Infor LN Financials SEPA Master Data Setup

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About this document

This document describes the process to set up master data for handling SEPA transactions.

How to read this document

Underlined terms indicate a link to a glossary definition. You can click on the underlined term to go to the glossary definition at the end of the document.

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Chapter 1
Introduction

1

Introduction

SEPA

The Single Euro Payments Area (SEPA) is the area where citizens, companies, and other economic participants can make and receive payments in euros, within Europe, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location. The geographical scope of SEPA encompasses the 27 EU member states, Iceland, Liechtenstein, Norway, and Switzerland.

SEPA is an EU-wide policy-maker-driven integration initiative in the area of payments, which is designed to achieve the completion of the EU internal market and monetary union. After the introduction of euro notes and coins in 2002, the political drivers of the SEPA initiative – EU governments, the European Commission, and the European Central Bank – focused on harmonizing the euro payments market. Integrating the multitude of national payment systems that exist today is a natural step towards making the euro a truly single and fully functioning currency.

SEPA will become a reality when a critical mass of euro payments has migrated from legacy payment instruments to the new SEPA payment instruments.

Common data format

A common data format that is used by all parties in a payment transaction is essential for cost-efficient handling of billions of payments.

Today, dozens of different data formats are in place to process payments across different national and European clearing systems in the EU. Therefore, the realization of SEPA requires agreement on a common set of data to be exchanged through a common syntax.

The SEPA Data Formats, as specified by the EPC for the exchange of SEPA payments such as direct debits and credit transfers, represent such common data sets.

ISO 20022 XML message standards

The SEPA Data Formats do not constitute an exclusive European standard. Rather, the SEPA Data Formats are based on the global ISO 20022 XML message standards. These formats are binding for the exchange of SEPA payments between banks. Business customers are recommended to use the SEPA Data Formats to initiate payments. However, banks can continue to accept other formats from customers for SEPA payments.

The International Organization for Standardization (ISO) is the world’s developer of global standards. ISO combines the expertise of representatives from all sectors. ISO provides any stakeholder group the opportunity to participate in the process of standard setting. ISO has worked on modeling financial messages, which is set out in ISO Standard 20022 (www.iso20022.org). This standard provides a methodology to define business processes and the related data elements.

In the ISO process, business requirements are defined for all global markets. Different markets have different data needs. Therefore, each community may need to define its own version within the global standard, specific to its own situation. In this respect, the ISO messages have been adjusted to meet the SEPA requirements. The role of EPC in defining the SEPA Data Formats consists of identifying, within the global standard, all the necessary data elements for making SEPA payments as defined in the SEPA rulebooks.

These "core" data elements are indicated by yellow shading in the SEPA Implementation Guidelines that are released by the European Payments Council (EPC) with respect to the SEPA Credit Transfer Scheme and the SEPA Direct Debit Schemes. To allow communities of banks that participate in the SEPA Schemes to provide additional optional services (AOS) based on the schemes, the EPC has identified data elements within the global standard that can be used for this purpose.

These data elements are indicated by white shading in the Implementation Guidelines. The SEPA Data Formats are a valid subset of the global ISO Standard 20022.

SEPA Credit Transfer Scheme

In LN, two SEPA solutions have been implemented for the SEPA credit transfer scheme. Based on the ISO 20022 XML message standards and a user-defined layout with a mapping to LN data, the system generates an XML file to be stored and subsequently sent to the bank.

With regard to credit transfers in general, the originator (payer) completes a credit transfer instruction and forwards it to the originator’s (payer’s) bank by any agreed means. The originator’s bank receives and checks the credit transfer, and rejects erroneous instructions. Next, the originator’s account is debited and the credit transfer is sent to the clearing and settlement mechanism (CSM).

The CSM forwards the credit transfer message to the beneficiary bank and settles the amount of the transfer. The beneficiary’s bank receives the credit transfer message, checks the credit transfer message, and credits the account of the beneficiary.

The SEPA Credit Transfer Scheme allows payments services providers to offer a core credit transfer service throughout SEPA, whether for single payments or bulk payments. The scheme’s standards facilitate payment initiation, processing, and reconciliation based on straight-through-processing (STP). The scope is limited to payments in euros within SEPA countries. The credit institutions that perform the credit transfer must be scheme participants, that is, both must have formally adhered to the SEPA Credit Transfer Scheme. There is no limit on the amount of the payment that is carried under the scheme.

Chapter 2
Master Data Setup

2

Master Data Setup

To set up SEPA functionality in LN:

- Specify additional settings in Common and Finance/Logistics (direct debit only)
- Create an XML layout
- Maintain mapping elements
- Modify payment method
- Create direct debit mandates (optional)

Specifying additional settings in Common and Financials

The first step in setting up master data for SEPA direct debits is to specify additional settings in the following sessions:

- General Company Data (tccom0502m000)
- Business Partners (tccom4500m000) (optional)
- CMG Parameters (tfcmg0500m000)

1. In the General Company Data (tccom0102s000) details session, under **Registration**, specify a creditor identifier and, optionally, a business entity identifier.

Field	Description
Creditor Identifier	The creditor identifier is required in the SEPA direct debit file. The identifier specified here will be defaulted to the

	Direct Debit Mandate (tfcmg0127m000) session, where it can be overwritten.
Business Entity Identifier	The business entity identifier can optionally be used as an identifier for the direct debit company in the direct debit file.

2. In the Business Partner (tccom4100s000) details session, on the **Detailed** tab, specify the business entity identifier (optional).
3. In the CMG Parameters (tfcmg0100s000) details session, on the **Direct Debits** tab, specify a number group and series to be used for direct debit mandates.

Creating an XML layout

The first step in setting up master data for SEPA credit transfers and direct debits is to define an XML layout.

To create an XML layout:

1. In the XML Payment/Receipt Layouts (tfcmg0524m000) session, specify a new layout code.
   The XML Payment/Receipt Layout (tfcmg0624m000) starts.
2. Define the layout header fields.
3. Click **Save Function**.
4. On the **Actions** menu, click **Initialize**.

Note

- XML layouts are version controlled.
- The status can be **Initial**, **Active**, or **Expired**.

Field	Description
Layout	The XML layout code.
Version	The version number, generated automatically.
Receipts/Payments	Indicates whether the XML layout refers to payments or receipts.

Separator	The character used for concatenation of mapping elements when multiple LN data is mapped to an XML tag.
Group Payment Information	If this check box is selected, payment and direct debit files payment information tags are grouped together. Consequently, the payment information tag (PmtInf) is specified only once for the combination of bank, payment method and (planned) payment/debit date. If this check box is cleared, the payment information is specified for every composed payment/receipt line for the payment or direct debit batch.
Status	XML version status, see below.
Convert XML Output	■ **No Conversion** The XML file will be created in UTF-8 format. ■ **Basic Character Set** After creating the XML file in UTF-8 format, characters that do not comply with the EPC SEPA specification are converted to dots. ■ **Extended Character Set** After creating the XML file in UTF-8 format, characters that do not comply with the EPC SEPA specification are converted to characters that better represent the original characters. For example, the '&' character would be converted to the '+' character.
Amount Format	The amount formats, for example decimal and thousand separator sign, can be overruled. For more information on Amount Format refer to Amount format.
Date Format	The date formats can be overruled. For more information on Date Format refer to Date format
UTC Format	UTC time

Command	Description

Initialize	An empty layout can be initialized. All tags in the ISO 20022 format will be initialized. Initialization can be repeated if the status of the layout is **Initial**. Initialization can be performed with an overwrite option (which equals reinitialization), or without overwrite. In the latter case, existing tags (including mapped elements) are not modified and missing tags will be added with the **Select** check box cleared. **Note** When you activate an XML layout, tags that are not selected will be retained.
Activate	Sets the status of the XML layout to **Active**.
Expire	Sets the status of the XML layout to **Expired**.
Generate XML	Starts the Select Payment / Direct debit Batch for XML File Generation (tfcmg0224m000) session.

Viewing an XML layout

In the XML Payment/Receipt Layouts (tfcmg0524m000) and XML Payment/Receipt Layout (tfcmg0624m000) sessions, the **View XML Layouts** command allows you to display the XML layout in a (GBF) tree view. In this view, various colors and icons indicate whether mappings are missing. Right-clicking an XML tag will take you straight to the appropriate XML layout line for viewing or editing.

XML layout version status

Status	Description
Initial	If the status is **Initial**, you can change layout details.
Active	A layout with status **Active** cannot be changed. To make changes, copy the current layout to a new version number. To use the layout with the new version number: **1.** Set the status of the active layout to **Expired**.

	2. Set the status of the layout with the new version number to **Active**. **Note** Alternatively, you can set the status of the layout with the new version number to **Active** at once. The status of the previous version will then be set to **Expired** automatically.
Expired	The layout can no longer be used.

LN generates default XML tags and their mappings to payment/ receipt elements. These default values XML tags and their mappings are based on the recommendations as laid down in the EPC (European Payments Council) rulebooks.

Maintaining XML tags

The EPC rulebooks and guidelines allow for bank or country-specific requirements in the XML file to be sent to the bank. These local or specific requirements can be fulfilled using optional XML tags. Therefore, you can add, delete, or edit XML tags in the initialized default layout.

To delete an XML tag, select the appropriate XML-tag line and use the Delete command in the session menu. If the XML tag type is mandatory because it was specified as a minimum requirement in the EPC Rulebook, the layout line cannot be deleted.

Note

An XML tag can be deleted only if any child tags were deleted.

To **Edit** an XML tag (layout status: **Initial**), double-click the required XML-tag line to start the XML Payment/Receipt Layout Lines (tfcmg0125m000) details session.

Field	Description
XML Tag Identifier	The XML tag number.
XML Tag	The XML tag name.
XML Tag Description	The XML tag description.
XML Tag Type	Defines a set of values and the allowable operations on those values. This field indicates what sort of value is expected for this tag. This is compared with

	the element type of mapping elements. If a mismatch occurs, the user is informed. For mapping XML elements to LN records, the following data types exist: ■ **Attribute** For example, currency code, quantity ■ **Boolean** Yes/No ■ **Date** Absolute date ■ **Decimal Number** ■ **Node** Only for parents ■ **String** Alphanumeric code ■ **UTC Date** Time-zone-independent date
Parent XML Tag Identifier	The number in this field indicates the parent of the current XML tag, which is used to construct the XML tree structure.
Sequence in Parent	A parent tag can have multiple child tags. This field indicates the sequence in which the current tag occurs for the parent.
Mandatory	If this check box is selected, the layout line cannot be deleted.
Select	If this check box is selected, the XML tag will be included in the file generation.
Map to Payment Element	If this check box is selected, the tag value for this layout line will be set based on one or more LN table fields or variables. Fixed text means the value specified by the user will be used as a (static) tag value. **Map to Payment Element** and **Fixed/Prefix Text** are mutually exclusive.
Fixed/Prefix Text	See the **Map to Payment Element** field
Maximum Text Characters	The maximum number of text characters allowed.

Choice	If this check box is selected, the tag is a mutually exclusive choice element. If two child elements are marked as **Choice**, the user is informed about this when both tags are selected. **Note** This field is predefined and merely indicates whether the tag is considered to be a choice field according to the EPC rulebooks.
Transactional	If this check box is selected, the data for this line is based on the actual transaction. The transactional tags are repeated as many times as there are transactions.
Sort Sequence	The sequence of the XML tag in the file. **Sort Sequence** is a system-generated sequence of the XML file. After activation, all selected lines should have a non-zero value here. This field is for technical reasons only and disabled for user input.

Guidelines for editing

- If the **Select** check box is selected, almost all fields are editable. However, if the tag is generated as, for example, the payment identifier, it only makes sense to change the following fields:
  - **XML Tag Description**
  - **Mandatory**
  - **Map to Payment Element**
  - **Fixed/Prefix Text**
  - **Maximum Text Characters**
  - **Choice**
- The value of the **Sort Sequence** field is generated and cannot be changed.
- Only when you create a new tag can you change the following fields:
  - **XML Tag**
  - **XML Tag Type**
  - **Parent XML Tag Identifier**
  - **Sequence in Parent**
  - **Choice**
  - **Transactional**

    Except tags that belong to the group header, all tags must have this check box selected.

- For a particular local requirement, you can define that a tag is mandatory. If the **Map to Payment Element** check box is selected, this means that the tag must be mapped, or is already mapped in case of a default generated tag, to data in LN. If this check box is cleared, the tag is specified at runtime and/or a fixed text can be added. The **Fixed/Prefix Text** field and the **Map to Payment Element** check box are mutually exclusive.

To add an XML tag, in the XML Payment/Receipt Layout (tfcmg0624m000) session, on the XML Payment/Receipt Layout Lines tab, click the New Layout Details button.

Exporting and importing XML layouts

In the XML Payment/Receipt Layouts (tfcmg0524m000) session, commands available on the appropriate menu allow you to export or import XML layouts through the following sessions:

- Export XML Payment/Receipt Layouts (tfcmg0224m100)
- Import XML Payment/Receipt Layouts (tfcmg0224m200)

After you export an XML layout, you might want to modify the layout code and version number of the export file. Suppose, for example, you have exported layout *TEST* version *3* from your test environment, and wish to import it in your live environment as layout *SEPA* version *1*. In that case, proceed as follows:

1. Open the export file.
2. Search for the *LayoutCode* tag.
3. Replace `TEST` with `SEPA`.
4. Change the value of the *Version* tag from `3` to `1`.

Export XML Payment/Receipt Layouts (tfcmg0224m100)

Use this session to export XML layouts to an XML file.

Selection Range	
Layout	The XML layout code.
Version	The version number.
Options	
Only Latest Active Version	If this check box is selected, only the latest version (status **Active**) of the selected XML layouts is exported.
Export	
Export Location	Select **Local System** or **Server**, as required.
Export Directory	Click the browse button to select the directory in the Browse For Folder dialog box.
Export File Name	Click the browse button to select the file in the Open dialog box in the selected directory.

Import XML Payment/Receipt Layouts (tfcmg0224m200)

Use this session to import XML layouts from an XML file.

Import	
Import Location	Select **Local System** or **Server**, as required.
Import Directory	Click the browse button to select the directory in the Browse For Folder dialog box.
Import File Name	Click the browse button to select the file in the Open dialog box in the selected directory.
Options	
Error Report	If this check box is selected, LN prints a report of any errors that occur.

Maintaining mapping elements

Use the Payment/Receipt Elements (tfcmg0123m000) session to maintain mapping elements that are used to derive the values of XML elements when the SEPA XML file is generated.

After the layout has been initialized, all the data elements that are defined in the minimum dataset that is mandatory according to the EPC rulebooks are included in the default XML tags. By default, many of these tags have been mapped to predefined data elements; other tags are generated.

To view or maintain mapping details, in the XML Payment/Receipt Layouts (tfcmg0524m000) session, select the XML tag line and use the appropriate menu to start the Payment/Receipt Elements (tfcmg0123m000) details session.

If, in the details session, **Map to Payment Element** is selected, you can start the Payment/Receipt Elements (tfcmg0123m000) session through the appropriate menu to check the list of available payment/receipt elements.

A payment element refers to the information that is available in LN that can be attributed to a payment, for example, payment batch, pay-to business partner, or the IBAN of the business partner's bank account. In LN this could be either of the following:

1. Table field, such as **Payment Batch** (tfcmg103.btno)
2. Variable, such as the **Suffix (Norma 68 or 34-1)** field in the Process Payments (tfcmg1240m000) session

Payment element descriptions are generated at runtime in the user language, if available; otherwise they are generated in English.

The syntax of the description is: `Table Name / field1 name / field 2 name ...`

Example

`Composed Payments/Pay-to Business Partner/Address Code/Name`

- On the XML Payment/Receipt Layout Lines (tfcmg0125m000) tab, select the XML tag and, on the appropriate menu, click **Payment/Receipt Elements**.
- The Payment/Receipt Elements (tfcmg0123m000) session is displayed. In this case, only the used elements are shown.
- For example, IBAN is mapped to payment element 011003000000 – Composed Payments/Pay-from Bank/IBAN.

Field	Description
Element	The element code
Description	Description of the payment element in the user language, if available; otherwise it is in English. The descriptions are based on the field descriptions from which the elements are derived. The syntax is `Table/Field1/Field2...`
Receipt/Payment	Indicates whether the payment method refers to a payment or a receipt.
Data Type	**Attribute** **Boolean** **Date** **Decimal Number** **Node** **String** **UTC Date**
Map to Payment Element	If this check box is selected, the element is used for mapping, but only if the **Process** command in the Payment/Receipt Elements (tfcmg0123m000)) has been executed. By default, only mapped elements are shown. To change the mapping, select or clear the **Map to Payment Element** check box.

The payment/receipt mapping elements are in turn mapped to tables in LN, which is predefined and cannot be changed.

Mapping to a payment/receipt element is shown as a path separated by the separator defined in the layout header. Therefore, in this example, the IBAN code is retrieved first through the composed payments, then the bank, and finally through the **IBAN** number (table tfcmg001.iban).

To view all available mapping elements for the selected layout line, on the appropriate menu, click **Only Used Elements**.

- To define other mappings, select or clear the **Map to Payment Element** check box.
- After you change a mapping, on the appropriate menu, click **Process** to actualize the mapping.
- After you have completed the changes in the layout and the mappings, in the XML Payment/Receipt Layouts (tfcmg0524m000) session, on the appropriate menu, click **Activate**.
- If an error occurs, a report is printed and the activation stops.

In addition to checking the correctness of the layout lines, the activation process generates an internal (system) sequence called Sort Sequence. This sequence determines the order in which the final payment file is generated.

Modifying payment methods

To use the SEPA functionality, some additional changes are required in the data setup for payment methods. To apply these changes, access the following sessions:

- Payment/Receipt Methods (tfcmg0540m000)
- Data by Bank/Payment Methods (tfcmg0545m000)

Payment/Receipt Methods (tfcmg0540m000)

In the payment methods to be used for SEPA credit transfer/direct debit, ensure that the **XML File** check box is selected. Therefore, the **Payment Report** field will be unavailable.

Field	Description
Direct Debit Mandate Required	If this check box is selected, a valid direct debit mandate must be linked to a direct debit advice. Refer to "Creating direct debit mandates."
Payment/Receipt Formatted by	If you select **File**, you can indicate that the payment file must be created by LN, or by an external system that can process the CreditTransferBOD.
Payment Report	For SEPA payments and direct debits, two reports are available: ▪ Report 69 - a specification report

	■ Report 70 - an accompanying document Both reports include a hash code. You can select either report in this field, or in the **Additional Report** field.
Default Report Device	The device for printing the report that is specified in the **Payment Report** field.
Default Additional Report Device	The device for printing the report that is specified in the **Additional Report** field.
Use IBAN Account	If this check box is selected, LN uses the bank's international bank account number for payments and direct debits. If this check box is cleared, LN uses the business partner's bank account number for payments and direct debits. You can define the international bank account number and/or the business partner's bank account number in the following sessions: ■ Bank Account by Pay-to Business Partner (tccom4125s000) ■ Bank Account by Pay-by Business Partner (tccom4115s000)
IBAN Account Required	If this check box is selected, LN checks whether a creditor's or debtor's IBAN is available when a payment or direct debit advice is audited. The audit is one of the first steps of the payment and direct debit process. If an IBAN is missing, a report is printed specifying for which creditor or debtor the IBAN is missing.

Data by Bank/Payment Methods (tfcmg0545m000)

1. In the Data by Bank/Payment Methods (tfcmg0545m000) session, double-click the appropriate bank/payment method.
2. In the Data by Bank/Payment Method (tfcmg0145s000) details session, specify the layout and the path for the generated XML file, to link these to the bank/payment method.

   The path for the XML file must end with ~, which represents the file name.

Example

Date: March 21st 2015

Path	Creates a file with	File name
/home/username/~~~~	The name derived from the current day and month.	0321
/home/username/~~~~~~	The name derived from the current day, month, and two-digit year.	150321
/home/username/~~~~~~~~	The name derived from the current day, month, and four-digit year.	201503021

You can create several files with the current date as the file name. A serial number is added at the end of the file name. The path includes #, which represents the serial number for the files that are created in a single day.

Example

Date: March 21st 2015

Path	Creates up to	File name
/home/username/~~~~~~~~.#	Nine files with the current date and a serial number as the file name.	20150321.1 to 20150321.9
/home/username/~~~~~~~~.##	99 files with the current date and a serial number as the file name.	20150321.1 to 20150321.99
/home/username/~~~~~~~~.###	999 files with the current date and a serial number as the file name.	20150321.1 to 20150321.999

Creating direct debit mandates

Use the Direct Debit Mandate (tfcmg0127m000) session to create valid direct debit mandates that must be linked to direct debit advice. The direct debit mandate information is required in the SEPA direct debit file. By default, the mandate-related tags are activated in the XML Payment/Receipt layout.

In this session, you can activate a mandate only if the following fields have been entered:

- **Payment Company**
- **Pay-by Business Partner**
- **Business Partner Bank**

After you have activated the direct debit mandate, it can be used in the direct debit advice.

Mandate fields

Field	Description
Direct Debit Mandate	The mandate's sequence number. By default, the last mandate number is incremented when you add a new mandate.
Mandate Version	A sequence indicating the version of the direct debit mandate. This number is used when a mandate is amended.
Mandate Status	See below.

Mandate Status

Status	Description
Not Active	The mandate can be changed, but cannot be used in the direct debit advice.
Active	The mandate cannot be changed except for the **First Collection Date** and the **Final Collection Date** fields. The mandate can be used in the direct debit advice.
Canceled	The mandate can no longer be used.
Expired	The mandate can no longer be used.
Amended	The mandate has been changed and a new mandate with a reference to this one has been activated. The amendment date and amendment reason can be changed. When the amendment data is refer-

	enced in a direct debit file, the mandate can no longer be changed.

Creditor Details

Field	Description
Payment Company	The company that initiates the direct debit. Used in the mandate selection process in the direct debit advice.
Creditor Identifier	The creditor identifier of the company that performs the direct debit. The default value is retrieved from the **Creditor Identifier** field in the General Company Data (tccom0102s000) session, and can be overwritten if required.
Invoice Company	The invoice company from which the direct debit process is initiated. For information purposes only.

Debtor Details

Field	Description
Pay-by Business Partner	The customer whose bank account will be debited. Used in the mandate selection process of the direct debit advice.
Business Partner Bank	The bank account of the customer that will be debited.
Invoice-to Business Partner	The invoice customer. For information purposes only.

Mandate Details

Field	Description
External Reference	The mandate reference or identifier if they are generated by an external system.
Date of Signature	The date of the signature of the mandate.
Recurring Collection	If this check box is selected, the collection is recurring. Otherwise, the collection is a one-off. This information is used to determine the sequence type.
Pay-by Business Partner Bank Reference	For an electronic mandate, the validation reference of the customer bank. Used in the electronic signature tag in the direct debit mandate.
Sequence Type	One of the following: ■ First ■ Recurring ■ One-off For more information, refer to **Sequence Type** below.

First Collection Date	The date from which collections can be carried out. - The planned debit date of the direct debit advice cannot be before the first collection date. - If you leave this field empty, no check is performed on the first collection date.
Final Collection Date	The date until which collections can be carried out. - The planned debit date of the direct debit advice cannot be after the final collection date. - If you leave this field empty, no check is performed on the final collection date.
Cancellation Date	The date of cancellation, if applicable. For information purposes only.
Date of Last Bank File	When a direct debit file is created which references a mandate, the date of the last bank file of the mandate will be updated. This field and the **Recurring Collection** field are used to determine the sequence type.
Text for Electronic Signature	If this check box is selected, additional text information exists for the mandate. For example, to include the electronic signature.

Sequence Type

The value of this field is determined by the value of the **Recurring Collection** and **Date of Last Bank File** fields, as shown in the following table:

Recurring Collection	Date of Last Bank File	Sequence Type	Code
Selected	Empty	First	FRST
Selected	Specified	Recurring	RCUR
Cleared	N/A	One-off	OOFF

Note

- For a mandate with status **Active**, to reset the sequence type from *Recurring* to *First*, from the appropriate menu, select **Reset Sequence Type to First**.
- If a mandate is used for the first time, and the status of a direct debit batch is reset or the anticipated receipt is rejected during bank reconciliation, the sequence type of the mandate is automatically reset to *First*.

Amendment Details

Field	Description
Original Mandate and **Mandate Version**	■ A reference to the original mandate after an amendment. Used to enable publication of the original mandate information in the direct debit file. ■ The original mandate version referenced here must be an active version. ■ When the amended mandate is activated, the original mandate's status changes to **Amended**.
Amendment Date	The date of the amendment.
Amendment Published	If this check box is selected, a direct debit file was created for the first time using an amended mandate. Therefore, you can no longer change this mandate.
Amendment Reason	The reason for the amendment.

Print Direct Debit Mandate (tfcmg0427m000)

To print direct debit mandates, specify a range of mandates, versions, and statuses.

Chapter 3
Payment Procedure

3

Payment Procedure

For SEPA credit transfers, the normal anticipated payment procedure can be followed, assuming that the correct bank and payment method are used.

Payment process

Depending on the parameter settings in the CMG Parameters (tfcmg0100s000) session, only authorized users can select invoices for payment and process a payment batch in Cash Management.

For details, refer to Payment authorization in Cash Management – setup.

In the CMG Parameters (tfcmg0100s000) session, you can indicate whether authorized users must approve a payment batch for processing. If you select the **Payment Batch Approval** and the **Direct Debit Batch Approval** check boxes, only authorized users can process a payment batch. In the Payment Authorizations (tfcmg1100m000) session, you can define authorized users.

You can use the following automatic payment processes:

- **The automatic payment procedure**
  After selection of the invoices, you can verify the results and make adjustments. For example, you can review and change the selected invoices, and you can assign advance payments, unallocated payments, or credit notes to the open entries before you make the payments.
- **The uninterrupted payment process**
  After selection of the invoices, LN carries out the payment process as an uninterrupted payment run. This enables you to run the payment process as a batch job at night. This process does not search for advance and unallocated payments, or credit notes. For details, refer to Automatic or uninterrupted payment process.

Search for advance and unallocated payments and credit notes

If you select open entries for payment, LN searches for advance and unallocated payments or credit notes, that you can apply to the open entry. LN displays a warning or generates a report of the business partners for which such documents exist. You can display the available advance payments, unallocated payments, or credit notes for the business partner and assign them to the open entries.

Multi financial company payment

In a multi financial company structure, LN searches all the financial companies of the group company.

In the CMG Parameters (tfcmg0100s000) session, you must set these parameters:

- **Payments by Company Group**
  If this check box is selected, the group company will make all the payments on behalf of the individual company.
  Example
  - Company A, B, and C belong to a group company D.
  - If this check box is cleared, payments can be created, either separately for company A, B, and C, or for company D.
  - If this check box is selected, payments can be made only by the group company D on behalf of company A, B, and C.
  - Group companies are defined in the Company Parameters (tfgld0503m000) session.
- **Multi-Company Selection of Invoices for Payment**
  If this parameter is set to **Select Invoices** or **Both**, you can select invoices from other companies for payment, provided for the other company the following parameters are set as below:
  - The **Payments by Company Group** check box is cleared.
  - The **Multi-Company Selection of Invoices for Payment** parameter is set to **Own Invoices Selectable** or **Both**.

The automatic payment procedure

To run the automatic payment procedure, use this sequence of sessions:

- **Standing Orders (tfcmg1510m000)**
  For payments for which no purchase invoice is available, you can create standing orders. For details, refer to Standing orders
- **Select Invoices for Payment (tfcmg1220m000)**
  Use this session to select the invoices which are due for payment in the open entries of the Accounts Payable module, as well as standing orders

  LN selects the purchase invoices and cost invoices for which these conditions are fulfilled:
  - The invoice is approved.
  - The **Approved for Payment** status is **Yes** or **Not Applicable**.
  - No hold reason is linked to the invoice.

  If you select the **Select Non Approved Invoices for Payment** check box in the CMG Parameters (tfcmg0100s000) session, unapproved invoices can also be selected. Other parameters selected in the CMG Parameters (tfcmg0100s000) can also have an effect on the invoice selection.

LN searches for unassigned advance and unallocated payments and credit notes for the business partners, and automatically generates a report of the business partners for which such documents exist. Before you continue the payment process, you can assign the payments and credit notes to the open entries.

Based on several selection criteria, a pro-forma payment batch is created which is processed for payment. You can settle sales invoices and credit notes with purchase invoices.

- **Payment Advice (tfcmg1609m000)**
  Review the selection of purchase invoices and standing orders, and make any adjustments.

  For example, you can make these changes:
  - Change the bank details, or the payment method.
  - Add a payment to the batch.
  - Delete individual payments.
  - Delete the entire payment batch.

  If unassigned advance and unallocated payments or credit notes exist for the business partner of the invoice, LN displays a warning. On the appropriate menu, you can click **Unassigned Open Entries** to display the available documents.
- **Apply Payment Agreement (tfcmg1230m000)**
  If you use payment agreements, you must apply the payment agreements before you can process the payment batch. For details, refer to Using payment agreements.
- **Process Payments (tfcmg1240m000)**
  Use this session to combine payments into a batch according to the values set up in the CMG Parameters (tfcmg0100s000) session. LN searches for a bank relation for each transaction as described in Assigning bank relations.

Related sessions

Depending on the values of the relevant parameters in the CMG Parameters (tfcmg0100s000) session, after you click **Compose** in the Process Payments (tfcmg1240m000) session, LN can start these sessions:

- **Payment Advices (tfcmg1509m000) > Assign Banks to Payments (Manually) (tfcmg1251m000)**
  If LN cannot automatically assign bank relations to the transactions, the Assign Banks to Payments (Manually) (tfcmg1251m000) or the Assign Banks to Direct Debits Manually (tfcmg4251s000) session starts automatically, and you must select a bank relation for the transaction.
- **Audit Payments (tfcmg1255m000)**
  This session validates the payment batch. LN checks and validates this data:
  - Whether the payable amount exceeds the maximum amounts per pay-to business partner and for free payments for which you are authorized in the Payment Authorizations (tfcmg1100m000) session.
  - Whether all invoices have a valid payment method assigned
  - Whether invoices from subcontractor business partners are paid from a blocked account
  - The business partners bank account and address details

    - The financial business partner groups
    - The posting data of the intermediate steps defined for the payment methods
    - The posting data for stand-alone, and cost standing orders payments
    - The bank relation details
    - The business partner’s IBAN if, in the Payment/Receipt Methods (tfcmg0540m000) session, the **IBAN Account Required** check box is selected. Then the BIC of the business partner's bank will also be audited assuming, in the XML Payment/Receipt Layouts (tfcmg0524m000) session, the tag representing the BIC is set to mandatory and selected.

  LN prints a report of the detected errors. After you solve the problems, run the Process Payments (tfcmg1240m000) session.

  If the payable amount exceeds the maximum amounts for which you are authorized, you can make adjustments in the Payment Advice (tfcmg1609m000) session.

- **Print Remittance Letters (tfcmg1270m000)**
  If remittance letters are required for the payment method, the Print Remittance Letters (tfcmg1270m000) session starts automatically. The remittance letter contains details about the invoices and the individual payments.

Use this session to combine payments into a batch.

If the **Payment Batch Approval** check box is selected in the CMG Parameters (tfcmg0100s000) session, you can only compose a batch after an authorized user approves the batch.

Payments to a business partner can be added to a batch if the payments have the same:

- Currency
- Pay-to business partner
- Bank relation
- Payment method
- Payment date
- Reason for payment

The number of payments to be combined depends on:

- The composing option
- The composing limit

If you use payment agreements, you must apply the payment agreements before you can process the payment batch.

When the transfer payment process is complete, a file is created in the location that is specified in the Data by Data by Bank/Payment Method (tfcmg0145s000) session. From there the file can be sent to the bank.

Use this session to maintain bank data that is linked to a selected payment method.

The data includes the transactions of receipts and payments with the bank relation.

Example

The generated XML file can look like this:

```
<?xml version="1.0" encoding="UTF-8" ?>
<Document
 xmlns="urn:iso:std:iso:20022:tech:xsd:pain.001.001.03"
 xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
 <CstmrCdtTrfInitn>
  <GrpHdr>
   <MsgId>5054/P02/PSB</MsgId>
   <CreDtTm>2014-10-09T03:03:45</CreDtTm>
   <NbOfTxs>1</NbOfTxs>
   <InitgPty>
    <Nm>Infor</Nm>
   </InitgPty>
  </GrpHdr>
  <PmtInf>
   <PmtInfId>299/ANT/26</PmtInfId>
   <PmtMtd>TRF</PmtMtd>
   <BtchBookg>false</BtchBookg>
   <NbOfTxs>1</NbOfTxs>
   <PmtTpInf>
    <InstrPrty>NORM</InstrPrty>
    <SvcLvl>
     <Cd>SEPA</Cd>
    </SvcLvl>
   </PmtTpInf>
   <ReqdExctnDt>2014-10-09</ReqdExctnDt>
   <Dbtr>
    <Nm>Infor</Nm>
   </Dbtr>
   <DbtrAcct>
    <Id>
     <IBAN>NL39RABO0300065264</IBAN>
    </Id>
   </DbtrAcct>
   <DbtrAgt>
    <FinInstnId>
     <BIC>RABONL2U</BIC>
    </FinInstnId>
   </DbtrAgt>
   <ChrgBr>SLEV</ChrgBr>
   <CdtTrfTxInf>
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    </PmtId>
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     <InstdAmt
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    </Amt>
    <CdtrAgt>
     <FinInstnId>
      <BIC>BIC</BIC>
     </FinInstnId>
    </CdtrAgt>
    <Cdtr>
     <Nm>Kraft Foods Bremen</Nm>
    </Cdtr>
    <CdtrAcct>
     <Id>
```

```
      <IBAN>DE89370400440532013000</IBAN>
     </Id>
    </CdtrAcct>
    <RmtInf>
     <Ustrd>INVOICE NUMBER 2014-0341</Ustrd>
    </RmtInf>
   </CdtTrfTxInf>
  </PmtInf>
 </CstmrCdtTrfInitn>
</Document>
```

Chapter 4
Direct Debit Procedure

4

Direct Debit Procedure

To process direct debits, the following sessions are used:

1. Select Invoices for Direct Debit (tfcmg4220m000)
2. Audit Direct Debit Batch (tfcmg4255m000)
3. Transfer Direct Debits (tfcmg4260s000)

Select Invoices for Direct Debit (tfcmg4220m000)

If, in the Payment/Receipt Methods (tfcmg0540m000) session, the **Direct Debit Mandate Required** and **XML File** check boxes are selected, a direct debit mandate is defaulted that is based on the customer for the direct debit document, customer's bank, and the planned debit date. If there is more than one mandate, the mandate with the latest signature date is defaulted.

If in the Select Invoices for Direct Debit (tfcmg4220m000) session, the **Select only initial Debit Mandates** check box is selected, only invoices for which an initial debit mandate exists will be selected. Initial mandates are mandates that have sequence type FRST (First) or OOOF (One-off).

If the **Select only non-initial Debit Mandates** check box is selected, only invoices for which a non-initial debit mandate exists will be selected.

The mandate specified must satisfy the following criteria:

- The customer for direct debit in the direct debit advice and the mandate must match.
- The customer bank in the direct debit advice and the mandate must match.
- The direct debit advice company, that is, the company in which the direct debit advice is created, and the payment company of the mandate must match.
- The planned debit date must be after the mandate's date of signature.
- The planned debit date must be after the mandate's first collection date, if specified.
- The planned debit must not be after the mandate's final collection date, if specified.

- For a one-off collection, in which the **Recurring Collection** check box is cleared, the mandate is already used and cannot be reused.

Audit Direct Debit Batch (tfcmg4255m000)

If, for a direct debit batch with a receipt method that has the **Direct Debit Mandate Required** check box selected, the mandate is not specified, the audit process stops with an error message.

The business partner’s IBAN is audited if, in the Payment/Receipt Methods (tfcmg0540m000) session, the **IBAN Account Required** check box is selected. Then the BIC of the business partner's bank will also be audited assuming, in the XML Payment/Receipt Layouts (tfcmg0524m000) session, the tag representing the BIC is set to mandatory and selected.

Transfer Direct Debits (tfcmg4260s000)

If, in the Transfer Direct Debits (tfcmg4260s000) session, you select the **Create Readable XML Output** check box, the generated XML will be formatted for easy readability by adding extra spaces and tabs. This allows you to check for errors manually. We recommend that you clear this check box if the generated files are directly processed by another system.

When you transfer direct debits with a receipt method that has the **XML File** check box selected, an XML file is created on the server.

Appendix A Glossary

A

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

bank relation

A bank account of your company. The bank relation definition includes details such as your bank account number, account type, the international bank account number, the bank's currency and whether other currencies are allowed, and whether the account is a blocked account.

batch

A group of financial transactions processed together. If you finalize a batch, all the transactions are processed, or if an error occurs, no transactions are processed.

CI

See: *creditor identifier (CI) (p. 39)*

creditor identifier (CI)

A country-specific code which allows debtors as well as debtor banks to return to the creditor for refunds and complaints, and to check the existence of a mandate at the presentation of a collection by the creditor. A creditor identifier always refers to a one creditor. However, a single creditor may use more than one CI for the initiation of collections in all SEPA countries.

The creditor identifier consists of up to 35 characters, with this format:

- Positions 1 and 2 contain the ISO country code of the creditor.
- Positions 3 and 4 contain the check digits based on the 97-MOD ISO check algorithm.
- Positions 5 to 7 contain the user-definable creditor business code. If this code is not used, the value is set to 'ZZZ'.
- Positions 8 up to 35 contain the country-specific identifier that can be based on tax ID, SIRET (France), Chamber of Commerce ID (Netherlands), etc.

Abbreviation: CI

hold reason

A code attached to a purchase invoice to block the payment of that invoice.

IBAN

See: *international bank account number (p. 40)*

international bank account number

International Bank Account Number. An international standard account identifier for identifying an account held by a financial institution, in order to facilitate automated processing of cross border transactions. The IBAN is provided by the bank/branch servicing the account.

Acronym: IBAN

payment agreement

A way to define how invoice amounts must be paid. This includes the payment methods that apply to various parts of the invoice amount, and the payment currency.

For example, you can define a payment agreement to pay the first part of the invoice amount through the bank according to payment method PM1, 40 percent of the remaining amount, according to payment method PM2, and the other 60 percent according to payment method PM3, which can be a trade note payable.

payment method

The method used to create a payment (purchase invoice) or a receipt (sales invoice).

The payment method defines details such as:

- The maximum amount
- The due date
- Allowance of foreign currencies and other details which must be printed on the report

These are default values that you can change on the order or on the invoice.

pay-to business partner

The business partner to whom you pay invoices. This usually represents a supplier's accounts receivable department. The definition includes the default currency and exchange rate, the supplier's bank relation, the number of days within which you must pay the invoices, and if the business partner uses a factoring company.

standing order

An order to which no invoices are linked, for example, recurring payments.

UTC time

The acronym for Universal Time Coordinated, the time system that is similar to Greenwich Mean Time (GMT). The UTC's reference point is Greenwich, England located at 0° longitude, the imaginary north-south line also known as the prime meridian. When it is noon at Greenwich, it is 12:00:00 UTC.

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