

# New file format for payments

## Background

As from October 31st 2016 Norwegian legislation relating to financial agreements (Finansavtaleloven) stipulates that payments made in euros are forwarded to the bank in accordance with the international standard for payment formats.

The reason for this change is adaptation to EU legislation for euro payments.

Customers who use economy systems which exchange files with banks at present will have to change their current file formats to the new standard.

The new file format will be able to handle all currencies. Norwegian banks will adopt the new format for currency transactions as well as domestic transactions simultaneously. In the long term all file based messages such as receipts and statements of accounts will be sent using the new format.

## Who will the new rules apply to?

The first groups who will be affected are businesses who handle euro payments and who employ more than 10 staff members/ with turnover exceeding 2 million euros p.a., or who have a balance of more than 2 million euros. In addition, the rules will apply to all public sector actors dealing in euro payments.

Businesses not dealing in euro payments will be impacted as the new format is implemented for all payment transactions and file based messages.

## Why?

There is increasing demand for more consistent payment information where all information is sent unaltered through the entire payment chain. This will improve quality of settlement and follow-up of payments.

The change for payments will constitute the beginning of phasing out obsolete file formats.

## What does this change mean for you?

If the new set of rules applies to you, you are obliged to commence use of new file formats by the 31<sup>st</sup> of October 2016.

If the new rules do not apply to your business, you can choose to implement the new formats according to your own wishes or your banks schedule for phasing out old file formats.

## Process

Banks and ERP suppliers co-operate through a Bits AS led project.

The banks will contact their customers in order to implement new formats.

In order to be prepared, you can contact your ERP supplier for adaptations.

You will be able to test your new payment file transactions with your bank.

## What is this new format?

The new format is called ISO 20022 XML and is based on an international standard. XML is used for a series of other purposes and ISO 20022 XML messages in particular are used when exchanging payment files and messages between customers and banks.

This will also apply to exchange between separate banks.

## Checklist detailing what you can do.

1. Approach your ERP vendor for information regarding their plan for concerting to the new format.
2. Approach your bank(s) and ask for information regarding their plan for implementing the new format.