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Impact of SEPA on MT940/MT942 reporting (Belgium)

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Introduction

This reference guide is designed to help you with your reconciliation process by means of MT940 and/or MT942 reporting layouts when migrating from Belgian payment products - direct debit (DOM80) and credit transfer to the SEPA equivalents, the SEPA Direct Debit (SDD) and the SEPA Credit Transfer (SCT).

One of the main changes regarding SEPA is the introduction of the new ISO20022 XML format for the initiation of payments and direct debits.

As a result of this new format and additional transaction information, you will experience changes in your reporting. An example is that IBAN will be reported instead of the BBAN.

New reporting products based on the ISO20022 are currently under development at ING. MT940/942 will continue to be used and will not be phased out.

The focus of this document will be on the already existing reporting formats and how SEPA Direct Debits and SEPA Credit Transfers (MECT/SECT) are reported in MT940 and MT942.

The MT940 Customer Statement Message is a SWIFT standard message for electronic banking statements. Many software packages are able to process the information stated in this international standard format.

The MT940 (end-of-day reporting) and the MT942 (intra-day reporting) are intended to inform you about all executed mutations on the account and corresponding balances of your account(s).

With this information you can reconcile your outstanding orders and perform cash management operations on your account(s).

Should you wish to receive a full description of MT940/MT942 please contact your PCM Relationship Manager within ING.

How does migration to SCT and SDD (SEPA) affect MT940/MT942?

MT940 - and MT942 - have been amended to fit SEPA requirements. This means that the reporting formats will show SEPA information that is needed for the reconciliation process.

The first difference is that SEPA transactions contain extra (new) information which you will also see in your reporting. The second difference is that all transactions of a multiple SEPA Credit Transfer batch, or SEPA Direct Debit batch, will be booked and also reported as one gross booking per batch.

If any of the transactions fail, these failed transactions will be booked separately. As a result all failed transactions are reported in the account statement.

The following attributes will be reported in MT94x:

- IBAN of counterparty
- BIC of counterparty
- Creditor ID (in case of SEPA Direct Debit)
- Mandate reference (in case of SEPA Direct Debit)
- Payment reference
- End-to-End ID
- New ISO reason code for failed transactions

Customer Statement Message description - MT940

Tag	(Max) Length	Type	Size	Field Name	Value/Format	M/O
20	16	AN	V	Transaction Reference		M
25	35	AN	V	Account Identification	For ING BE accounts: IBAN structure followed by the ISO 4217 currency code and the nature code (the latest is only present if the account is different from a bank account) e.g. BE78310000000086 EUR	
28C				Numbers		M
	5	N	V	Statement Number		O
	5	N	V	Sequence Number		M
60F				Opening Balance	F: First	M
	1	AN	F	Indicator	D: Debit, C: Credit	M
	6	N	F	Date	YYMMDD	M
	3	AN	F	Currency	ISO 4217 currency code	M
	15	N	V	Amount		M
61				Statement Line		O
Sub1	6	N	F	Value Date	YYMMDD	M
Sub2	4	N	F	Entry Date	MMDD - always reported	O
Sub3	2	AN	V	Indicator	D: Debit, C: Credit	M
Sub5	15	N	V	Amount		M
Sub6	4	AN	F	Transaction Code	Standard SWIFT codewords: NSCT: Single SEPA credit transfer NMCT: Multiple SEPA credit transfer NSDD: SEPA direct debit	M
Sub7	16	AN	V	Reference for the Account Owner	"NOTPROVIDED" in case of reference not communicated. Ends by "/"	M
Sub8	18	AN	V	Bank Reference	Starts with "/"	O
Sub9	34	AN	V	Supplementary details	For ING BE accounts: Belgian Reporting transaction codification on 7 digits followed by /OCMT/EUR + original amount (eg: 0107000/OCMT/ EUR000000000123,35)	O
86				Information to Account Owner		O
	65	AN	F		See tag 86 specifications	O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
62F				Closing Balance	F: Last	M
	1	AN	F	Indicator	D: Debit, C: Credit	M
	6	N	F	Date	YYMMDD	M
	3	AN	F	Currency	ISO 4217 currency code	M
	15	N	V	Amount		M

Customer Statement Message description - MT942

Tag	(Max) Length	Type	Size	Field Name	Value/Format	M/O
20	16	AN	V	Transaction Reference Number	ING internal reference. Ex: 20:08892907S0006V3O	M
25	35	AN	V	Account Identification	See chapter tag 25	M
28C				Numbers		M
	5	N	V	Statement Number		M
	5	N	V	Sequence Number	Not present in ING BE MT942	O
34F				Floor Limited Indicator	Always the ISO currency of the account followed by a zero and a comma. Ex: 34F:USD0,	M
13D				Date/Time Indication	Ex: 13D: 1202271200+0100	M
61				Statement Line		O
Sub1	6	N	F	Value Date	Always reported	M
Sub2	4	N	F	Entry Date	Always reported	O
Sub3	2	AN	V	Indicator	D: Debit, C: Credit	M
Sub4	1	N	F	Funds code	3rd position of the ISO 4217 currency code. Never reported.	
Sub5	15	N	V	Amount		M
Sub6	4	AN	F	Transaction Code	Standard SWIFT codewords: NSCT: Single SEPA credit transfer NMCT: Multiple SEPA credit transfer NSDD: SEPA direct debit	M
Sub7	16	AN	V	Reference for the Account Owner	"NOTPROVIDED" in case of reference not communicated. Ends by "/".	M
Sub8	18 ("///" included)	AN	V	ING Reference	Starts with "///"	O
Sub9	34	AN	V	Supplementary details	For ING BE accounts: Belgian Reporting transaction codification on 7 digits followed by /OCMT/EUR + original amount (eg: 0107000/OCMT/EUR000000000123,35)	O
86				Information to Account Owner		O
	65	AN	F		See tag 86 specifications	O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
	65	AN	F			O
90D				Number of debit entries	Ex: 90D: 2EUR11300003,03	M
90C	1	AN	F	Number of credit entries	Ex: 90C: 7EUR11335860,93	M

TAG 86 specifications

The tag 86, present in the MT940 and MT942 reporting messages, is a free text field composed of maximum 6 lines of 65 characters (390 positions). ING fills this tag in a structured way when the accounts are held at ING Belgium. The tag is populated with code words (REMI, etc...) that indicate the nature of the information that follows.

If the information is not present, the non-needed blanks are not reported.

The order of the code words (TRCD, RTRN, etc...) is always the same for all movement types reported.

For SEPA Credit Transfers

The reporting of SEPA Credit Transfers in MT940/MT942 is very similar to that of CODA2.3. The movement itself will be visible in tag 61. The information about the transaction will be available in tag 86. Tag 86 will be filled with code words to identify the different types of information that can

be found. The structured or unstructured communication, as known in the CODA2.3, will be supplied after the CODA word /REMI/.

- In case of unstructured communication the code word /REMI/USTD/ will indicate that free communication will follow.
- In case of structured communication, a specific set of rules determines the creation of a fixed format. The communication can be found in code word /REMI/STRD/.

> The structure type is indicated directly after this. E.g.:
/REMI/STRD/101/...

Order	Codewords	Content specificity
1	/TRCD/	Domestic Transaction Codification in 4 positions . The codification depends on the country where the reported account is held.
2	/RTRN/	Return code in 4 positions . Has to be filled only for SEPA returns.
3	/CREF/ and/or /EREF/ and/or /PREF/ and/or IREF	Client reference on 35 positions max . If end to end => EREF; if instruction ID => IREF; if payment information ID => PREF else CREF For ING BE accounts, CREF is used only.
4	/CNPT/	Counterparty information structured as follows: /CNPT/ACCOUNT[MAX34 CHAR]/BIC[MAX11 CHAR]/NAME[MAX35 CHAR]/CITY[MAX35CHAR]/
5	/REMI/STRD/[156 CHAR] or /REMI/USTD/[156 CHAR]	Remittance info typed as structured (/REMI/STRD/) or non structured (/REMI/USTD/). The length is 156 positions maximum. When remittance information is structured, the type of the structure that will be used is specified in the first 3 positions of the communication, followed by a slash. (REMI/STRD/101/...)
6	/CATP/	4 letter category purpose code word. E.g. SALA
7	/PURP/	4 letter purpose code word. E.g. BENE
8	/SVCL/	Scheme e.g. SEPA. Normally only to mark SEPA movements.
9	/ULTC/ or /ULTD/	/NAME [max 70 pos]/ID [max 35 char]/
10	/CSID/	Identifier of the creditor max 35 char
11	/ISDT/	Settlement date

For SEPA Direct Debits

The execution process of SEPA Direct Debits is specifically designed to allow the creditor a completely automated reconciliation.

The creditor initiates the direct debit and supplies all the information and references that identify the transaction. When a SEPA Direct Debit is initiated from a credit account at ING Belgium, the total amount of the imported batch is credited to the creditors account with the <PaymentInformationIdentification> as the reference.

If a SEPA Direct Debit is not paid the debtor bank sends an R-transaction to the creditor bank. This R-transaction can contain five specific types of non-execution (reject, return, refund, reversal and request for cancellation) and gives the creditor more information with which to determine future actions to be taken. It also gives the reason why the transaction was not executed (in four positions).

The R-transaction type gives information on future actions to be taken.

- When a first SEPA Direct Debit ("FIRST") does not settle ("rejected" or "cancelled"), it is considered as having never been sent. The creditor must resend the direct

debit as sequence type "First" containing the same or corrected information in the same terms (based on the same mandate reference and the same debtor account number).

- When a first direct debit instruction is "returned" the creditor must send a "recurrent" transaction assuming that the mandate was accepted.

The movement itself will be visible in tag 61. The information about the transaction will be made available in tag 86. In the case of structured messages, a specific set of rules determines the creation of a fixed format. The communication can be found in code words /REMI/ and the communication for SEPA Direct Debit is always structured. The structure type is indicated directly after this.

E.g.: /REMI/STRD/127...

TAG 86 STRUCTURED FILLING

Order	Codewords	Content specificity
1	/TRCD/	Domestic Transaction Codification in 4 positions . The codification depends on the country where the reported account is held.
2	/RTRN/	Return code in 4 positions . Has to be filled only for SEPA returns.
3	/CREF/ and/or /EREF/ and/or /PREF/ and/or IREF	Client reference on 35 positions max . If end to end => EREF; if instruction ID => IREF; if payment information ID => PREF else CREF For ING BE accounts, only CREF is used.
4	/CNPT/	Counterparty information structured as follows: /CNPT/ACCOUNT[MAX34 CHAR]/BIC[MAX11 CHAR]/NAME[MAX35 CHAR]/CITY[MAX35CHAR]/
5	/REMI/STRD/[156 CHAR] or /REMI/USTD/[156 CHAR]	Remittance info typed as structured (/REMI/STRD/. Because remittance is structured the type has to be specified in the first 3 positions by adding a slash: /REMI/STRD/127/...). Only applicable for accounts held at ING Belgium.
6	/CATP/	4 letter category purpose code word. E.g. SALA
7	/PURP/	4 letter purpose code word. E.g. BENE
8	/SVCL/	Scheme e.g. SEPA. Normally only to mark SEPA movements.
9	/MARF/	Mandate Reference [max 35 characters]
10	/ULTC/ or /ULTD/	/NAME [max 70 pos]/ID [max 35 char]/
11	/CSID/	Identifier of the creditor max 35 char
12	/ISDT/	Settlement date

Where can the communication be found?

The communication exists in two versions: the structured and the unstructured communication. The return code is available in the structured communication 127.

127 SEPA Direct Debit		
Settlement date	6N	DDMMYY
Direct Debit type	1N	0: unspecified 1: recurrent 2: one-off 3: first (recurrent) 4: last (recurrent)
Direct Debit scheme	1N	0: unspecified 1: SEPA core 2: SEPA B2B
Paid (0) or reason for refund payment (1-4)	1N	0: paid 1: technical problem 2: reason not specified 3: debtor disagrees 4: debtor account problem
Creditor identification code	35AN	
Mandate reference	35AN	
Message	62AN	
Type R-transaction	1N	0: paid 1: reject 2: return 3: refund 4: reversal 5: cancellation
Reason	4AN	

The reason provides more information on the cause of non-execution.

The reason codes for SEPA Direct Debits ING supports are listed below:	
Code	Reason specified in the Rulebook
AC01	Account Identifier (IBAN) Incorrect
AC04	Account closed
AC06	Account blocked
AC13	Invalid Debtor Account Type
AG01	Direct Debit forbidden on this account for regulatory reasons
AG02	Bank Operation code specified in the message is not valid for receiver
AM05	Duplication collection
BE05	Identifier of the Creditor Incorrect
FF01	File Format incomplete or invalid
MD01	No valid mandate
MD02	Mandate data missing or incorrect
MD06	Disputed authorized transaction
MD07	Debtor Deceased
MS02	Refusal by the Debtor
MS03	Reason not specified
PY01	Not routable
RC01	Bank Identifier (BIC) Incorrect
RR01	Regulatory Reason
RR02	Regulatory Reason
RR03	Regulatory Reason
SL01	Specific Service offered by the Debtor Bank

The reason codes for SEPA Credit Transfers ING supports are listed below:	
Code	Reason specified in the Rulebook
AC01	Account identifier invalid (i.e. invalid IBAN or account number does not exist)
AC04	Account closed
AC06	Account blocked, reason not specified
AG01	Credit transfer forbidden on this type of account (e.g. savings account)
AG02	Operation/transaction code incorrect, invalid file format
AM04	Insufficient funds
AM05	Duplicate payments
BE04	Account address invalid
MD07	Beneficiary deceased
MS02	By order of the Beneficiary
MS03	Reason not specified
RC01	Bank identifier incorrect, e.g., invalid BIC
RR01	Missing Debtor Account Or Identification – Regulatory Reason
RR02	Missing Debtors Name Or Address - Regulatory Reason
RR03	Missing Creditors Name Or Address - Regulatory Reason
RR04	Regulatory Reason
FOCR	Positive answer to the Recall

Where can the customer references be found?

Customer references can be found in

- tag 61 sub 7 (limited to 16 positions)
- tag 86 after the /CREF/ codeword (limited to 34 positions).

The /CREF/ codeword is always present. There is always a code word mentioned before the relevant information that is present between start-slashes and end-slashes.

In the case of SEPA transactions (SEPA Credit Transfer or SEPA Direct Debit) "PaymentInformationIdentification" is used as the reference if a global debit is required.

SEPA Direct Debits are always processed as a global debit, whereas SEPA Credit Transfers are processed on the basis of the batch booking parameter. In a single SEPA Credit Transfer the transactions are booked separately.

The following table identifies the references that can be used in an XML transaction initiation with the index number as used in the format guidelines for initiation.

Index	Message item	Description
1.1	MessageIdentification	This mandatory reference is determined by the sender and sent to the bank in order to identify the message. It is recommended to limit the length to a maximum of 30 characters. This reference will not be present in the reporting.
2.1	PaymentInformationIdentification	This mandatory reference is determined by the sender in order to unambiguously identify the payment information block within the message. It is recommended to limit the length to a maximum of 30 characters. This reference is used when <BtchBookg> "true" is requested (for MECT). It is present in the reporting in the reference field of the global amount.
2.30	EndToEndIdentification	This mandatory reference is determined by the sender in order to unambiguously identify the transaction. This identification is passed on, unchanged, throughout the entire end-to-end chain. This reference is present in the reporting at the detail level.

PaymentInformationIdentification

The "PaymentInformationIdentification" is mandatory for every file of XML transactions and is supplied by the originator of a transaction. In the interactive channels it might very well be hidden for the encoding party in order to have less difficult encoding. This element has been created specifically for when a global booking is requested for multiple transactions. In that case a number of transactions that are supplied in a batch (<PmtInf>), will be displayed on the account information as if it was one transaction. The global debit payment will be visible with the "PaymentInformationIdentification" as the reference.

EndToEndIdentification

The use of an end-to-end identification is mandatory in an XML transfer. It is therefore not surprising that this functionality is not always used to its full extent.

The "EndToEndIdentification" is transmitted from the initiator to every party in the process.

If something should go wrong or a question is raised during any part of the process, the end-to-end identification can be used to identify the payment. It is therefore available as reporting for the initiator as the reference for each individual transaction. In the case of a global debit payment being requested, the "PaymentInformationIdentification" will be used as a reference for the global amount and every transaction will be individually visible with the "EndToEndIdentification".

Examples

SEPA CREDIT TRANSFER

S- ECT

Structured message:

```
:61:1405080508D1158,36N[SCT]2011120014145948//080AM13292008
0101000/OCMT/EUR000000001158,36/
:86://TRCD/0101//RTRN//CREF/2011120014145948//CNTP/BE7011111111111111//
NAME NAME NAME GROUP N V/8800 TOWN TOWN//REMI/STRD/101/31012345
6789//CATP//PURP//SVCL/SEPA//MARF//ULTC//CSID//ISDT//
```

Non structured message:

```
:61:1405080508D1158,36N[SCT]2011120014145948//080AM13292008
0101000/OCMT/EUR000000001158,36/
:86://TRCD/0101//RTRN//CREF/2011120014145948//CNTP/BE7011111111111111//
NAME NAME NAME GROUP N V/8800 TOWN TOWN//REMI/USTD/603679//CATP//
/PURP//SVCL/SEPA//MARF//ULTC//CSID//ISDT//
```

M-ECT

```
:61:1405060506D627074,22N[MCT]1002917727//3990861498140
0107000/OCMT/ EUR000000627074,22/
:86://TRCD/0107//RTRN//CREF/1002917727//CNTP/////REMI/USTD/Your file
with European Credit Transfers - 627.074,22Cli
ent reference 1002917727//CATP//PURP//SVCL/SEPA//MARF//ULTD//
//CSID//ISDT//
```

Credit

Refused SEPA credit transfer:

```
:61:1405080508C60,58N[MSC]2011120014145948//OVIN0602R1
0154000/OCMT/EUR00000000060,58/
:86://TRCD/0154//RTRN/AC04//CREF/2011120014145948//CNTP/BE7011111111111111
11/BBRUBEBB/NAME NAME NAME GROUP N V/8800 TOWN TOWN//REMI/USTD/60
3679//CATP//PURP//SVCL/SEPA//MARF//ULTC//CSID//ISDT//
```

SEPA credit transfer at credit side:

```
:61:1405080508C19,72N[SCT]062639//080AN55000001
0150000/OCMT/EUR00000000019,72/
:86://TRCD/0150//RTRN//CREF/062639//CNTP/BE7011111111111111/BBRUBEBB/NA
ME NAME NAME GROUP N V/8800 TOWN TOWN//REMI/STRD/101/310123456789
//CATP//PURP//SVCL/SEPA//MARF//ULTC//CSID//ISDT//
```

Examples

SEPA DIRECT DEBIT

By default, unpaids are debited globally. That means that you will not receive the detail of unpaid transactions in your MT940/MT942 reporting.

Should you wish to receive in your reporting unpaid transactions debited one by one, you need to request it to your person of contact at ING.

SDD batch collection

```
:61:1405090509C39,N SDD0000179825//31011111111111
0552000/OCMT/EUR000000000039,00/
:86:/TRCD/0552//RTRN//CREF/0000179825//CNTP/////REMI/USTD/Your SEPA
DD remittance + 39,00Tot
al of 3 payment(s)//CATP///PURP///SVCL/SEPA//MARF///ULTD///CSID/
//ISDT//
```

SDD unpaid (batch)

```
:61:1405020507D7,N SDD0000179825//31011111111111
0503000/OCMT/EUR000000000007,00/
:86:/TRCD/0503//RTRN//CREF/0000179825//CNTP/////REMI/USTD/Unpaids o
n your SEPA DD remittance - 7,00Non
-ING Debtors, total of 2 payment(s)//CATP///PURP///SVCL/SEPA//MAR
F///ULTD///CSID///ISDT//
```

SDD unpaid (detail)

```
:61:1405080509D259,87N SDD2014123456//31011111111111
0503000/OCMT/EUR0000000000259,87/
:86:/TRCD/0503//RTRN/MS03//CREF/2014123456//CNTP/BE70111111111111//NA
ME NAME NAME GROUP N V//REMI/STRD/127/080514122BE97ZZZ1111111111
1234567 0000179825
2MS03//CATP///P
URP///SVCL/SEPA//MARF/1234567//ULTD///CSID/BE97ZZZ1111111111//IS
DT/080514/
```

Legend:

Transaction code

Message type

Structured message code

Message

Reference (PmtInfld)

Reference (EndToEndId)

Remark: The reference in tag 61 is truncated to 16 characters. Possible "/" signs will be abolished.
The complete reference will be reported in tag 86.

