which is presented in a structured or free format text.

**Type:** Postal address Component (included in full message report)



### 3.4.5 Deliver To

**Presence:** [0...1]

**Definition:** Identifies the party to whom the first agent should send the cheque.

**Business guideline:** Should only be used in case the address is different from the address identified in the debtor/creditor or final agent element, depending on the party identified in the 'delivery method'

**Type:** This item is composed of the following items:

Index	Message Item
3.4.5.1	Name
3.4.5.2	Address

#### 3.4.5.1 Name <Nm>

**Presence:** [1..1]

**Definition:** Name by which a party is known and is usually used to identify that identity

**Type :** Max70Text

#### 3.4.5.2 Address <Adr>

**Presence:** [1...1]

**Definition:** Information that locates and identifies a specific address, as defined by postal services, which is presented in a structured or free format text.

**Type:** Postal Address Component. (included in full message report)

### 3.4.6 Instruction priority

**Presence:** [0...1]

**Definition:** Specifies the relative urgency or order of importance that the originator would like the recipient of the payment instruction to apply to the processing of the payment instruction.

**Usage:** This priority relates to queue processing and queue management by forwarding/first agent.

**Type:** Code

One of the following Priority2Codes must be used :

Code	Name
HIGH	Priority level is high
NORM	Priority level is normal

#### 3.4.7 Cheque Maturity Date

**Presence:** [0...1]

**Definition:** Date when the draft becomes payable and when debtor's account is debited.

**Business rule** The cheque maturity date may only be present if cheque type contains 'draft' or 'electronic draft'.

**Type:** ISODate

#### 3.4.8 Forms Code

**Presence:** [0...1]

**Definition:** Code agreed between the initiating party and the first agent, which specifies the cheque layout, company logo and digitised signature to be used to print the cheque.

**Type:** Max35Text

#### 3.4.9 Memo Field

**Presence:** [0...1]

**Definition:** Information that needs to be printed on the cheque, used by the payer to add miscellaneous information.

**Type:** Max35Text

#### 3.4.10 Regional Clearing Zone

**Presence:** [0...1]

**Definition:** Regional area in which the cheque can be cleared, when a country has no nation-wide cheque clearing organisation.

**Type:** Max35Text

### 3.5 Originating Party <OrgtgPty>

**Presence:** [0...1]

**Definition:** Party that owes the cash to the creditor, e.g. for the receipt of goods and services, gifts, charity payments and is the party which orders the payment. The originating party orders the payment, and may or may not be the debtor.

**Business guideline:** The originating party should only be identified when different from the debtor.

**Type:** PartyIdentification1 (included in full message report)

### 3.6 Intermediary Agent1 <IntrmyAgt1>

**Presence:** [0...1]

**Definition:** An agent between the first and final agent

**Usage guideline:** This information is provided by the initiating party, based on information provided by the creditor or final party. How this information is handled by the first agent will depend on the service level/business practice between initiating party and first agent.

**Type:** Branch and Financial Institution Identification (included in full message report)

### 3.7 Intermediary Agent2 <IntrmyAgt2>

**Presence:** [0...1]

**Definition:** An agent between the first and final agent

**Usage guideline:** This information is provided by the initiating party, based on information provided by the creditor or final party. How this information is handled by the first agent will depend on the service level/business practice between initiating party and first agent. Intermediary agent 2 is used when more than one intermediary agent is included in the payment initiation, In this case, intermediary agent2 identifies the financial institution of the final agent, and intermediary agent 1 identifies the financial institution between the first and intermediary agent 2.

**Type:** Branch and Financial Institution Identification (included in full message report)

**Business rule:** Intermediary 2 is only allowed if Intermediary 1 is present.

### 3.8 Creditor <Cdtr>

**Presence:** [0...1]

**Definition:** Party that receives an amount of money from the debtor.  
In the context of the payment model, the creditor is also the credit account owner.

**Business rule:** At least creditor or creditor account must be present.

**Usage:** Creditor must always be present, unless local regulations stipulate otherwise.

**Type:** PartyIdentification1 (included in full message report)

### 3.9 Creditor Account <CdtrAcct>

**Presence:** [0...1]

**Definition:** Unambiguous identification of the account of the creditor to which a credit entry will be posted as a result of the payment transaction.

**Type:** This component is composed of the following items:

Index	Message Item
3.9.1	Account Currency
3.9.2	Name
3.9.3	ID
3.9.4	Type

**Business rules:**

1. At least creditor or credit account information must be present.
2. When payment method by first agent is Cheque, creditor account must not be present.

#### 3.9.1 Account Currency

Please see previous description

#### 3.9.2 Name

Please see previous description

### **3.9.3 ID**

Please see previous description.

### **3.9.4 Type**

Please see previous description.

## **3.10 Creditor Country of Residence <CdtrCtryOfRes>**

**Presence:** [0...1]

**Definition :** Identifies the country where the creditor resides.

**Type :** Country code

## **3.11 Final agent**

**Presence:** [0...1]

**Definition:** Financial institution that receives the payment transaction on behalf of an account owner, and posts the transaction to the account.

**Business guideline:** If payment method by first agent is 'transfer', then final agent should be present. Final agent should not be present when the payment method is cheque and the cheque is not sent to final agent (as identified in cheque delivery method).

**Usage:** in a credit transfer context, the final agent is the financial institution of the creditor. In a direct debit context, the final agent is the account servicer of the debtor.

**Type:** Branch and Financial Institution Identification (included in full message report).

## **3.12 Final agent account information**

**Presence:** [0...1]

**Definition:** Unambiguous identification of the nostro account of the final agent at an intermediary.

**Usage:** the final agent account information provides information for interbank settlement purposes. The element may be used in several ways, e.g., building society scenarios (in case the nostro account of the building society at the clearing agent needs to be specified) or scenarios where the nostro account information of the final agent at an intermediary is part of the information provided by the creditor to the debtor for inclusion in the payment initiation.

**Type:** Max35Text

## **3.13 Final Party <FnlPty>**

**Presence:** [0...1]

**Definition:** Party that is the ultimate beneficiary of the cash transfer.

**Business guideline:** Final party may only be used if different from the creditor.

**Type:** Party Identification1 (included in full message report)

### 3.14 Charge Bearer <ChrgBr>

**Presence:** [1...1]

**Definition:** Specifies if the creditor and/or debtor will bear the charges associated with the processing of the payment transaction.

**Type:** Code

One of the following ChargeBearer1Code values must be used:

Code	Definition
OUR	All transaction charges are to be borne by the debtor.
BEN	All transaction charges are to be borne by the creditor.
SHA	Transaction charges on the Sender's side are to be borne by the ordering customer. Transaction charges on the Receiver's side are to be borne by the beneficiary customer.

### 3.15 Exchange Contract Reference

**Presence:** [0...1]

**Definition:** Unique and unambiguous reference to the foreign exchange contract agreed between the initiating party and the first agent.

**Type:** Max35Text

### 3.16 Regulatory Reporting <RgltryRptg>

**Presence:** [0...3]

**Definition :** Information needed due to regulatory and statutory requirements,.

**Type:** This component is composed of the following 'StructuredRegulatoryReporting1' component items:

Index	Message Item
3.16.1	Code
3.16.2	Amount
3.16.3	Information

#### 3.16.1 Code

**Presence:** [0...1]

**Definition:** Specifies the regulatory reporting code.

**Usage:** codes of e.g. the EUROSTAT code list can be used.

**Type:** Max3Text

#### 3.16.2 Amount

**Presence:** [0...1]

**Definition:** Amount of money and currency that may need to be reported for regulatory and statutory requirements.

**Type:** Currency and Amount.

### 3.16.3 Information

**Presence:** [0...1]

**Definition:** Additional details that cater for domestic regulatory requirements.

**Type:** Max35Text

### 3.17 Instruction for Final Agent

**Presence:** [0...1]

**Definition:** Further information related to the processing of the payment instruction, provided by the initiating party, and intended for the final agent.

**Type:** Component : Instruction Code [0..2] and proprietary (max140 text) [0..1]

**Usage:** Proprietary should only be used in case other handling information than the information conveyed in the codes needs to be passed on or in case one of the codes HOLD/PHOB/TELB is used, to specify information such as passport or phone number.

Code	Definition
CHQB	Pay creditor only by cheque. The creditor's account number must not be specified.
HOLD	Hold cash for creditor. Creditor will call; pay upon identification.
PHOB	Please advise/contact beneficiary/claimant by phone.
TELB	Please advise/contact beneficiary/claimant by the most efficient means of telecommunication.

### 3.18 Instruction for First agent

**Presence:** [0...1]

**Definition:** Further information related to the processing of the payment instruction, which may need to be acted upon by the first agent, depending on agreement between customer and the first agent. The instruction can relate to a level of service between the customer and the first agent, or can be information required by the first agent.

**Usage:** The information contained in the instruction for first agent must not be further transported in the payment chain.

**Type: Type :** This component is composed of the following 'Instruction for First Agent' items:

Index	Message Item
3.18.1	Proprietary
3.18.2	Debit Purpose
3.18.3	RemitLocationMethod
3.18.4	RemitLocationElectronicAddress
3.18.5	RemitLocationPostalAddress
3.18.6	Tax

### 3.18.1 Proprietary

**Presence:** [0...1]

**Definition:** Instruction to the first agent that is specific to a user community and is required for use within that user community.

**Usage:** The proprietary element should only be used when the coded element does not provide sufficient codes.

**Type :** Max140Text

### 3.18.2 Debit Purpose

**Presence:** [0...1]

**Definition:** Reason or nature of the debit, on the debtor's account, that must be returned in debit advices/statements to the debtor.

**Type:** Max35Text

### 3.18.3 RemitLocationMethod

**Presence:** [0..1]

**Definition:** Specifies the method to be used by the first agent to deliver the remittance advice information.

**Type :** One of the following RemitLocationMethod1Codes must be used :

Code	Definition
FAX	Remittance advice information needs to be faxed.
EDI	Remittance advice information needs to be sent through Electronic Data Interchange.
URI	Remittance advice information needs to be sent to a Uniform Resource Identifier (URI). URI is a compact string of characters that uniquely identify an abstract or physical resource. URI's are the super-set of identifiers, such as URLs, email addresses, ftp sites, etc, and as such, provide the syntax for all of the identification schemes.
EML	Remittance advice information needs to be sent through e-mail.
PST	Remittance advice information needs to be sent through postal services.

### 3.18.4 RemitLocationElectronicAddress

**Presence:** [0...1]

**Definition:** Electronic address to which the first agent is to send the remittance information

**Type:** Max128Text

### 3.18.5 RemitLocationPostalAddress

**Presence:** [0...1]

**Definition:** Postal address to which the first agent is to send the remittance information

**Type:** This item is composed of the following items:

Index	Message Item
3.18.5.1	Name
3.18.5.2	Address

#### 3.18.5.1 Name <Nm>

**Presence:** [1...1]

**Definition :** name by which a party is known and is usually used to identify that identity.

**Type :** Max70Text

#### 3.18.5.2 Address <Adr>

**Presence:** [1...1]

**Definition:** Information that locates and identifies a specific address, as defined by postal services, that is presented in a structured or free format text.

**Type:** Postal address Component (included in full message report)

### 3.18.6 Tax

**Presence:** [0...1]

**Definition:** Amount of money due to government or tax authority, according to various pre-defined parameters such as thresholds or income.

**Type:** This component is composed of the following items:

Index	Message Item
3.18.6.1	Creditor Tax Identification
3.18.6.2	Creditor Tax Type
3.18.6.3	Debtor Tax Identification
3.18.6.4	Tax Reference Number
3.18.6.5	Total Taxable Base Amount
3.18.6.6	Total Tax Information
3.18.6.7	Tax Type Information

#### 3.18.6.1 Creditor Tax Identification :

**Presence:** [0...1]

**Definition:** Tax Identification Number of the creditor.

**Type:** Max35Text



**3.18.6.2 CreditorTaxType :****Presence:** [0...1]**Definition:** Type of tax payer (creditor)**Type:** Max35Text**3.18.6.3 DebtorTaxIdentification :****Presence:** [0...1]**Definition:** Tax Identification Number of the debtor**Type :** Max35Text**3.18.6.4 TaxReferenceNumber :****Presence:** [0...1]**Definition:** Tax reference information that is specific to a taxing agency.**Type:** Max140Text**3.18.6.5 TotalTaxableBaseAmount :****Presence:** [0...1]**Definition :** Total amount of money on which the tax is based.**Type :** Currency and Amount**3.18.6.6 TotalTaxAmount :****Presence:** [0...1]**Definition :** Amount of money resulting from the calculation of the tax.**Type :** Currency and Amount**3.18.6.7 TaxTypeInformation :****Presence:** [0...n]**Definition:** Set of characteristics defining the tax**Type:** This component consists of

3.18.6.7.1	Certificate Identification
3.18.6.7.2	TaxType

**BusinessRule:** if tax type information is present, at least certificate or tax type must be present.

#### **3.18.6.7.1 Certificate Identification :**

**Presence:** [0...1]

**Definition :** Document issued by first agent on behalf of Debtor to report withholding tax to taxing authority.

**Type:** max35Text

#### **3.18.6.7.2 TaxType :**

**Presence:** [0...1]

**Definition:** Information on the type of tax

**Type:** This component consists of

3.18.6.7.2.1	Category Description
3.18.6.7.2.2	Rate
3.18.6.7.2.3	Taxable Base Amount
3.18.6.7.2.4	Amount

##### **3.18.6.7.2.1 CategoryDescription :**

**Presence:** [0...1]

**Definition:** Description of the tax that is being paid, including specific representation required by taxing authority

**Type:** Max70Text

##### **3.18.6.7.2.2 TaxRate :**

**Presence:** [0...1]

**Definition:** Rate used for the calculation of the tax.

**Type :** PercentageRate

##### **3.18.6.7.2.3 TaxBaseAmount :**

**Presence:** [0...1]

**Definition:** Amount of money on which the tax is based.

**Type:** Currency and Amount

##### **3.18.6.7.2.4 Amount :**

**Presence:** [0...1]

**Definition:** Amount of money resulting from the calculation of the tax.

**Type:** Currency and Amount

### 3.19 Remittance Information <RmtInf>

**Presence:** [0...n]

**Definition:** Information supplied to enable the matching of an entry with the items that the payment is intended to settle, eg, commercial invoices in an Accounts Receivable system.

**Type:** This element must be followed by only one of the following Remittance Information 3 component items:

	Message Item
3.19.1	Unstructured {or
3.19.2	Structured or}

#### 3.19.1 Unstructured <Ustrd>

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** Information, in free text form, which is supplied to enable the matching (reconciliation) of a payment with the items that the payment is intended to settle, such as commercial invoices in an Accounts Receivable system.

**Type:** Max 140Text.

#### 3.19.2 Structured <Strd>

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** Information, in structured form, which is supplied to enable the matching (reconciliation) of a payment with the items that the payment is intended to settle, such as commercial invoices in an Accounts Receivable system.

**Type:** This component is composed of the following

'StructuredRemittanceInformation2' component items:

	Message Item
3.19.2.1	Referred Document type
3.19.2.2	Referred Document Related Date
3.19.2.3	Referred Document Amount and Currency
3.19.2.4	Document Reference Number
3.19.2.5	Creditor's Reference
3.19.2.6	Invoicee
3.19.2.7	Invoicer

### 3.19.2.1 Referred Document type

**Presence:** [0...1]

**Definition:** Specifies the nature of the referred document/transaction, e.g., invoice or credit note.

**Type:** Code

One of the following DocumentType1 values must be used:

Code	Explanation
MSIN	Metered service invoice
CNFA	Credit note related to financial adjustment
DNFA	Debit note related to financial adjustment
CINV	Commercial invoice
CREN	Credit note
DEBN	Debit note
HIRI	Hire invoice
SBIN	Self-billed invoice
RADM	Remittance advice message
RPIN	Related payment instruction
CMCN	Commercial contract
FXDR	Foreign exchange deal reference
SOAC	Statement of account

### 3.19.2.2 Referred Document Related Date

**Presence:** [0...1]

**Definition:** Date associated with the referred document, eg, date of issue.

**Type:** ISODate

### 3.19.2.3 Referred Document Amount and Currency

**Presence:** [0...n]

**Definition :** Amount of money and currency of a document referred to in the remittance section. The amount is typically either the original amount due and payable, or the amount actually remitted for the referenced document.

**Type:** This element must be followed by only one of the following Referred Document Amount 1 Choice items:

	Message Item
3.19.2.3.1	Due Payable Amount {or
3.19.2.3.2	Discount Applied Amount or
3.19.2.3.3	Remitted Amount or
3.19.2.3.4	Credit Note Amount or
3.19.2.3.5	Tax Amount or}

#### **3.19.2.3.1 Due Payable Amount <DuePyblAmt>**

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** Amount specified is the exact amount due and payable to the creditor.

**Type:** Currency and Amount

#### **3.19.2.3.2 Discount Applied Amount <DscntApldAmt>**

**Presence:** [1...1]

This item is part of a choice component.

**Definitio :** amount of money resulting from the application of an agreed discount to the amount due and payable to the creditor.

**Type:** Currency and Amount

#### **3.19.2.3.3 Remitted Amount <RmtdAmt>**

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** Amount of money remitted for the Referred document.

**Type :** Currency and Amount

#### **3.19.2.3.4 Credit Note Amount <CdtNoteAmt>**

**Presence:** [1...1]

This item is part of a choice component.

**Definition:** The amount specified for the referred document is the amount of a credit note.

**Type:** Currency and Amount

#### **3.19.2.3.5 Tax Amount <TaxAmt>**

**Presence:** [1..1]

This item is part of a choice component.

**Definition:** Quantity of cash resulting from the calculation of the tax.

**Type :** Currency and Amount

#### **3.19.2.4 Document Reference Number**

**Presence:** [0...1]

**Definition:** Unique and unambiguous identification of a document that distinguishes one document referred to in the remittance information from another, usually the unique identity assigned by the originator of the referred document/transaction.

**Type:** Max35Text

#### **3.19.2.5 Creditor's reference <CdtrRef>**

**Presence:** [0...1]

**Definition:** Unique and unambiguous reference assigned by the creditor to refer to the payment transaction.

**Usage guideline:**

1. if available, the initiating party should provide this reference in the structured remittance info, to enable reconciliation by the creditor upon receipt of the cash.
2. If the business context requires the use of a creditor's reference or a unique remittance ID, it should be used to populate the end-to-end ID in cases where the end-to-end ID is the only reference that can be passed on end-to-end.

**Type:** Max35Text

#### **3.1.9.2.6 Invoicer <Invcr>**

**Presence:** [0...1]

**Definition:** Identification of the organization issuing the invoice when different than the creditor or final party

**Type:** Party Identification 1 component (included in full message report)

#### **3.1.9.2.6 Invoicee <Invcee>**

**Presence:** [0...1]

**Definition:** identification of the party to whom an invoice is issued, when different than the originator or debtor.

**Type:** Party Identification 1 component. (Included in full message report)

## **Appendix E: Core Debit Transfer Initiation Message Component**

### ***Scope and Usage***

The Core Debit Transfer Initiation Message has the same structure and characteristics of the Core Credit Transfer Initiation Message, with the following noted exceptions:

- Difference in the semantic meaning as the execution of this message initiates a direct debit.
- Inclusion of DirDebInfo (Direct Debit Information) within PmtTransaction, which identifies the Debit Contract Id, Debit Mandate Id, and Sequence (as defined in the Message Items Definitions).
- Placement of Debtor and Creditor information (including Debtor and Creditor accounts) within the overall structure.

The Core Debit Transfer Initiation message is sent by the Initiating Party to the Forwarding Agent or First Agent. This message is used to request movement of cash from a Debtor's account to a Creditor. It is initiated by the Creditor.

The Core Debit Transfer Initiation message can contain:

- one or more instances of a debit transfer initiation
- payment transactions that result in book transfers at the First Agent or payments to another financial institution
- payment transactions that result in an electronic cash transfer to the Creditor's account.

The message can be used in a direct or a relay scenario. In a direct scenario, the Initiating Party sends the Core Debit Transfer Initiation message directly to the First Agent. The First Agent is the account servicer of the Debtor.

In a relay scenario, the Initiating Party sends the Core Debit Transfer Initiation message to a Forwarding Agent. The Forwarding Agent acts as a concentrating financial institution. It will forward the Core Debit Transfer Initiation message to the First Agent.

The message can also be used by an Initiating Party that has authority to send the message on behalf of the Debtor. This caters for example for the scenario of a payments factory initiating all payments on behalf of a large corporate. The

Core Debit Transfer Initiation message can be used in domestic and cross-border scenarios.

The message can be used to group payments (in this case, the Payment Information component is present once) or can be used as a collection of individual payments (in this case the Payment Information component is present once per occurrence of Payment Transaction component).

### ***Main Characteristics***

The Core Debit Transfer Initiation message has the following main characteristics:

- **Batch or single entry indication:** The Initiating Party can indicate whether it wants to have all transactions present in the Core Debit Transfer Initiation message booked as one entry or as individual entries on the Debtor's account.
- **Identification of customer parties:** The Core Debit Transfer Initiation message caters for the identification of several customer parties. On the debit side of the payment transaction, the Originating Party, the Debtor and the Initiating Party can be identified. On the credit side of the payment transaction, the Creditor and the Final Party can be identified.
- **Remittance information:** The Core Debit Transfer Initiation message can include basic remittance information. It also contains reference fields that can be used to refer to remittance information sent separately from the payment transaction.
- **Regulatory reporting:** The Core Debit Transfer Initiation can include regulatory reporting information, for use in payments where this is necessary.

### ***Outline of the Message***

The Core Debit Transfer Initiation message is composed of three main building Blocks:

#### **A. Group Header:**

This building block is mandatory. It contains elements such as a Group Identification and Creation Date Time.

#### **B. Payment Information:**



This building block is mandatory and repetitive. It contains elements related to the debit side of the transaction. These elements include Creditor, Creditor Account Information and Payment Method. If there is an agreement between the Initiating Party and the receiving agent to include the payment information details related to the debit side of the transaction only once, this block is only present once. If there is an agreement between the Initiating Party and the receiving agent to repeat the credit information details for each transaction, this building block is present once per occurrence of the Payment Transaction.

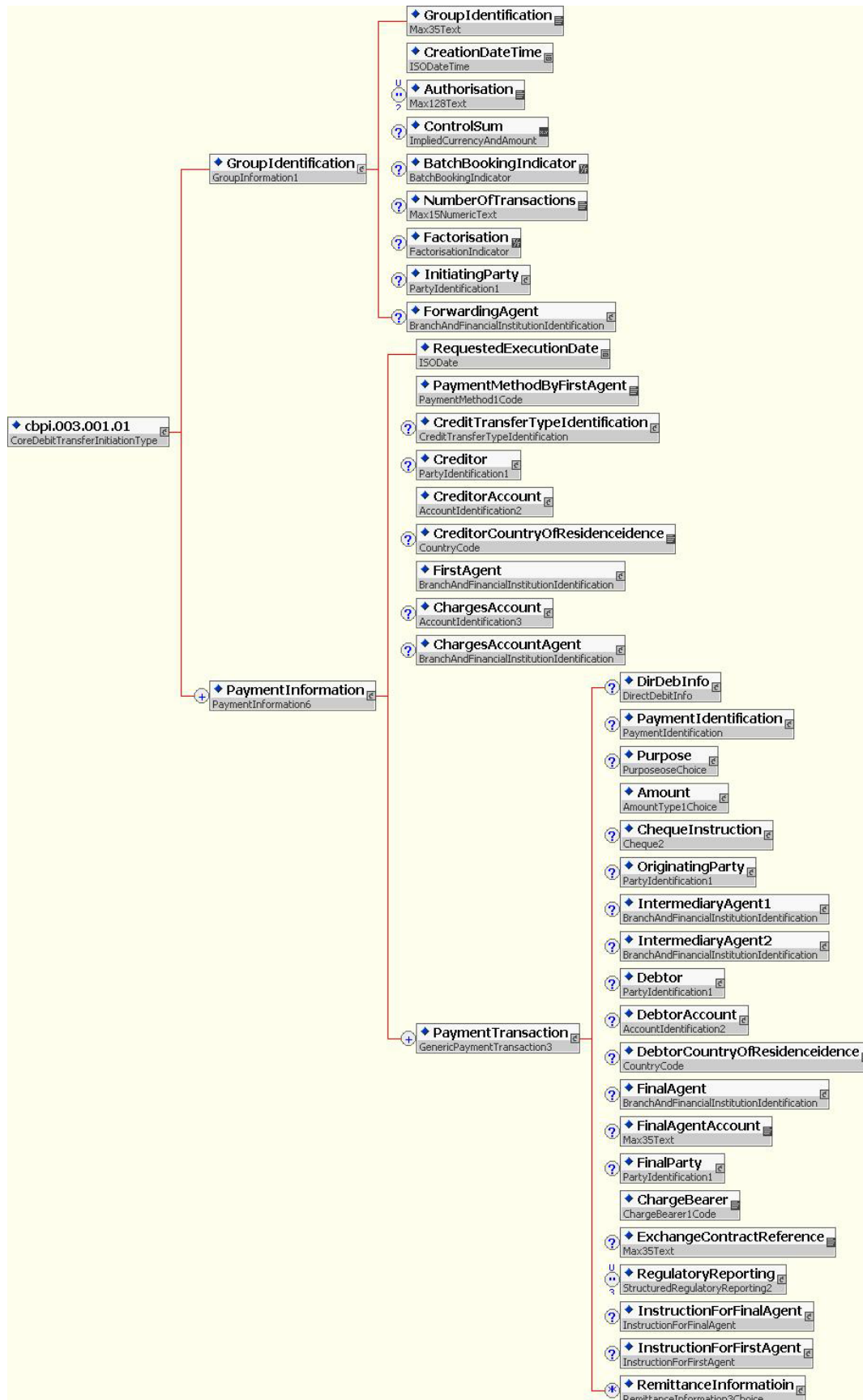
### **C. Payment Transaction:**

This building block is mandatory and repetitive. It contains elements related to the credit side of the transaction. These elements include Debtor, Debtor Account Information and references for the transaction.

### ***Message Structure***

This schema view structure represents the high level structure of the core debit transfer initiation message component. A description of the core debit transfer initiation message elements is included in the annex.

*Please note the root message name "cbpi" will change to "pain."*



### ***Additional Direct Debit Elements***

Three additional elements were needed to accommodate a debit transfer initiation message. These have been included within a Direct Debit Information complex element.

Direct Debit Information <DirDebInfo>

**Presence:** [0...1]

**Definition:** Information describing the direct debit to the financial institution.

**Type:** The Direct Debit Information component is composed of the following items:

<i>Message Item</i>
Contract
Mandate
Debit Sequence

Contract <DDContract>

**Presence:** [0...1]

**Definition:** The Debit Contract ID between the Issuer and the Financial Institution.

**Type:** Max35Text

Mandate <Mandate>

**Presence:** [0...1]

**Definition:** The mandate given by the debtor to the creditor to debit the account (reference ID).

**Type:** Max35Text

Debit Sequence <DDSequence>

**Presence:** [0...1]

**Definition:** Enumeration describing whether the debit is the first issued, has been issued before or is the last to be issued.

**Type:** Max5Text

One of the following codes must be used:

Code	Name	Definition
FIRST	FIRST	The first direct debit issued under the mandate.
CONT	CONTINUATION	Continuation of direct debits issued against the mandate.
LAST	LAST	The last direct debit issued under the mandate.

## **Appendix F: Payment Initiation Status Message Component**

### ***1. Outline***

The Payment Initiation Status message is composed of five main building blocks:

#### **A. General Information:**

This building block is mandatory. It contains elements such as a Status Identification and Creation Date Time.

#### **B. Original Group Reference Information and Status:**

This building block is mandatory. It contains the original Group Identification of the initiation. It also provides the optional status for the group of payments included in the initiation

#### **C. Original Payment Information:**

This building block is optional and repetitive. It contains elements of the original initiation related to the debit side of the initiation, such as Debtor and Debtor Account Information

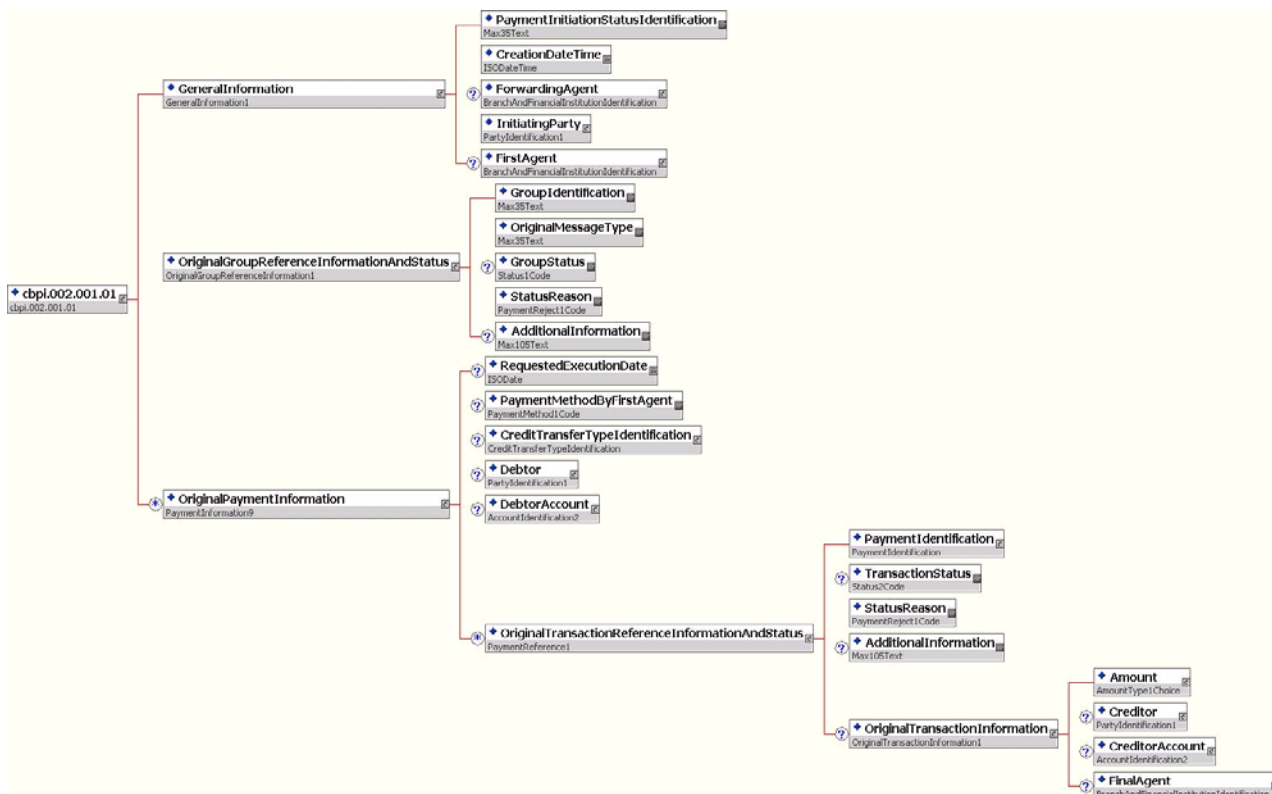
#### **D. Original Transaction Reference Information And Status:**

This building block is optional and repetitive. It contains status information and reference elements of the individual payment transactions included in the initiation

#### **E. Original Transaction Information:**

This building block is optional. It contains elements of the original payment transactions included in the initiation, such as Amount and Creditor.

## 2. Message Structure



Please note that the root message name "cbpi" will change to "pain."

## 3. Message item definitions

As many items are the same as for the credit transfer and debit transfer initiation, detailed definitions have not been repeated here. What is given below is an overview of the Status information that can be provided through a series of codes:

Group status can contain the following:

<b>AcceptedTechnicalValidation</b> (ACTC)	<i>Authentication and syntactical and semantic validation are successful.</i>
<b>AcceptedCustomerProfile</b> (ACCP)	<i>Preceding check of technical validation was successful. Customer profile check was also successful. This includes the assessment of the static risks.</i>
<b>AcceptedSettlementInProgress</b> (ACSP)	<i>All preceding checks such as technical validation and customer profile were successful. Dynamic risk assessment is now also successful and therefore the payment initiation has been accepted for execution.</i>

<b>AcceptedSettlementCompleted</b> (ACSC)	<p><i>Settlement on the debtor's account has been completed.</i></p> <p><i>Usage :</i> this can be used by the first agent to report to the debtor that the transaction has been completed. <b>Warning :</b> this status is provided for transaction status reasons, not for financial information. It can only be used after bilateral agreement between debtor and first agent – e.g. in cases where debit advices are not sent, but only end-of-day statements.</p>
<b>Received</b> (RCVD)	<i>Payment initiation has been received by the receiving agent.</i>
<b>PartiallyAccepted</b> (PART)	<i>A number of transactions have been accepted, whereas another number of transactions have not yet achieved 'accepted' status.</i>
<b>Rejected</b> (RJCT)	<i>Payment initiation or individual transaction included in the payment initiation has been rejected.</i>
<b>Pending</b> (PDNG)	<i>Payment initiation or individual transaction included in the payment initiation is pending. Further checks and status update will be performed.</i>

Individual transaction status can report the following:

<b>AcceptedTechnicalValidation</b> (ACTC)	<i>Authentication and syntactical and semantic validation are successful.</i>
<b>AcceptedCustomerProfile</b> (ACCP)	<i>Preceding check of technical validation was successful. Customer profile check was also successful. This includes the assessment of the static risks.</i>
<b>AcceptedSettlementInProgress</b> (ACSP)	<i>All preceding checks such as technical validation and customer profile were successful. Dynamic risk assessment is now also successful and therefore the payment initiation has been accepted for execution.</i>
<b>AcceptedSettlementCompleted</b> (ACSC)	<p><i>Settlement on the debtor's account has been completed.</i></p> <p><i>Usage: this can be used by the first agent to report to the debtor that the transaction has been completed. <b>Warning:</b> this status is provided for transaction status reasons, not for financial information. It can only be used after bilateral agreement between debtor and first agent – e.g. in cases where debit advices are not sent, but only end-of-day statements.</i></p>
<b>Rejected</b> (RJCT)	<i>Payment initiation or individual transaction included in the payment initiation has been rejected.</i>
<b>Pending</b> (PDNG)	<i>Payment initiation or individual transaction included in the payment initiation is pending. Further checks and status update will be performed.</i>

Both group status and individual transaction status can be reported. A set of rules govern the presence of certain values of the group status and individual transaction status.

## **Appendix G: Press References to the IST Harmonisation Effort**

There have been several press announcements and articles which describe the IST Harmonisation effort. These include the following. Links are provided when available.

1. Special Report - Open Standards and the Payments Landscape. GTNews.  
<<http://www.gtnews.com/payments/openstandardsreport.cfm>>
2. Towards a Single Standard in Financial EDI - Robert Bol, GTNews.  
<<http://www.gtnews.com/article/5373.cfm>>
3. Working Capital Management: TWIST and the Delivery of Benefits - Tom Buschman, TWIST, GTNews.  
<<http://www.gtnews.com/article/5374.cfm>>
4. Access All Areas: SWIFT's Role in the Standards Age - Jean-Marie Eloy, SWIFT, GTNews.  
<<http://www.gtnews.com/article/5383.cfm>>
5. Open Standards: How Banks are Responding to the Challenge - Mark Sutton HSBC, GTNews.  
<<http://www.gtnews.com/article/5376.cfm>>
6. The New Internet-Based Commercial Payment Infrastructure - Tim Decker and Robert Blair, JPMorgan, GTNews.  
<<http://www.gtnews.com/article/5377.cfm>>
7. Why XML Will Succeed Where EDIFACT Failed - Lars Oltrogge, Deutsche Bank, GTNews.  
<<http://www.gtnews.com/article/5379.cfm>>
8. IST Harmonization, Sandman, Securities Industry Association  
<http://www.securitiesindustry.com/midweek.cfm?article=960>
9. IFX Forum to Develop Standardized Xml Payment Messaging with Leading Banks, Other Standards Groups, XMLmania.com  
<[http://www.xmlmania.com/news\\_article\\_578.php](http://www.xmlmania.com/news_article_578.php)>
10. ISTH Initiative Develops Core Payments XML Kernel Transaction Standard, Cover Pages, OASIS  
<<http://xml.coverpages.org/ni2003-12-02-a.html>>



11. The Open Road to XML, Dialogue Magazine (SWIFT) Q2 2004 issue,  
< [http://www.swift.com/index.cfm?item\\_id=40406](http://www.swift.com/index.cfm?item_id=40406)>
12. Financial industry unites to create XML payments standard to cut processing costs. Nick Huber, Computer Weekly, 2 December 2003.  
<<http://www.computerweekly.com/articles/article.asp?liArticleID=126898&liArticleTypeID=20&liCategoryID=1&liChannelID=171&liFlavourID=1&sSearch=&nPage=1>>
13. Banks collaborate on XML payment scheme. Nick Huber, Computer Weekly, 18 November 2003.  
<<http://www.computerweekly.com/articles/article.asp?liArticleID=126582&liArticleTypeID=1&liCategoryID=1&liChannelID=171&liFlavourID=1&sSearch=&nPage=1>>
14. New standard aims to 'harmonize' XML payment messaging. Rich Seeley, Application Development Trends (ADTmag.com) 12 November 2003.  
< <http://www.adtmag.com/article.asp?id=8506>>
15. XML-Based Standard for Payments on the Way, John Sandman, Standards Editor, securitiesindustry.com - 8 December 2003
16. Banks join Twist in move to define XML payments standards Finextra.com  
< <http://www.finextra.com/fullstory.asp?id=9040>>
17. Providing the Infrastructure for Connectivity and Standards, Michael King-SWIFT, GTNews.  
<<http://www.gtnews.com/article/5438.cfm>>
18. Automating A/R Reconciliation: The RosettaNet Approach, David Blair-Nokia, GTNews.  
< <http://www.gtnews.com/article/5375.cfm>>
19. Facilitating End-to End Reconciliation for Corporates – The Yellow Brick Road to STP, Chris Furness-Standard Chartered, GTNews  
< <http://www.gtnews.com/article/5378.cfm>>
20. High Levels of Auto-Reconciliation for Global Accounts Receivable — Is it Possible? Art Brieske - Duetsche Bank, GTNews.  
< <http://www.gtnews.com/article/5343.cfm>>
21. IFX Forum to Participate in ISTH Initiative for Core Payment XML Kernel, Robin Cover, XML Cover Pages, OASIS.  
< <http://xml.coverpages.org/ISTH-XMLKernel.html>>