

LATVIA'S NATIONAL SEPA WORKING GROUP

## **Latvia's National SEPA Plan\***

VERSION 1.0

\* Reviewed and approved by the National SEPA Working Group (NSWG) on 10 November 2009 and Money and Payment Systems Working Group (MPSWG) on 14 December 2009.

## Contents

<b>SUMMARY</b> .....	<b>4</b>
<b>INTRODUCTION</b> .....	<b>7</b>
<b>1 NATIONAL SEPA WORKING GROUP ORGANISATION</b> .....	<b>10</b>
<b>2 SEPA PRODUCTS</b> .....	<b>12</b>
2.1 SEPA scope in Latvia.....	12
2.2 SEPA credit transfers .....	12
2.3 SEPA direct debit payments.....	17
2.4 SEPA card payments .....	21
2.5 e-SEPA .....	25
<b>3 SEPA INFRASTRUCTURE IN LATVIA</b> .....	<b>27</b>
3.1 SEPA credit transfer infrastructure .....	28
3.2 SEPA direct debit payment infrastructure.....	29
3.3 SEPA card payment infrastructure .....	30
<b>4 LEGAL FRAMEWORK</b> .....	<b>32</b>
4.1 Payment Services Directive .....	32
4.2 Regulation on cross-border payments in the Community .....	33
4.3 EPC documents .....	33
<b>5 STANDARDISATION</b> .....	<b>35</b>
<b>6 COMMUNICATION</b> .....	<b>37</b>
6.1 Development of the national SEPALatvija.lv website.....	37
6.2 Active communication plan .....	38
<b>ABBREVIATIONS FREQUENTLY USED IN SEPA PROJECT</b> .....	<b>40</b>
<b>APPENDIXES</b> .....	<b>41</b>
Appendix 1. Self-assessment forms of the SEPA stakeholders .....	41
Supply side: self-assessment template for banks and payment institutions .....	41
Supply side: self-assessment template for infrastructure providers .....	44
Demand side: self-assessment template for banks, central banks and payment institutions....	49
Demand side: self-assessment template for companies and public administrations .....	50
Demand side: self-assessment template for merchants .....	52
Demand side: self-assessment template for retail customers (consumers) .....	53
Appendix 2. SEPA direct debit schemes mandates.....	54
SEPA Core Direct Debit Scheme mandate .....	54
SEPA Business to Business Direct Debit Scheme mandate .....	56

## Charts

Chart 1. SEPA project implementation in Latvia.....	9
Chart 2. SEPA project organisational structure in Latvia .....	11
Chart 3. Payment instruments .....	12
Chart 4. SEPA credit transfer scheme .....	13
Chart 5. SEPA credit transfer implementation plan in Latvia.....	16
Chart 6. SEPA direct debit schemes.....	17
Chart 7. SEPA direct debit payment implementation plan in Latvia .....	20
Chart 8. SEPA cards framework domains.....	22
Chart 9. SEPA cards framework implementation plan in Latvia .....	24

Chart 10. SEPA credit transfer infrastructure implementation plan in Latvia ..... 28  
Chart 11. SEPA direct debit payment infrastructure implementation plan in Latvia ..... 30  
Chart 12. SEPA card payment infrastructure implementation plan in Latvia..... 31  
Chart 13. SEPA project communication plan in Latvia ..... 39

## SUMMARY

Latvia's National SEPA Plan presents an overview of tasks to be performed by public authorities, corporates, SMEs, merchants, consumers, banks, payment system and payment technology providers for implementing the SEPA project in Latvia.

The NSWG, established and approved by the Protocol Decision of the MPSWG of the Republic of Latvia Euro Project Steering Committee on 28 October 2008, has developed the above Plan. The Republic of Latvia Euro Project Steering Committee supported submission of Latvia's National SEPA Plan to the Cabinet of Ministers of the Republic of Latvia for its approval within the framework of the Euro Changeover Plan. On 24 March 2009, the Cabinet of Ministers of the Republic of Latvia took note of the report submitted by the Ministry of Finance of the Republic of Latvia on the introduction of the euro and the respective supplement to Latvia's National Euro Changeover Plan comprising information about the SEPA project, and assignment to develop Latvia's National SEPA Plan by the end of 2009.

Latvian banks will offer uniform SEPA credit transfers, SEPA direct debit payments and SEPA card payments via specific payment processing infrastructures to customers who represent the demand side of SEPA: public authorities, corporates, SMEs, merchants and consumers. Providers of payment systems will have the possibility to offer adequate infrastructures for payment processing and providers of payment technologies – the respective payment data processing technologies.

Requirements for SEPA credit transfers will only apply to the credit transfers executed in euro. On 28 January 2008, Latvian banks started offering SEPA credit transfers. Requirements set for SEPA credit transfers will apply to all credit transfers executed in euro in the bank-to-bank domain as of the end of 2010. Implementation of SEPA credit transfers will be accomplished by the euro changeover day when the payments made in lats are replaced with the euro payments that conform to SEPA requirements. It will take 18 months for Latvian companies to start using SEPA products following the adjustment of the national standard, such as FiDAViSta, to the requirements of UNIFI (ISO 20022) XML standard. A delay in deciding on the update of the national standards according to SEPA UNIFI (ISO 20022) XML standard may cause risk to companies deciding on migration to SEPA credit transfers.

Requirements for SEPA direct debit payments will only apply to the direct debit payments executed in euro. Currently it is impossible to set a date for implementing SEPA direct debit in Latvia. On 2 November 2009, one of Latvia's banks launched SEPA direct debit payments, thus ensuring customer reachability within the SEPA Core Direct Debit Scheme. Other Latvian banks also intend to join the EPC SEPA direct debit payment schemes gradually and provide SEPA direct debit payments. Transitional provisions of the Law on Payment Services will ensure the continued legal validity of direct debit mandates.

Requirements for SEPA card payments will apply to card payments executed in lats and euro. On 1 January 2008, Latvian banks started offering card services according to the SEPA Cards Framework requirements. Migration of card payments to the SEPA Cards Framework will be completed within six months following the changeover to the euro.

The banking sector of Latvia has committed to introduce the euro payments in compliance with the SEPA requirements by the end of 2010, and to complete the SEPA project with the changeover to the euro in Latvia. On 29 May 2008, Latvian banks presented their view at the meeting of the ALCB Payments Committee and approved the SEPA Implementation Plan in the Banking Sector of Latvia, Version 1.0.

To commence execution of SEPA credit transfers and start offering SEPA credit transfers to the customers of the Treasury of the Republic of Latvia, such as the state budget institutions and local governments, on 27 January 2009, the Treasury of the Republic of Latvia committed to upgrade its internal information systems of payment processing in line with the SEPA requirements' compliant EKS, subject to the timeline of the EKS development plan. With the customers of the Treasury of the Republic of Latvia migrating to uniform SEPA payments, the time frame for preparation of payments in line with the SEPA format will be agreed with the Treasury of the Republic of Latvia.

The Board of the Bank of Latvia approved the Bank of Latvia's SEPA Plan by the Resolution No. 929/3 of 23 July 2009. The above Plan describes the use of the SEPA core products at the Bank of Latvia, also offering SEPA credit transfers to the Bank of Latvia customers. At the same time, pursuant to the above decision, the Bank of Latvia supports the SEPA project in Latvia and as a SEPA product user has committed to send and receive SEPA credit transfers and as a SEPA product provider has committed to offer its customers the opportunity to send and receive SEPA credit transfers as of 12 November 2010, ensuring complete implementation of SEPA credit transfers by the euro changeover day. For execution of SEPA credit transfers, the Bank of Latvia will use the EKS that meets the SEPA requirements.

On 19 February 2009, the Bank of Latvia as the EKS operator supported a concept of transforming the EKS into a SEPA compliant system. The above concept incorporates a commitment to launch the SEPA requirements' compliant EKS for the processing of SEPA credit transfers up to 12 November 2010. Credit transfers handled by the EKS in lats will be replaced by processing of SEPA credit transfers as of the euro changeover day.

SJSC *Latvijas Pasts* plans to delegate the provision of financial services to JSC *Latvijas Pasta banka* by 31 December 2010.

As a provider of infrastructure for direct debit payments, JSC *Itella Information* has committed to modify the system of direct debit payments, i.e. information and communication technology systems, legal documentation and other processes and procedures in line with the SEPA requirements by 1 November 2010.

As a provider of card processing, Ltd *First Data Latvia* has committed to offer solutions supporting common specifications in the terminal-to-acquirer and acquirer-to-issuer domains in the course of 18 months following the approval of SEPA Cards Framework standards.

As a provider of card processing, *Swedbank AS* has committed, in the course of 12 months following the approval of SEPA Cards Framework standards, to ensure their application to the terminal-to-acquirer and acquirer-to-issuer domains.

As a provider of card processing, *AS DnB NORD Banka* has committed, in the course of 12 months following the approval of SEPA Cards Framework standards, to ensure their application to the terminal-to-acquirer domain.

The ECL represents 50 sectors of the economy and regional employers' organisations and also socially responsible companies, overall employing 33% of employees in Latvia. In the SEPA project, the ECL has pointed out benefits for companies, focussing in particular on corporates. It will take 18 months for Latvian companies to prepare for the use of SEPA products following the adjustment of the national standard, such as FiDAViSta, to the requirements of UNIFI (ISO 20022) XML standard.

As a representative of merchants, the Latvian Merchant Association commits to support both the SEPA core products by informing the companies of the respective sector about the SEPA project, and provision of SEPA card payments. The opinion of Latvian Merchant Association was approved at the meeting held on 17 February 2009.

As a representative of SMEs, the Small and Medium-Sized Enterprises and Crafts Consultative Committee of the Ministry of Economy of the Republic of Latvia has been informed on SEPA core products and, subject to the decision taken at the meeting of 27 February 2009, has disseminated information about the SEPA project to the respective companies, and under other favourable conditions, such as commissions and fees charged for payments, has encouraged them to use SEPA core products.

As a representative of consumers, the Consumer Rights Protection Centre urges furnishing of accessible, understandable and timely information about the SEPA products, commissions and fees and the respective costs to consumers and public at large.

## INTRODUCTION

The SEPA project forms an integral part of the economic integration and development of the common European market. In February 1992, the Treaty on European Union or Maastricht Treaty was signed in Maastricht, stating the terms and conditions for introduction of the single European currency. On 1 January 1999, cashless settlements in euro were introduced. In March 2000, the European Council agreed on the EU agenda (the Lisbon Agenda), defining the aim to create an innovation and knowledge-based internal market of the European Union. The Lisbon Agenda also contributed to the harmonisation and consolidation of cashless payments market. To enhance the development of the single European payment market, the Directive on cross-border credit transfers<sup>1</sup> and Regulation on cross-border payments in euro were adopted.<sup>2</sup>

In June 2002, European banks, the European Association of Co-operative Banks, the European Banking Federation, the European Savings Banks Group and EBA established the EPC. The EPC is the decision making and coordination body of the European banking sector in relation to payments<sup>3</sup> and its objective is to promote the creation of a single European payment market.<sup>4</sup> The SEPA project was launched in Europe with the establishment of EPC. Representatives of banking associations of the EU Member States joined the EPC and at the end of 2008, the above organisation comprised more than 300 experts. The EPC is an international non-profit organisation<sup>5</sup> governed by the national law of the Kingdom of Belgium.

SEPA is the single payments area of the EU Member States, Iceland, Liechtenstein, Norway, Switzerland and Monaco, in which consumers, companies and other economic actors will be able to make and receive payments in euro, whether between or within national boundaries under the same main terms and conditions, rights and obligations, regardless of their location. SEPA aims to foster the integration of Europe by creating competitive and innovative retail payments market which would ensure high quality services, more effective payment products and cheaper alternatives for making payments.

The EPC is involved in defining common commercial and operational rules for payments as well as technical standards when drafting self-regulatory provisions for the banking sector. Transposition of Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services<sup>6</sup> into national law and Regulation of the European

---

<sup>1</sup> Directive 97/5/EC of the European Parliament and of the Council of 27 January 1997 on cross-border credit transfers. OJ L 043, 14.02.1997, p. 25 [cited 28 November 2008]. Available: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31997L0005:LV:HTML>.

<sup>2</sup> Regulation (EC) No 2560/2001 of the European Parliament and of the Council of 19 December 2001 on cross-border payments in euro. OJ L 344, 28.12.2001, p. 13 [cited 28 November 2008]. Available: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001R2560:LV:HTML>.

<sup>3</sup> <http://www.europeanpaymentscouncil.eu/>.

<sup>4</sup> *Euroland: our single payment area*, EPC, 01.05.2002 [cited 28 November 2008]. Available: [http://www.europeanpaymentscouncil.eu/knowledge\\_bank\\_detail.cfm?documents\\_id=20](http://www.europeanpaymentscouncil.eu/knowledge_bank_detail.cfm?documents_id=20).

<sup>5</sup> *International not-for profit association (A.I.S.B.L.), EPC Charter*. Approved on 24.06.2008 [cited 7 January 2009]. Available: [http://www.europeanpaymentscouncil.eu/documents/EPC377-08%20Final\\_Charter\\_\(EN\).pdf](http://www.europeanpaymentscouncil.eu/documents/EPC377-08%20Final_Charter_(EN).pdf).

<sup>6</sup> Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC. OJ L 319, 05.12.2007, p. 1 [cited 28 November 2008]. Available: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:319:0001:01:LV:HTML>.

Parliament and of Council of 16 September 2009 on cross-border payments in the Community<sup>7</sup> expanding and revising regulation in relation to direct debit payments are crucial for further promotion of liberalisation and consolidation of the European payment market. The EC and the ECB act as catalysts in the SEPA project, fostering the process of legal and economic integration. The national central banks may act as overseers or catalysts in line with the practice of each EU Member State, and become more or less active players in the implementation of the Project.

The EPC has defined provisions for launching the so-called SEPA core products and since the end of 2008 has continued to develop an enhanced or e-SEPA, i.e. innovative Internet and mobile payments and various value added services. Hence the supply side (banks and payment infrastructure providers) has successfully promoted the SEPA project in Europe. In European countries, the demand side comprising public authorities, corporates, SMEs and consumers is actively involved in the SEPA project.

The National SEPA Coordination Committees have been established in all countries and their main assignment is the coordination of a successful implementation of the SEPA project in the respective country. Latvia's NSWG was also established on 28 October 2008 (see Section 1).

In Latvia, the SEPA project has been carried out since 2004 (see Chart 1).

- In September 2004, the Payment Committee of ALCB appointed its representative to the EPC.
- In 2007, the Payment Committee of ALCB established the Banking SEPA Working Group and commenced drafting the SEPA Implementation Plan in the Banking Sector of Latvia.
- On 28 January 2008, Latvian banks, along with other banks of Europe, launched SEPA credit transfers (see Section 2.2) and issue SEPA payment cards (see Section 2.4).
- On 1 September 2008, the ALCB was appointed the NASO in Latvia. The main assignment of NASO is to provide the necessary information and coordinate adherence by banks to the SEPA Credit Transfer and SEPA Direct Debit Schemes. NASO is also responsible for the review of Adherence Agreements submitted by banks and their delivery to the EPC.
- On 28 October 2008, the MPSWG of the Republic of Latvia Euro Project Steering Committee established the NSWG for drafting Latvia's National SEPA Plan.
- On 2 November 2009, one of Latvia's banks launched SEPA direct debit payments, thus ensuring customer reachability within the SEPA Core Direct Debit Scheme. Other banks of Latvia also intend to join the EPC SEPA direct debit payment schemes gradually and offer SEPA direct debit payments.
- It is planned to implement the SEPA requirements' compliant EKS in November 2010, and introduce the SEPA credit transfer requirements for all credit transfers executed in euro by the end of 2010.
- The SEPA credit transfers will be fully implemented on the €-day, with the SEPA-compliant payments made in euro replacing credit transfers executed in lats. Latvian

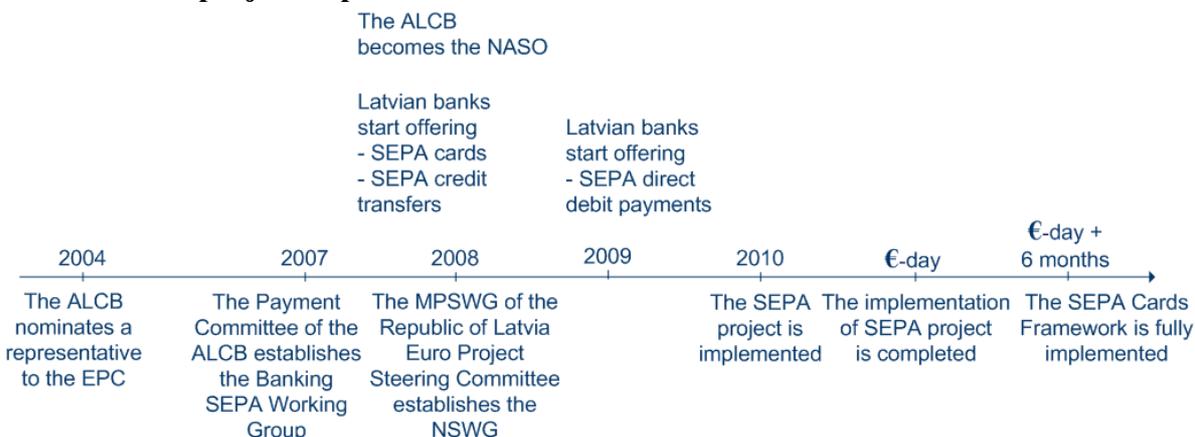
---

<sup>7</sup> Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 . OJ L 266, 09.10.2009, p. 11 [cited 28 November 2008]. Available: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:266:0011:01:LV:HTML>.

banks do not intend to set a transition period for the migration of credit transfers executed in lats to the SEPA credit transfers.

- Migration of card payments to the SEPA Cards Framework will be completed within six months after the changeover to the euro.

### Chart 1. SEPA project implementation in Latvia



The SEPA project will be implemented in Latvia when the majority or the critical mass<sup>8</sup> of euro payments, credit transfers and card payments in particular, are executed in accordance with the provisions set for SEPA products. The SEPA project will be completed in Latvia with the euro changeover day when all domestic payments currently executed in lats by public authorities, corporates, SMEs, merchants and consumers are effected in euro in accordance with the SEPA provisions. The requirements for SEPA Cards Framework will be entirely introduced in Latvia within six months of the euro changeover day. Setting the end-date for completion of the SEPA project implementation and ensuring extensive use of SEPA payment instruments in Latvia are important prerequisites allowing all stakeholders: public authorities, SMEs and merchants as well as banks, providers of payment systems and technologies to plan the required investment in as synchronised and timely manner as possible. At the end of 2008, European institutions proposed a roadmap<sup>9</sup> to be implemented in the EU Member States in order to enhance migration to uniform European payments (see Section 2).

<sup>8</sup> The ALCB defined a criterion for the critical mass of SEPA payments in Latvia upon the approval of the SEPA Implementation Plan in the Banking Sector of Latvia, Version 1.0 on 29 May 2008. The majority or critical mass will be achieved when 80% of banks offer SEPA credit transfers and SEPA direct debit payments, and 90% of card framework elements, such as cards, ATMs, POS terminals, including cash register systems, conform to the SEPA requirements and 90% of the entire executed payments comply with the SEPA product requirements. The SEPA Implementation Plan in the Banking Sector of Latvia, Version 1.0, ALCB, 29 May 2008 [cited 28 November 2008], p. 16. Available: <http://www.bankasoc.lv/lka/sepa/index2.php>.

<sup>9</sup> The ECB Single Euro Payments Area Sixth Progress Report, 24 November 2008 [cited 28 November 2008]. Available: <http://www.ecb.int/pub/pdf/other/singleeuropaymentsarea200811en.pdf>.

## 1 NATIONAL SEPA WORKING GROUP ORGANISATION

All stakeholders involved in the SEPA project should engage in a concerted dialogue to ensure efficient implementation of the above project. At the close of 2008, a number of working groups were involved in the solution of the SEPA project related issues in Latvia (see Chart 2).

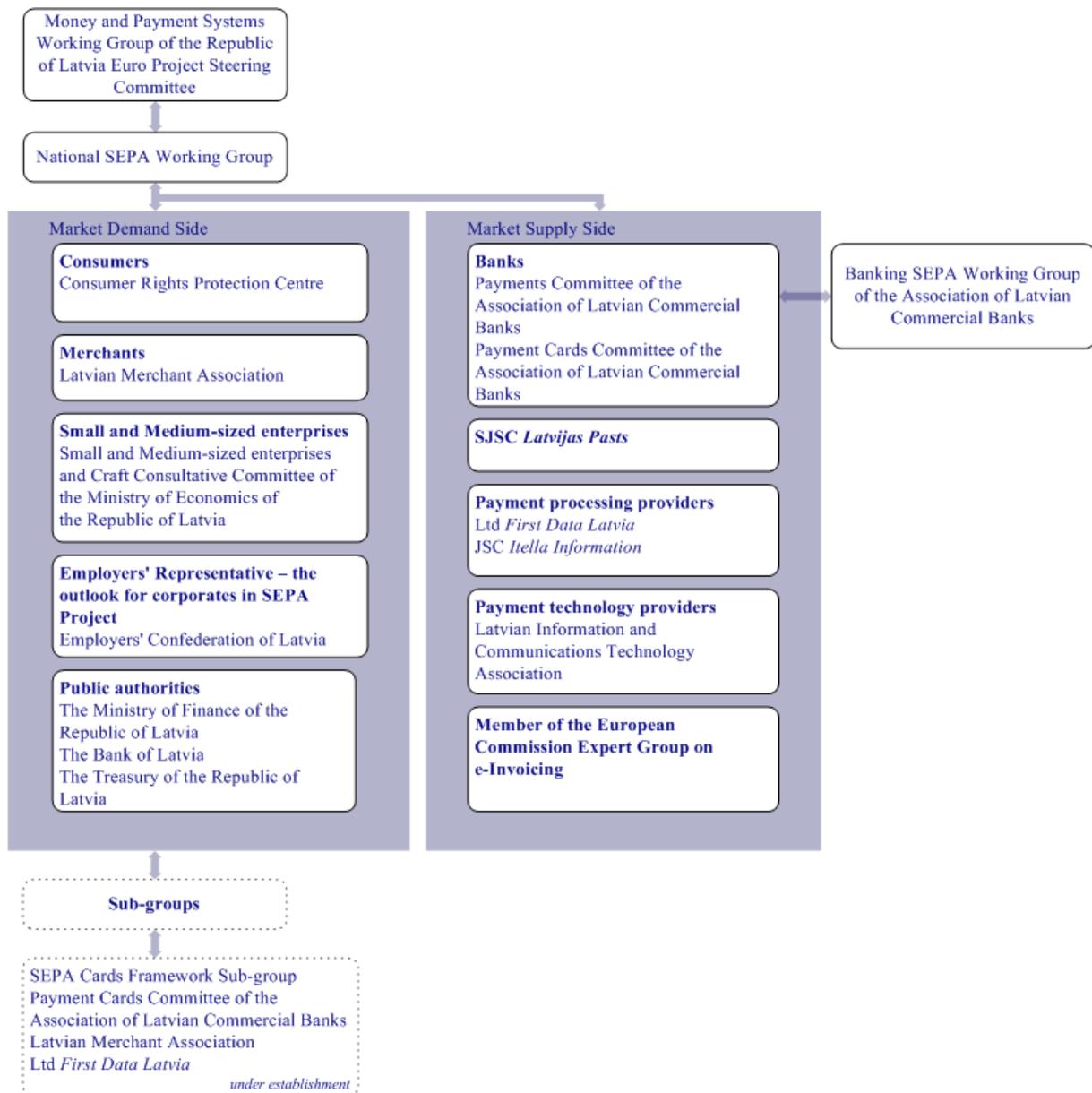
- On 18 December 2007, Mr. O. Spurdziņš, Minister of Finance of the Republic of Latvia, in his reply to Mr. Charlie McCreevy, the European Commissioner for Internal Markets and Services, appointed the MPSWG of the Republic of Latvia Euro Project Steering Committee as the SEPA project Steering Committee.
- On 28 October 2008, the NSWG was established subject to the Protocol Decision of the MPSWG and on the basis of a similar experience of other European countries, with the representatives of many institutions involved in its activities. Banks and providers of payment systems and payment technologies represent the supply side of SEPA payments market. Consumers, merchants, SMEs, corporates and public authorities represent the demand side of SEPA payments market.
- In 2007, the Payment Committee of ALCB established the Banking SEPA Working Group. To stipulate the key provisions for banking sector of Latvia, the above working group took the initiative of the supply side of Latvia in developing the SEPA Implementation Plan in the Banking Sector of Latvia.<sup>10</sup>

The ALCB, Ltd *First Data Latvia* and Latvia Merchant Association deem it necessary to establish the SEPA Cards Framework Sub-group in order to enhance the introduction of terminal-to-acquirer domain of SEPA Cards Framework.

---

<sup>10</sup> The SEPA Implementation Plan in the Banking Sector of Latvia, Version 1.0, ALCB, 29 May 2008 [cited 28 November 2008]. Available: <http://www.bankasoc.lv/lka/sepa/index2.php>.

**Chart 2. SEPA project organisational structure in Latvia**



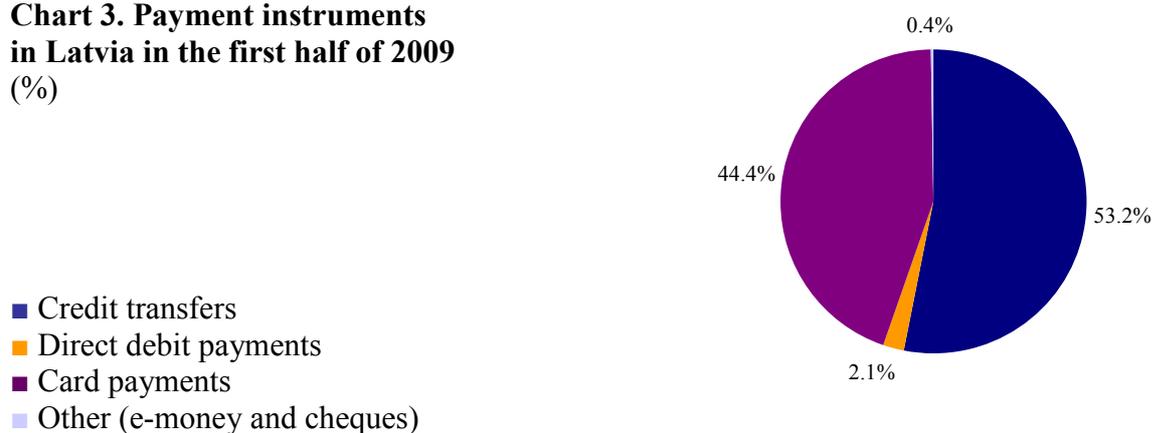
## 2 SEPA PRODUCTS

The following SEPA core products are the major components of the SEPA project: SEPA credit transfers, SEPA direct debit payments and SEPA card payments. The above uniform European payment instruments will be of a notable benefit to further harmonisation and consolidation of the European internal market. Customers will, however, derive full benefit from SEPA once they start using, in addition to core products, the enhanced SEPA products or the so-called e-SEPA products which ensure straight-through processing of the entire payment chain, e.g., innovative SEPA internet payments, SEPA mobile payments as well as value added services – e-invoicing, e-reconciliation and e-mandate.

### 2.1 SEPA scope in Latvia

Latvia's customer payment market, similar to those of other EU Member States, is mainly described by three payment instruments (see Chart 3). Of all cashless payments executed in euro and lats in Latvia, credit transfers made in lats and euro amounted to 53.2% (56.5 million payments), direct debit payments stood at 2.1% (2.2 million) and card payments comprised 44.4% (47.1 million) in the first half of 2009. Other payment instruments (e-money and cheques) accounted for 0.4% (0.4 million payments) of payments made by cashless payment.

**Chart 3. Payment instruments in Latvia in the first half of 2009**  
(%)



In the first half of 2009, 51.2% of credit transfers made in euro (1.8 million) were SEPA credit transfers, i.e. those compliant with the SEPA requirements in the bank-to-bank domain.

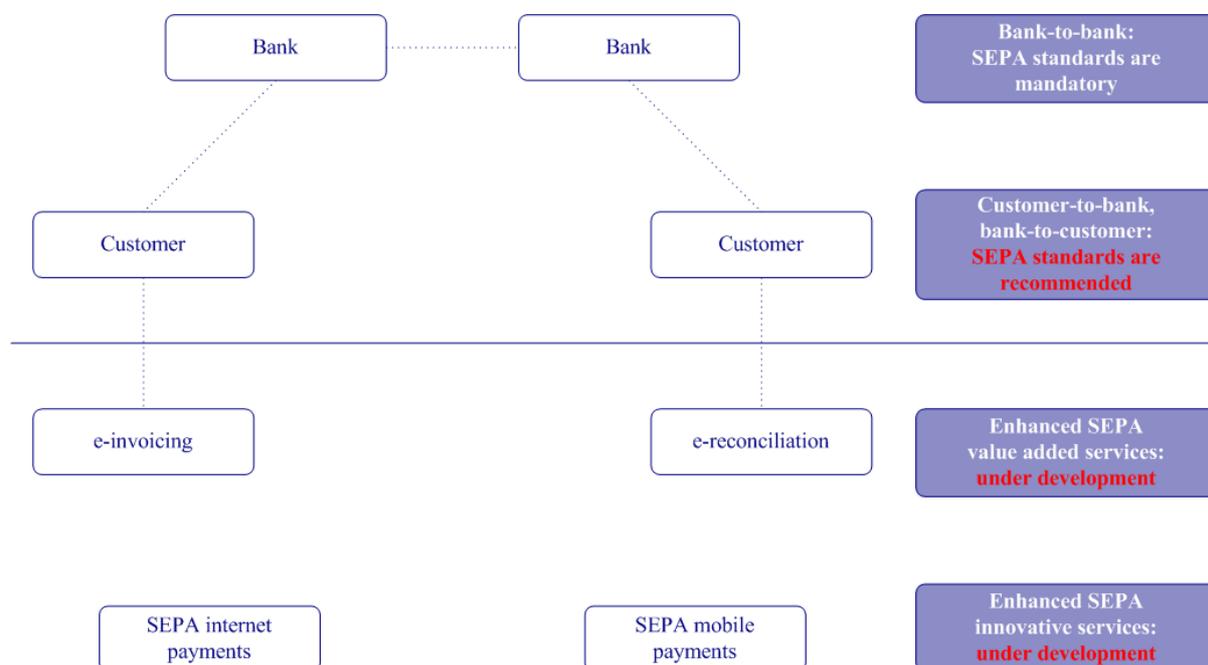
The requirements for SEPA products in Latvia will apply to the credit transfers and direct debit payments executed in euro and card payments made in lats and euro.

### 2.2 SEPA credit transfers

SEPA credit transfer is a payment instrument which corresponds to the requirements of the SEPA Credit Transfer Scheme Rulebook approved by the EPC. The above Rulebook defines uniform rules and procedures for credit transfers executed in euro in bank-to-bank domain. As of 28 January 2008, European banks, including Latvia's banks, have committed to comply with the above basic requirements when adhering to the SEPA Credit Transfer Scheme. At the same time, the EPC pursues its tasks aimed at applying the standards of bank-to-bank domain

also to the customer-to-bank and bank-to-customer domains. Currently the above standards are to be treated as recommendations (see Chart 4).

**Chart 4. SEPA credit transfer scheme**



To ensure efficient implementation of the customer-to-bank and bank-to-customer domains, the following e-SEPA products are being developed: value added services, such as e-invoicing and e-reconciliation, and innovative services, such as SEPA internet payments for enhancing e-Commerce and SEPA mobile payments (initiation of payment and credit advice via the mobile phone).

#### What is a credit transfer?

Credit transfer is a payment initiated by the payer. In the case of a credit transfer, a payment instruction is sent to the payer's bank which moves the funds to the payee's bank.

#### What is an electronic invoicing service?

It is a service offered to customers prior to a payment; for instance, invoices are sent directly to the payer's internet banking application and, after the payer has accepted the invoice, an automatic SEPA credit transfer instruction is created containing the relevant information on the payer and payee (see Section 2.5 for more detailed information about the EC e-invoicing initiative).

#### What is an electronic reconciliation service?

It is a service offered to customers after execution of a payment. In this case e-invoices are electronically matched with the payment, and the payee's records are automatically updated.

The main features of SEPA credit transfer are as follows:

- payment is executed in euro;

- bank customers' accounts of all EU countries, Iceland, Liechtenstein, Norway, Switzerland, Monaco are reachable;
- payment is executed for full amount. Commission fees are collected separately and the SHA option is applied, i.e. the payer pays to the payer's bank and the payee pays to the payee's bank (shared between two parties);
- no limit is set on the value of payment;
- the maximum payment settlement time is three business days, while as of January 2012 – one business day;
- the IBAN/BIC identifier;
- UNIFI (ISO 20022) XML standard (see Chart 5);
- common procedures for refund of erroneous payment.

In 2005, the IBAN/BIC, an international identifier of the bank account number was introduced in Latvia for domestic and cross-border payments as the sole identifier of account number. Hence the migration of national account numbers to IBAN/BIC – the identifier of the account number established by SEPA has already been accomplished.

European banks, including the majority of Latvia's banks, have adhered to the SEPA Credit Transfer Scheme<sup>11</sup> by entering into the Adherence Agreement which incorporates the following key requirements: compliance with the provisions of the SEPA Credit Transfer Scheme Rulebook and adherence to the SEPA compliant infrastructure for payment processing and legal opinion about the bank's operation in the respective EU Member State. However, the SEPA credit transfer is not deemed to be fully implemented in Latvia by adhering to the Scheme.

The EC and ECB encourage the application of the provisions of SEPA credit transfers to the customer-to-bank and bank-to-customer domains as well and start offering e-SEPA products: e-invoicing services, e-reconciliation services, Internet payments, mobile payments, etc. The main objective of e-SEPA products is full automation of the entire payment chain.

A coordinated migration of all stakeholders, i.e. public authorities, corporates, SMEs, consumers, banks, payment system and payment technologies' providers to the SEPA credit transfer would contribute significantly a faster pay-back of the required investment. Therefore the following dates for credit transfer migration should be set: the start-date of the use of SEPA credit transfer and the end-date of completing the modification of credit transfers in line with the SEPA requirements.<sup>12</sup>

Latvian banks began to offer SEPA credit transfers on 28 January 2008, with the intention of executing the majority of euro payments (the critical mass) in line with the SEPA credit transfer requirements and finalising the implementation of SEPA credit transfers in euro up to the end of 2010. SEPA credit transfers will be fully implemented as of the euro changeover day when the payments made in lats are replaced by the euro payments that meet the SEPA requirements. An additional transition period is not foreseen. In 2008, a number of banks

---

<sup>11</sup> Register of Participants in SEPA Payment Schemes, 11.09.2009. CB.Net. p. 75 [cited 8 October 2009]. Available: [http://epc.cbnet.info/docs/SEPA\\_Credit\\_Transfer.pdf](http://epc.cbnet.info/docs/SEPA_Credit_Transfer.pdf).

<sup>12</sup> "Migration starts when the first SEPA products appear on the market and ends when SEPA products have replaced the corresponding national payment products and standards". Communication from the Commission Completing SEPA: a Roadmap for 2009–2012, December 2008.

already offered SEPA credit transfers in the customer-to-bank and bank-to-customer domains, incorporating all banking details of a SEPA credit transfer in the respective payments. Latvia's banks may consider the possibility of updating FiDAViSta in line with the requirements of UNIFI (ISO 20022) XML standard in order to align the systems used by the companies in the customer-to-bank and bank-to-customer domains with the above standards. Innovative and value added services of the enhanced or e-SEPA will be offered subject to the requirements set by the EPC.

Latvian banks identify the following obstacles to the development of SEPA credit transfers: the majority of European banks have not yet adhered to the SEPA Credit Transfer Scheme developed by the EPC and thus fail to be reachable in accordance with the provisions of the SEPA Credit Transfer Scheme, and some banks have not migrated entirely to the UNIFI (ISO 20022) XML standard.

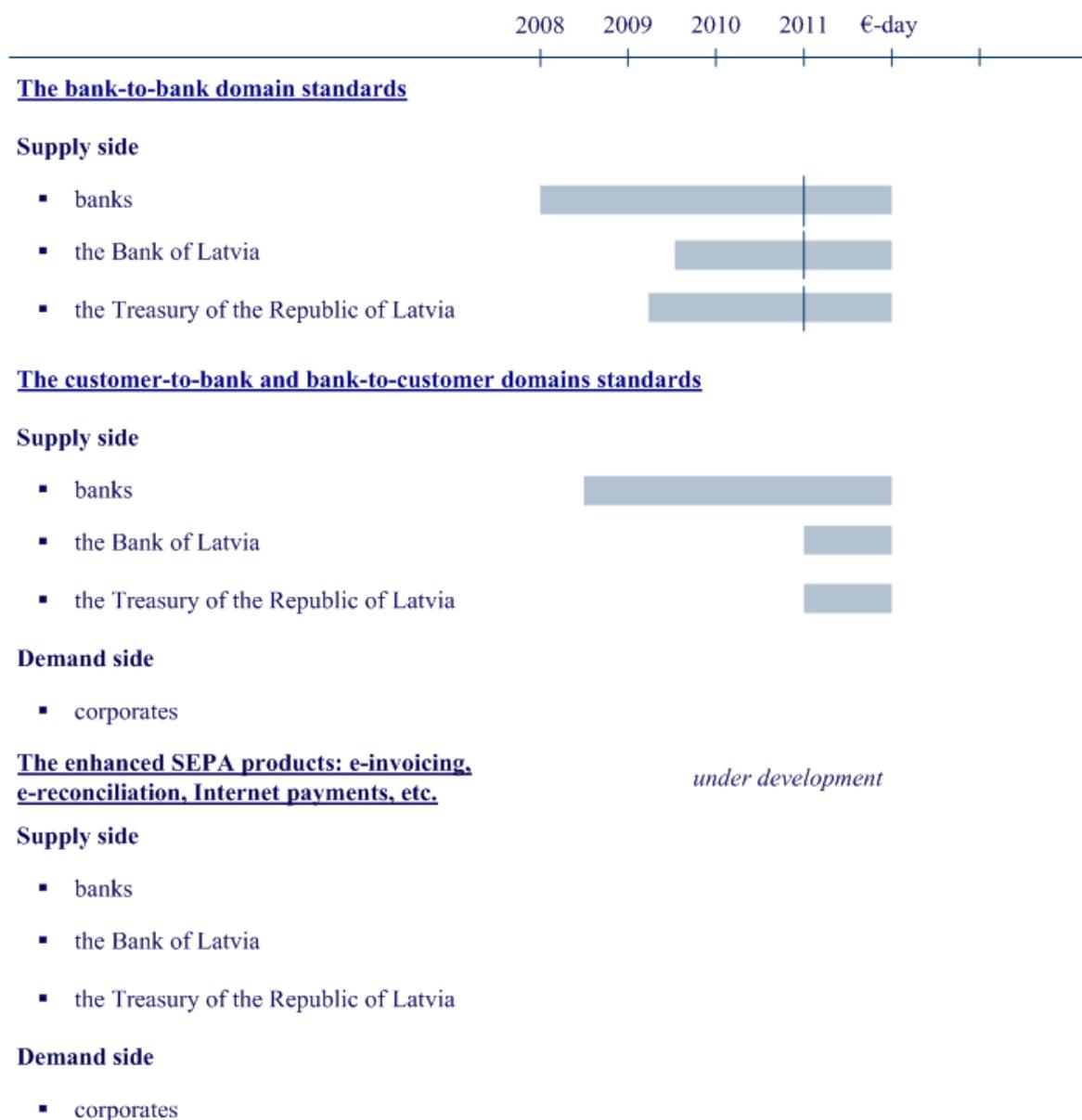
To commence the execution of SEPA credit transfers and offer SEPA credit transfers to the customers of the Treasury of the Republic of Latvia, including the state budget institutions and local governments, the Treasury of the Republic of Latvia committed on 27 January 2009 to update its internal payment processing information systems according to the requirements for SEPA compliant EKS subject to the timeframe of the EKS development plan. All state budget institutions have opened accounts with the Treasury of the Republic of Latvia subject to the Republic of Latvia laws and regulations. In terms of the number of accounts, the State Revenue Service ranks among the largest customers of the state budget institutions of the Treasury of the Republic of Latvia as it ensures collection of the government taxes, duties and other mandatory payments stipulated by the Republic of Latvia law. In terms of the number of payment orders, the State Social Insurance Agency is one of the major customers of the Treasury of the Republic of Latvia among the state budget institutions, as it ensures social security services and provision of the respective social benefit payments pursuant to the Republic of Latvia laws and regulations. Local governments have to open accounts with the Treasury of the Republic of Latvia subject to the requirements of the Republic of Latvia laws and regulations in order to receive the state budget funds and provide co-financing for investment projects and cover expenses related to one-off assignments. With the customers of the Treasury of the Republic of Latvia migrating to the uniform SEPA payments, the time frame for preparing payments in line with the SEPA format will be agreed with the Treasury of the Republic of Latvia.

The Board of the Bank of Latvia approved the Bank of Latvia's SEPA Plan by the Resolution No. 929/3 of 23 July 2009. The above Plan describes the use of SEPA core products at the Bank of Latvia and also emphasising the offer of SEPA credit transfers to the Bank of Latvia customers. At the same time, pursuant to the above decision, the Bank of Latvia supports the SEPA project in Latvia and as a SEPA product user has committed to send and receive SEPA credit transfers and as a SEPA product provider has committed to offer its customers the opportunity to send and receive SEPA credit transfers as of 12 November 2010, ensuring complete implementation of SEPA credit transfers by the €-day. For execution of SEPA credit transfers, the Bank of Latvia will use the EKS that meets the SEPA requirements.

As a representative of companies, the ECL points out that, following the updating of the national standard, such as FiDAViSta, in line with the requirements of UNIFI (ISO 20022) XML standard, it will take 18 months for Latvian companies to implement the above products.

As a representative of SMEs, the Small and Medium-Sized Enterprises and Crafts Consultative Committee of the Ministry of Economy of the Republic of Latvia has been informed on SEPA core products and subject to the decision taken at the meeting of 27 February 2009, has notified the respective companies about the SEPA project, and under other favourable conditions, mainly commission fees charged for payments, has encouraged them to use SEPA core products.

**Chart 5. SEPA credit transfer implementation plan in Latvia**



To ensure SEPA credit transfers, the SEPA payment market supply side performs appropriate measures within the SEPA credit transfer implementation plan (see Chart 5).

To ensure the use of SEPA credit transfers offered by banks, the demand side carries out the necessary preparatory activities.

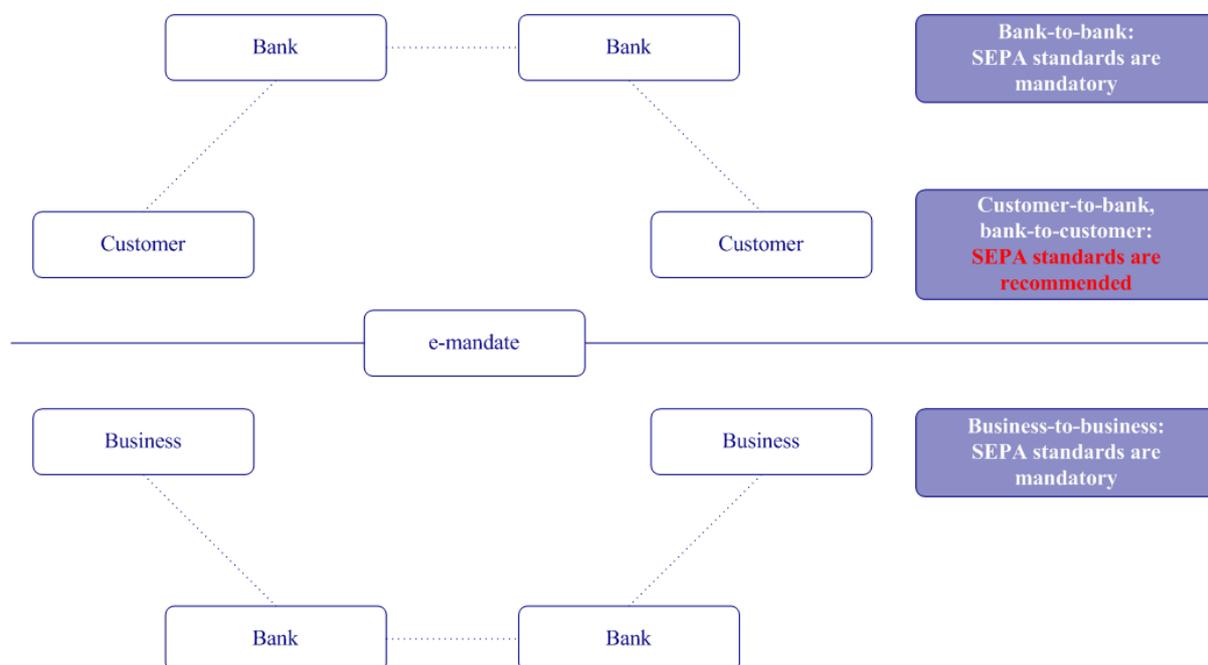
An institution within the SEPA credit transfer implementation project:

- appoints the project manager;
- develops an individual action plan;
- incorporates in the above plan the updating of current standards to UNIFI (ISO 20022) XML standard;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project;
- conducts a self-assessment of the SEPA credit transfer implementation process (see the questionnaires enclosed in Appendix 1) and publicly discloses the self-assessment results.

### 2.3 SEPA direct debit payments

SEPA direct debit payment is a payment instrument which corresponds to the requirements of the EPC SEPA Direct Debit Scheme incorporated into two Rulebooks – SEPA Core Direct Debit Scheme Rulebook and SEPA Business to Business Direct Debit Scheme Rulebook. The above Rulebooks define common rules and procedures for direct debit payments made in euro at the bank-to-bank domain. In contrast to the SEPA credit transfers, two Rulebooks apply to the SEPA direct debit payments, with the additional rulebook describing the SEPA Direct Debit Scheme for one group of customers – companies. European banks have committed to comply with the above basic requirements as of 2 November 2009, with the adherence to the SEPA direct debit payment schemes. The standards of SEPA direct debit payments are mandatory for the bank-to-bank domain and are recommended for the customer-to-bank and bank-to-customer domains.

**Chart 6. SEPA direct debit schemes**



What is a direct debit payment?

Direct debit payment is a transfer initiated by the payee via the payee's bank subject to the agreement between the payee and payer. Direct debit payments are often used for recurring

payments (such as settling the utility bills). Direct debit payments are also used for executing one-off payments.

What is a mandate and e-mandate?

The Mandate (see Appendix 2) is the authorisation given by the payer to the payee allowing the payee to initiate payments for debiting the specified payer's account and allowing the payer bank to comply with such instructions in accordance with the SEPA Direct Debit Scheme Rulebook.

An e-mandate is an electronic mandate, created through the use of electronic channels and signed in a secure electronic manner.

What is an e-mandate service?

An e-mandate service is a value added service of the SEPA direct debit payment scheme. This service gives an opportunity for the payer and payee to agree on the issue of mandate electronically.

The SEPA Direct Debit Scheme stipulates that the payer's mandate to debit funds from its account has to be incorporated into the SEPA direct debit agreement signed between the payee and payer (and kept by the payee). Mandate information is annexed to each executed payment, thus ensuring a notification of stakeholders. In some countries of Central and East Europe, including Latvia, mandate is frequently incorporated into the SEPA direct debit agreement between the payer and payer's bank and the above agreement is held by the payer's bank. To compare both practices, the EPC developed and approved a version of the SEPA Direct Debit Scheme Rulebook on 17 December 2008, also incorporating an additional service for the core product of SEPA direct debit payments – an e-mandate process. The e-mandate process allows signing of the mandate electronically and relieves the payee from an obligation to dematerialise and keep the mandate in a paper-based form.

Along with the transposition of Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (Directive 2007/64/EC) into the national law envisaged on 1 November 2009, the European banks launched the SEPA direct debit payments in the Core Scheme and Business to Business Scheme on the next day – 2 November 2009.

The main features of the SEPA direct debit payment are as follows:

- payments are executed in euro;
- a payment may be received by any customer – account holder of the banks located in the EU Member States, Iceland, Liechtenstein, Norway, Switzerland and Monaco;
- both one-off and recurrent direct debit payments may be executed;
- funds are credited to the payee's account on the day these funds are debited from the payer's account;
- IBAN/BIC identifier;
- UNIFI (ISO 20022) XML standard (see Section 5);
- common procedures for refund of erroneous payments;
- specific schemes for the business-to-bank and bank-to-business domains (see Chart 6).

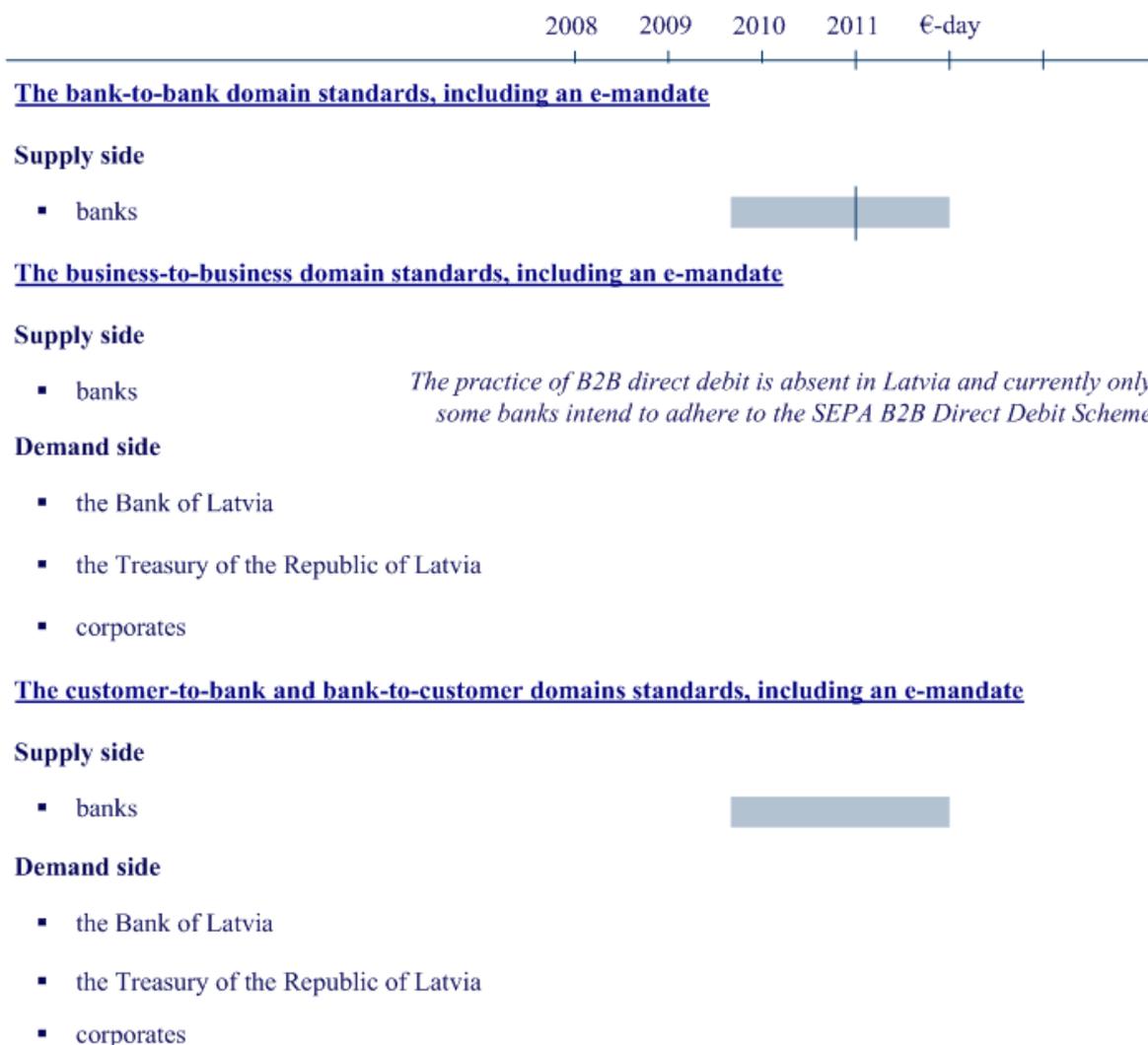
At the end of 2008, the EC maintained that it was crucial to ensure the continuity of the validity of direct debit agreements, particularly due to the fact that direct debit payments

accounted for a notable market share in many countries of Europe. As a result of re-signing the direct debit agreements all stakeholders would incur substantial additional costs. Hence the respective countries are invited to stipulate provisions for the continued legal validity of direct debit agreements in order to maintain legal and commercial credibility in the above payment product when SEPA direct debit is launched. The Member States may introduce additional national law, where necessary. For more detailed information regarding the continued legal validity of direct debit agreements in the context of implementing Directive 2007/64/EC, see Section 4.1.

Currently it is not possible to set a date for launching the SEPA direct debit payments in Latvia due to the following factors: the absence of Latvian companies' demand for cross-border direct debit payments, Latvian banks have not examined the solution for SEPA direct debit infrastructure offered on the payment market by JSC *Itella Information*, and the procedure for adherence to SEPA Direct Debit Scheme has not been established in Europe. One Latvian bank has, however, commenced offering the SEPA direct debit payments within the EPC SEPA Direct Debit Scheme as of 2 November, 2009, thus ensuring customer reachability within the SEPA Core Direct Debit Scheme.

On the basis of the existing data base that holds customer direct debit agreements, JSC *Itella Information* plans to create an e-mandate database incorporating the entire information about SEPA direct debit payments up to the end of 2010.

Some Latvian banks also intend to offer a payment product of SEPA Business to Business Direct Debit Scheme. As a representative of companies, the ECL maintains that corporates will start using the SEPA Business to Business Direct Debit Scheme, if banks offer such a product. The ECL has also indicated that it is crucial to ensure validity of the existing direct debit agreements in line with the new legal framework and the requirements of SEPA Direct Debit Schemes.

**Chart 7. SEPA direct debit payment implementation plan in Latvia**

To ensure SEPA direct debit payments, the SEPA payment market supply side performs appropriate measures within the SEPA direct debit payment implementation plan (see Chart 7).

To ensure the use of SEPA direct debit payments offered by banks, the demand side carries out the necessary preparatory activities.

An institution within the SEPA direct debit payment implementation project:

- appoints the project manager;
- develops an individual action plan;
- incorporates into the above plan the updating of current standards in accordance with UNIFI (ISO 20022) XML;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project;
- conducts a self-assessment of the SEPA direct debit payment implementation process (see the questionnaires enclosed in Appendix 1) and discloses publicly the self-assessment results.

## 2.4 SEPA card payments

SEPA card payment is a payment instrument which corresponds to the requirements of the SEPA Cards Framework approved by the EPC<sup>13</sup> for card issuers, card acquirers, card schemes and card processing centres. As of 1 January 2008, SEPA Cards Framework has related to the card payments made in euro and euro cash withdrawals from customer bank accounts. According to the practice of the EU Member States, the SEPA Cards Framework is also applicable to the payments executed in other currencies as the banks and card schemes are reluctant to maintain various solutions for customers depending on the currency.<sup>14</sup>

The main features of SEPA card payments are as follows:

- a card holder can make purchases and withdraw cash with one card in all EU Member States, Iceland, Liechtenstein, Norway, Switzerland and Monaco;
- a card holder and merchants can execute and accept card payments in line with common provisions;
- a merchant is free to choose the card schemes, thus enhancing their competition and cost reduction for merchant.

What is a payment card?

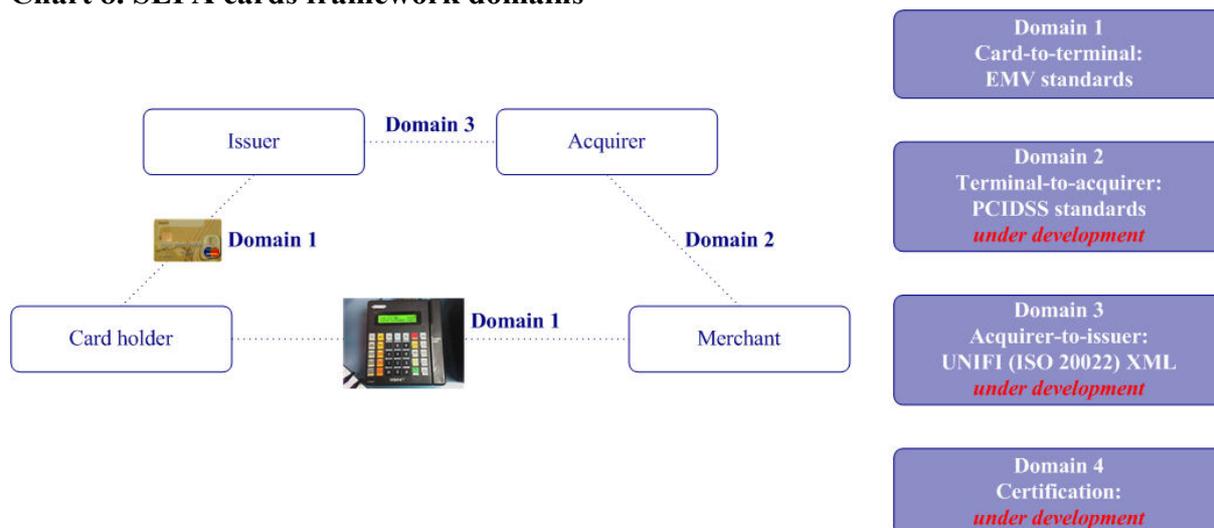
Of the numerous types of payment cards available to card holders, two main groups may be identified:

- debit cards which enable the card holder to pay for each purchase directly from the card holder's account;
- credit cards which enable the card holder to make purchases within a certain credit limit.

SEPA card payments are processed in four domains (see Chart 8). The EPC has currently defined the first domain: card-to-terminal domain stipulating that the issuer issues cards in line with the EMV standards, and all merchant POS terminals, including cash register systems and bank ATMs, migrate gradually to EMV and PADSS standards, and the points of sale conform to the PCIDSS standard. Migration to common UNIFI (ISO 20022) XML standards will also be effected in domains terminal-to-acquirer and acquirer-to-issuer. The second and third domains and terminal certification are currently being coordinated at the EPC Cards Working Group. The EC and the ECB recommend that banks finalise the development of standards for all domains of the SEPA card payment processing by the end of 2009.

<sup>13</sup> See Section 4.3 for differences between the EPC Rulebook and EPC Framework.

<sup>14</sup> EPC *Questions and answers clarifying key aspects of the SEPA Cards Framework*. Approved 11.06.2008, p. 3 [cited 11 December 2008]. Available: <http://www.europeanpaymentscouncil.eu/documents/EPC075-SCF%20QAs%20Version10%20Final.pdf>.

**Chart 8. SEPA cards framework domains**

The main features of domain 1 of SEPA Cards Framework are as follows:

- banks issue cards according to the EMV standard;
- card holders use the EMV functionality, also for the confirmation of purchase by entering PIN code;
- POS terminals, including cash register systems and bank cash ATMs, service cards adhering to the EMV standard, points of sale conform to the PCIDSS standard, POS terminals, including cash register systems and bank ATMs, conform to the PADSS standard;
- the parties comply with the liability shift rule stipulating that in the event of fraudulent card use the compensation shall be payable to the card holder by the party which has not migrated to the EMV standard;
- all stakeholders enhance the use of SEPA payment cards, thus replacing cash transactions at the points of sale, etc.

The main features of domain 2 of SEPA Cards Framework are as follows:

- merchant terminals (POSs, including cash register systems) and acquirer maintain card payments in accordance with the PADSS Standard;
- points of sale servicing card payments and systems servicing acquirer's cards conform to the PCIDSS standard which also includes limited physical access to the card holders' data;
- payment technologies providers supply terminals and integrated solutions for cash register systems ensuring connection to the acquirer's payment systems in accordance with uniform specifications. Merchants may purchase such terminals and cash register systems or agree with the acquirer on the lease.

The main features of domain 3 of SEPA Cards Framework are as follows:

- card issuers and acquirers may also use UNIFI (ISO 20022) XML standards when processing card payments via the card processing infrastructure.

In Latvia, all bank cards issued are co-branded with the international card organisations VISA, MasterCard and American Express. Hence one of the most crucial issues of the SEPA Cards Framework related to the migration of local card schemes to the SEPA framework is not topical. Nonetheless, the SEPA Cards Framework stipulates an obligation for all card framework stakeholders: card issuers, card acquirers, merchants and card payment processing centres to migrate to the SEPA standards (EMV, UNIFI (ISO 20022) XML, PCIDSS,

PADSS, etc.). In Latvia, card payments are mainly executed in lats (94.8% of all card payments made in the first half of 2009).

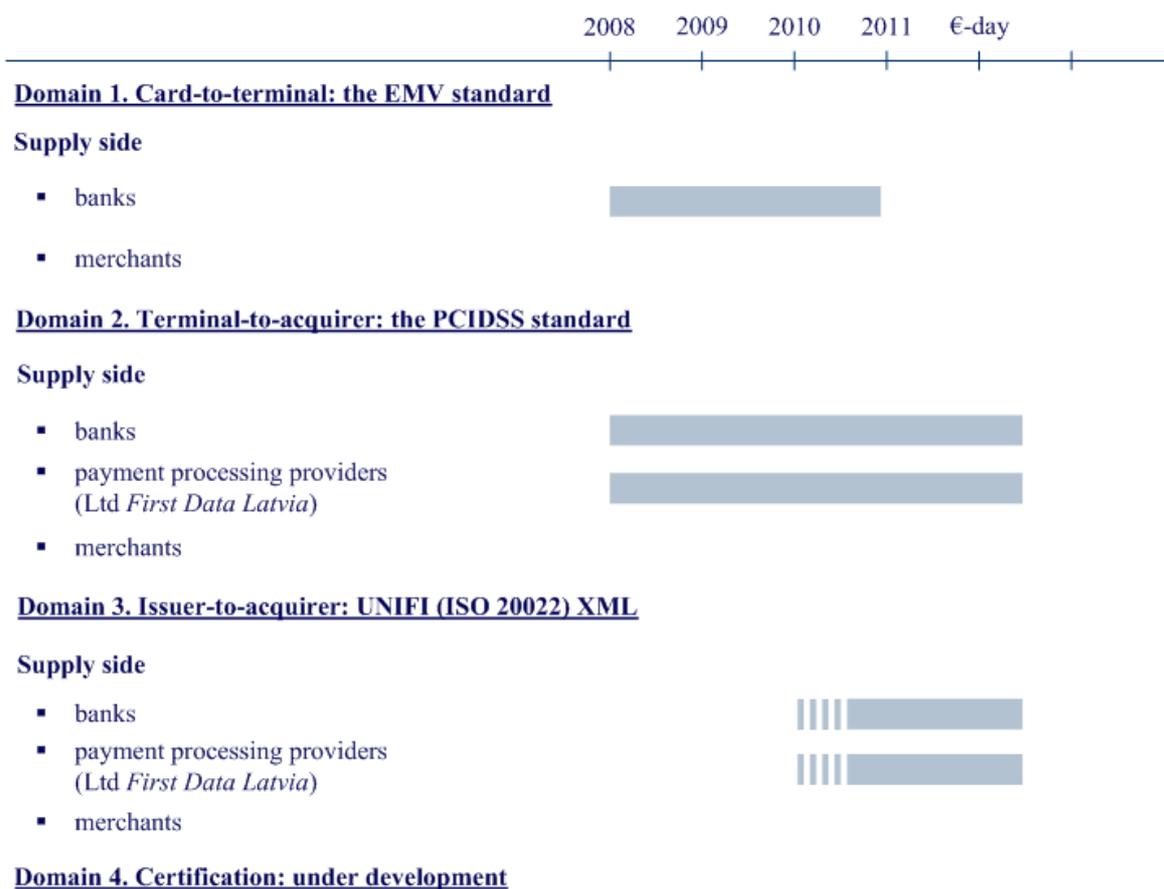
On 1 January 2008, Latvian banks started offering card services in accordance with the SEPA Cards Framework by issuing the EMV standard compliant international payment cards to their customers and installing new/migrating current POS terminals and ATMs to the EMV standard. At the end of 2008, banks started to introduce the PCIDSS and PADSS standards in the area of card acquiring implementing standard requirements with respect to the POS terminals, ATMs and card acquiring systems.

As a number of requirements for domains of SEPA Cards Framework were under preparation by the EPC, Latvian banks could not set their implementation date at the beginning of 2009. The migration of the card framework of the payments executed in lats to the SEPA Cards Framework is expected to be complete within six months following the euro changeover date.

Cooperation of Latvian merchants and banks is of paramount importance for ensuring efficient implementation of the merchant-to-acquirer domain of the SEPA Cards Framework. Since banks own POS terminals, these banks have ensured, by means of introducing the EMV standard over a period of several years and also commencing the introduction of PCIDSS and PADSS standards in 2008, that POS terminals installed at the points of sale comply with the SEPA requirements. Cash register systems are owned by merchants, hence the merchants, collaborating with acquirers, are responsible for compliance of cash register systems with the SEPA requirements. The stating of SEPA requirements for cash register systems in 2008 was the major obstacles to the implementation of merchant-to-acquirer domain of the SEPA Cards Framework, since the majority of cash register systems were not EMV standard compliant. The Payment Cards Committee of the ALCB launched the project of introducing the SEPA requirements in 2009, focussing in particular on implementing the PCIDSS and PADSS standards in the area of card acquiring. The project involves drafting of implementation guidelines for the above standards, creating an informative website, organising workshops for merchants and infrastructure providers and other activities.

Ltd *First Data Latvia* will provide the PCIDSS and PADSS standard compliant terminals and acquiring system for banks in the course of 18 months following the issue of the final version of the standards. Merchants have already been able to choose an acquirer, as 95% of them used the POS terminals owned by banks at the end of 2008. Moreover, it is important for the merchants who own cash register systems that the solutions adhere to a common standard; therefore Ltd *First Data Latvia* intends to support the above standard within the specified timeframe. Ltd *First Data Latvia* will also offer UNIFI (ISO 20022) XML standard for interbank payment card processing in the course of 18 months following the issue of the final version of the respective standard.

The Latvian Information and Communications Technology Association points out that the requirements for payment card processing and the respective standards and their implementation timeframes are mostly in line with the provisions stipulated by international payment card organisations. Terminal suppliers offer products which are certified on the market and meet the requirements of the above organisations.

**Chart 9. SEPA cards framework implementation plan in Latvia**

To ensure the SEPA card payments, the SEPA payment market supply side performs appropriate measures within the SEPA card payment implementation plan (see Chart 9). Merchants who use cash register systems for servicing payment cards perform the required activities to implement the SEPA standards (EMV, PCIDSS, PADSS) in their companies.

Consumers are informed on a timely basis about the expected benefits associated with the SEPA Cards Framework and about enhancing the implementation of SEPA Cards Framework through the use of a card.

An institution within the SEPA card payment implementation project:

- appoints the project manager;
- develops an individual action plan for the institution;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project;
- conducts a self-assessment of the SEPA card payment implementation process (see the questionnaires enclosed in Appendix 1) and publicly discloses the self-assessment results.

## 2.5 e-SEPA

e-SEPA (electronic SEPA) or enhanced SEPA is the next step of the SEPA project aimed at achieving full automation of the entire payment chain. e-SEPA offers the following two groups of services: value added services (e-invoicing, e-reconciliation, e-mandate services, etc.) and innovative SEPA products (SEPA internet payment, SEPA mobile payment, etc.). To introduce e-SEPA products, the EPC develops sub-standards for creditor reference and creditor identifier.

The EC initiative regarding e-invoicing<sup>15</sup>

E-invoicing is a general term for dematerialised invoice (invoice that is not created in material, physical form). The invoice is a document or a data set marked with the word "invoice" formally specifying details of a (or part of a) trade and all settlement related information for the (or part of the) trade, explicitly and separately stating the applicable tax.

The EC particularly emphasizes economic benefits derived from substituting a paper invoice with new SEPA core products and e-invoice. The forecast for the total economic benefit of Europe is counted up to 362 billion euro for the period 2007-2012.<sup>16</sup>

To promote wide usage of e-invoicing, the e-invoicing ecosystem has to be created to the utmost open, giving the possibility to the large number of the stakeholders to operate in both the market demand side, and the market supply side, at the same time ensuring interoperability in both the system, and the process level. Hence, it has been expected that the e-invoicing services will be offered not only by financial institutions, but also by specialized service providers.

Considering those requirements, the e-invoicing infrastructure is expected to be decentralised, giving the possibility to coexist the different business models – from bilateral e-invoice exchangeable message model to complex four-corner network models (two receivers, each represented by different service provider).

The common creditor reference standard is an important prerequisite for successful implementation of an e-invoicing. To implement an e-mandate, a unique creditor identifier<sup>17</sup> has been created as an additional number of a company to allow identifying the e-mandate in Europe during the entire processing stages.

The restructuring of companies' internal accounting and management systems is of vital importance for introduction of SEPA products ensuring that not only consumers can access new services via internet banking applications, but also businesses can use new products via electronic banking services for their day-to-day work.

---

<sup>15</sup> *Mid-Term Report of the European Commission Expert Group on e-Invoicing*, 27.01.2009 [cited 3 March 2009]. Available: [http://ec.europa.eu/internal\\_market/payments/docs/einvoicing/report-2009\\_01\\_27\\_en.pdf](http://ec.europa.eu/internal_market/payments/docs/einvoicing/report-2009_01_27_en.pdf).

<sup>16</sup> *European Commission: SEPA Potential Benefits at Stake. Researching the impact of SEPA on the payment market and its stakeholders. SEPA Study carried out by Capgemini Consulting*, 28.01.2008., p. 29 [cited 12 December 2008]. Available: [http://ec.europa.eu/internal\\_market/payments/docs/sepa/sepa-capgemini\\_study-final\\_report\\_en.pdf](http://ec.europa.eu/internal_market/payments/docs/sepa/sepa-capgemini_study-final_report_en.pdf).

<sup>17</sup> *Overview of Creditor Identifiers*, EPC [cited 5 January 2009]. Available: <http://www.europeanpaymentscouncil.eu/documents/EPC262-08%20Creditor%20Identifier%20Overview%20v1.1.pdf>.

Latvian banks support the standardisation of structured invoicing in Europe and other innovative and value added services and, following their development, intend to use them as the SEPA value added services gradually.

### 3 SEPA INFRASTRUCTURE IN LATVIA

SEPA infrastructure comprises payment and settlement systems designated for processing the SEPA core products and adhering to the Pan-European Automated Clearing House/Clearing and Settlement Mechanisms Framework approved by the EPC. The EPC maintains a register of infrastructures supporting the processing of SEPA payments.

What is clearing?

Clearing is the process of transmitting, reconciling and confirming payment orders, and establishing a final position for settlement on the basis of individual transactions or bundles of transactions.

What is settlement?

Settlement is the transfer of funds between the payer and payee including the transfer of funds between the payer's bank and payee's bank.

The EPC has defined eight key requirements for a SEPA-compliant infrastructure and the ECB has supplemented them with four basic criteria.

The main requirements stipulated by the EPC for SEPA infrastructure are as follows:

- delivery of all payment information between the participants in the SEPA schemes;
- execution of payments within the timeline set by the SEPA schemes;
- execution of the payment in full, i.e. all charges and fees are collected directly from the participants of the system and never deducted from the payment;
- conformity with the technical formats of SEPA schemes;
- banking community additional optional services (AOS), if any, shall not compromise the provisions of SEPA core products;
- publicly available regulations;
- compliance with the ECB Oversight Standards for Euro Retail Payment Systems;
- fair and open access criteria and governance principles of the system.

The key criteria for SEPA infrastructure established by the ECB are as follows:

- compliance with the main EPC requirements for SEPA infrastructure;
- interoperability with other SEPA infrastructures;
- possibility to send and receive SEPA payments to and from all banks in the euro area;
- common principles for all participants in terms of the accessibility to the system, the respective prices and provided services.

In Latvia, the potential providers of SEPA payment infrastructures are as follows:

- for SEPA credit transfers – the Bank of Latvia, maintaining the EKS;
- for SEPA direct debit payments – JSC *Itella Information*, maintaining the system of automated payment technologies;
- for SEPA card payments – Ltd *First Data Latvia*, maintaining the clearing and settlement system, as well as *AS DnB NORD Banka* and *Swedbank AS*.

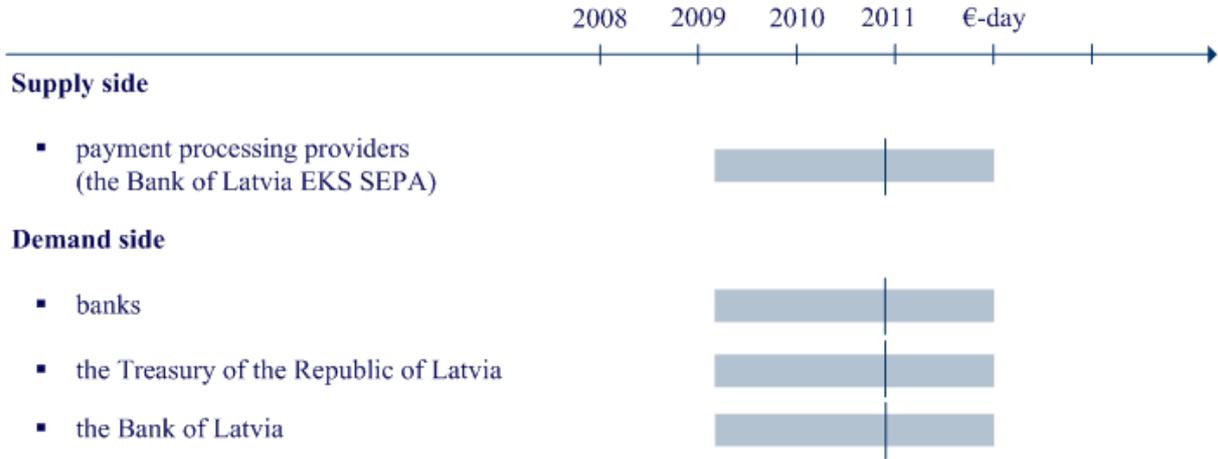
**3.1 SEPA credit transfer infrastructure**

Latvian banks currently execute SEPA credit transfers via direct or indirect participation in EBA STEP2 system. In January 2008, the Bank of Latvia started processing the euro customer payments executed by Latvian bank in the EKS. To ensure further provision of the euro settlement services in the EKS, the euro settlement services should be updated in line with the SEPA requirements. The most important modification activities are related to the introduction of UNIFI (ISO 20022) XML standard and compliance with the requirements for interoperability and reachability of infrastructures. The EKS compliance with the SEPA requirements has to be ensured by the end of 2010. Provision of the euro settlement services in the EKS will have to be suspended, if the above compliance is not ensured.

The Bank of Latvia submitted proposals to the ALCB and the Treasury of the Republic of Latvia for elaboration the EKS into a SEPA compliant infrastructure. The ALCB and the Treasury of the Republic of Latvia supported the above conceptual project, and on 19 February 2009, the Board of the Bank of Latvia also expressed consent to the concept for transforming the EKS into a SEPA compliant system and committed to implement the SEPA requirements' compliant EKS for processing SEPA credit transfers by 12 November 2010. Credit transfers executed in lats in EKS will be replaced by the processing of SEPA credit transfers as of the €-day.

The Treasury of the Republic of Latvia intends to update its internal information systems of payment processing in line with the SEPA requirements' compliant EKS, subject to the timeline of the EKS development plan.

**Chart 10. SEPA credit transfer infrastructure implementation plan in Latvia**



To ensure that EKS is transformed into a SEPA compliant infrastructure, the supply and demand sides implement appropriate measures within the SEPA credit transfer infrastructure implementation plan (see Chart 10).

An institution within the SEPA credit transfer infrastructure implementation plan:

- appoints the project manager;
- develops an individual action plan;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project;

– conducts a self-assessment of the SEPA credit transfer infrastructure implementation process (see the questionnaires enclosed in Appendix 1) and publicly discloses the self-assessment results.

In addition, the following issue has to be specified in relation to the SEPA credit transfer infrastructure:

– the final decision to transform the national payment system in line with the SEPA requirements or terminate functioning of the euro settlement system at the end of 2010, and change the standards for the settlement in lats with the introduction of the euro.

In parallel with the EKS, SJSC *Latvijas Pasts* also processes credit transfers by ensuring the operation of Postal payment system (PNS). In line with the envisaged restructuring measures, SJSC *Latvijas Pasts* does not plan to modify the Postal payment system in accordance with the SEPA requirements. Pursuant to the Republic of Latvia Cabinet of Ministers Resolution (the Protocol Decision No.45, §42, Item 2) of 14 August, 2007, it has been decided to establish JSC *Latvijas Pasta banka* and attract strategic investor for launching the above business. The establishment of JSC *Latvijas Pasta banka* is a gradual process: the network of post offices is separated from SJSC *Latvijas Pasts* and affiliated company JSC *Latvijas Pasta nodalū tīkls* established jointly with the strategic investor. At the end of 2008, JSC *Latvijas Pasta banka* was granted a licence for pursuit of the business of a credit institution. In line with the intended restructuring, SJSC *Latvijas Pasts* will terminate provision of financial services by 31 December 2010, and delegate them to JSC *Latvijas Pasta banka*, including provision of PNS services, money transfer and payment services.

### **3.2 SEPA direct debit payment infrastructure**

Automated payment technology system of JSC *Itella Information* is expected to provide both processing of SEPA direct debit payments and the respective SEPA value added services. The main assignments for implementing the SEPA direct debit infrastructure are related to the UNIFI (ISO 20022) XML standards and infrastructure interoperability.

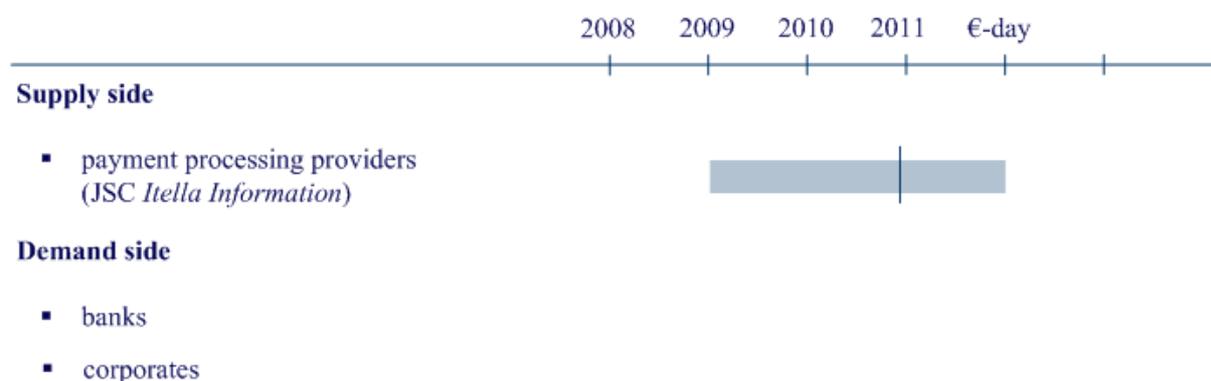
JSC *Itella Information* started to update its direct debit payment system in line with the SEPA requirements on 1 May 2009. JSC *Itella Information* has launched a project to update both the information and communication technology systems and legal documentation (customer contracts, forms, etc.), and other processes and procedures. The above project is to be completed by 1 November 2010.

JSC *Itella Information* intends to offer and simultaneously maintain the following two services:

1. processing of SEPA direct debit payments along with the appropriate SEPA value added services;
2. automated invoicing which might be provided in line with the current technology of automated payments of JSC *Itella Information*.

The existence of two payment systems would be useful for companies and banks during the migration to SEPA direct debit payments.

JSC *Itella Information* has committed to elaborate the system of direct debit payments in line with the SEPA requirements by 1 November 2010.

**Chart 11. SEPA direct debit payment infrastructure implementation plan in Latvia**

To ensure that automated payment technology system of JSC *Itella Information* is transformed into a SEPA compliant infrastructure, the supply and demand sides implement appropriate measures within the SEPA direct debit payment infrastructure implementation plan (see Chart 11).

An institution within the SEPA direct debit payment infrastructure implementation project:

- appoints the project manager;
- develops an individual action plan;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project;
- conduct a self-assessment of the SEPA direct debit payment infrastructure implementation process (see the questionnaires enclosed in Appendix 1) and publicly discloses the self-assessment results.

### 3.3 SEPA card payment infrastructure

In Latvia, all bank payment cards issued are co-branded with the international card organisations VISA, MasterCard and American Express. JSC *Itella Information*, AS *DnB NORD Banka* and *Swedbank AS* represent the domain of SEPA card payment processing system or the acquirer-to-issuer domain. Processing of interbank card payments, including clearing, is provided on the basis of an interbank arrangement, to which, in accordance with free access principle, i.e. upon a discharge of the contractual obligations and receipt of other bank approval, any Latvian bank issuing or acquiring VISA, VISA Electron, MasterCard or Maestro cards may accede. The systems of VISA, MasterCard and American Express are used for international card payments. Interbank charges and fees are paid for card payments in accordance with the interbank arrangement, while fees for international payments are collected in line with the interbank charges and fees set by VISA and MasterCard.

In Latvia, the infrastructure for card transaction processing corresponds to ISO 8583 standard which ensures that merchants are free to choose the most attractive acquirer, given the possibility that a POS terminal of any bank accepts a card issued by any bank. The EPC has been developing a common specification both for connections and terminals. In the future, the technical boundaries of markets will also vanish for this phase, with Ltd *First Data Latvia*, merchants and other market players implementing the respective requirements.

As a card processing provider, Ltd *First Data Latvia* has committed, in the course of 18 months following the approval of SEPA Cards Framework standard, to offer solutions supporting the uniform specifications in the terminal-to-acquirer and acquirer-to-issuer domains.

As a card processing provider, *Swedbank AS* has committed, in the course of 12 months following the approval of SEPA Cards Framework standards, to ensure their application to the terminal-to-acquirer and acquirer-to-issuer domains.

As a card processing provider, *AS DnB NORD Banka* has committed, in the course of 12 months following the approval of SEPA Cards Framework standards, to ensure their application to the terminal-to-acquirer domain.

Implementation timeline mainly depends on the content of the standard. Migration of the EMV, PCIDSS and PADSS standards will be completed within six months following the euro changeover date. Substantial investment will be required for implementation of new systems or improvement of the existing ones, if the final version of common specifications stipulates that the message format of card authorisation is changed to UNIFI (ISO 20022) XML standard, and thus a longer period of implementation, i.e. the above-mentioned 18 months, is envisaged.

**Chart 12. SEPA card payment infrastructure implementation plan in Latvia**



To ensure that the clearing system of Ltd *First Data Latvia* is modified in line with the SEPA Cards Framework, the demand and supply sides implement appropriate measures within the the SEPA card payment infrastructure implementation plan (see Chart 12).

An institution within the SEPA card payment infrastructure implementation project:

- appoints the project manager;
- develops an individual action plan;
- identifies potential benefits and the necessary investment;
- identifies potential obstacles to the implementation of SEPA project, etc.

## 4 LEGAL FRAMEWORK

EU legislation and documentation issued by the EPC form the legal framework for the SEPA project. To ensure a successful implementation of the SEPA project at a national level, it is important to adopt the relevant EU law, and to follow the EPC requirements.

### 4.1 Payment Services Directive

The main purpose of the Directive 2007/64/EC is to ensure that EU customer payments – particularly credit transfers, direct debits and card payments – are executed in a simple, safe and efficient manner as national payments today. Directive 2007/64/EC is the core element of the SEPA legal framework. By 1 November 2009 all EU Member States need to transpose the Directive 2007/64/EC into national law. The Directive 2007/64/EC covers three areas:

- The right to provide payment services to the public;
- Transparency and information requirements;
- Rights and obligations of users and providers of payment services.

What is a directive?

Directives are legal means to harmonise and coordinate Member State legal acts. Provisions of a directive become binding on the Member States after they have been incorporated in the national legislation. Each Member State is bound to achieve the aims of a directive, but it is up to the national authorities to decide how the directive is implemented in national law.

By having to be implemented in national law, a directive differs from a regulation which is adopted by the Community and is directly applicable in the Member States, i.e. without having to be implemented in national law.

*The right to provide payment services to the public.* Directive 2007/64/EC provides for the legal regulation for launching and supervising operations of new retail service providers. It will enhance competitiveness, create a level playing field and new developments in the national markets, promoting technology development and possibilities to create new products.

*Transparency and information requirements.* Directive 2007/64/EC provides for a uniform set of information which the payment service providers must make available to the service users whether SEPA products or other national payment products are offered. It will improve the transparency of services and will enable the service users to select the most effective payment products.

*Rights and obligations of users and providers of payment services.* Directive 2007/64/EC provides for the rights and obligations of payment service users and providers:

- principles for levying charges;
- principles for authorising payment transactions, including terms and conditions for refunding authorised and unauthorised payments, and the duty of the service user to keep the payment instrument safe;
- principles for execution of payment transactions, including execution time, terms and conditions for receipt, execution and value dating;
- provisions for data protection and procedures for settlement of disputes.

The Ministry of Finance of the Republic of Latvia is the institution in charge of drafting the Law on Payment Services in Latvia. The adoption of the draft law in Latvia is planned for the fourth quarter of 2009.

Transitional Provisions of the Law on Payment Services will ensure the continued legal validity of direct debit mandates. The ALCB, JSC *Itella Information* and the Bank of Latvia took part in drafting the Transitional Provisions. After the drafting was completed, consultations were held with industry representatives, stakeholders and non-governmental organisations.

As a representative of consumers, the Consumer Rights Protection Centre points out that the out of court dispute settlement procedure, stipulated by the Directive 2007/64/EC, could also support a fair implementation of the SEPA project with respect to consumers.

#### **4.2 Regulation on cross-border payments in the Community**

Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments in the Community and repealing Regulation (EC) No 2560/2001 (Regulation (EC) No 924/2009) promotes the single European payments market by setting requirements to levy the same charges for national and cross-border payments in euro and to apply IBAN and BIC as account identifiers. Regulation (EC) No 924/2009 also enlarges the scope of payments by covering not only credit transfers and card payments but also direct debit payments.

What is a regulation?

A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States.

At the moment the regulation takes effect, it becomes binding across the whole EU, and no special national legislation is required for its enforcement.

Pursuant to Regulation (EC) No. 924/2009, a payment service provider of a payer reachable for a national direct debit transaction in euro on the payment account of that payer shall also be reachable, within the direct debit scheme, for direct debit transactions in euro initiated by a payee through a payment service provider located in any EU Member State as of 1 November 2010. Regulation (EC) No 924/2009 states that in those Member States, where the euro has not been introduced as their currency, the reachability of payers' accounts for direct debit payments in euro should be ensured by 1 November 2014.

#### **4.3 EPC documents**

The EPC has developed business requirement rulebooks for two SEPA core products – SEPA credit transfers and SEPA direct debit payments, and business requirement framework for SEPA card payments and SEPA infrastructures. Numerous implementation guidelines including technical standards for payment handling are available for SEPA credit transfers and SEPA direct debit payments.

What is a rulebook?

Rulebooks define SEPA schemes (SEPA credit transfer and SEPA direct debit payments) conditions and obligations. The Rulebook contains requirements for SEPA scheme participants and other involved stakeholders, for example, infrastructures and vendors. The Rulebook is primarily focused on the business requirements and operational procedures of SEPA schemes.

What is a framework?

Frameworks define general principles and rules for stakeholders.

What are implementation guidelines?

Implementation guidelines define rules for implementing UNIFI (ISO 20022) XML message standards into the SEPA schemes.

In the update process of the above documents, the EPC regularly organises public consultations, inviting all SEPA project stakeholders to participate.

The EPC has established SEPA credit transfer and SEPA direct debit payments Scheme Management Committee (SMC) that is responsible for the registration of participants, and three panels as out-of-court dispute settlement options for SEPA credit transfer scheme and SEPA direct debit scheme participants. In 2008, three panels were established: for complaints, reconciliation and appeals. The EPC SMC has approved SEPA Scheme Management Internal Rules.

## 5 STANDARDISATION

Uniform business and technical requirements for SEPA product processing is a prerequisite for an integrated payment market development. A fully automated data exchange throughout the payment value chain in accordance with uniform requirements would ensure not merely convenient payment processing, but also contribute to the reduction of payment transaction costs.

The EPC has developed and agreed customer payment standards for the bank-to-bank domain. The EC and ECB encourage expanding the scope of the standard application, i.e. for the customer-to-bank and bank-to-customer domains.

Standards are rules regulating the technology and operations of the system. Technical standards are necessary to ensure the information system interoperability and enhance the payment process automation.

In the field of standards, EPC has defined two major groups and developed relevant documents:

- 1) uniform business requirements for payment messages, which have been included in the rulebooks for SEPA credit transfer and SEPA direct debit schemes, as well as SEPA card framework and SEPA infrastructure framework. Each payment message must contain all relevant information that banks require for executing a payment, including payment amount, bank account details, names of the payer and beneficiary;
- 2) payment message formats provided for by the SEPA implementation guidelines. The payment message formats have been developed on the basis of the universal financial industry message standards UNIFI (ISO 20022) XML developed by ISO.

Latvian banks and other stakeholders involved in the SEPA project have to ensure transition to the new UNIFI (ISO 20022) XML standards.

Complying with the requirements of SEPA technical standards, part of Latvian banks undergo conversion from the previous SWIFT MT103 customer payment standard to UNIFI (ISO 20022) XML message standard in compliance with SEPA requirements. In 2008–2010 banks will undergo transition to UNIFI (ISO 20022) XML standard.

Since 2002, Latvian banks use the XML standard for the business-to-bank and bank-to-business domains. The Working Group on single standard for financial data exchange (FiDAViSta) of the ALCB has developed the description of the standard and operational framework.

The application of UNIFI (ISO 20022) XML standards for the customer-to-bank and bank-to-customer domains depends on the enterprise IT system developers. As soon as the identification of standard requirements for the customer-to bank and bank-to-customer domains is accomplished, Latvian banks envisage an opportunity to agree with the system developers on aligning the standards with the IT systems used by companies. Latvian banks anticipate FiDAViSta update in line with the requirements of UNIFI (ISO 20022) XML

standard. In autumn 2009, the ALCB has re-established the operation of FiDAViSta Working Group with the aim of developing a proposal for the new FiDAViStaSEPA standard.

Since the middle of 2008, the Treasury of the Republic of Latvia, improving the customer service quality, launched the automatic message exchange system of the Treasury, enabling to implement the public administration functions in the sphere of the state financial management more efficiently, ensuring exchange of information regarding payment data, applying the FiDAViSta payment message format, between the Treasury of the Republic of Latvia as the holder of information and the institution as the user of the information. Following a detailed analysis of the potential benefits and costs, the Treasury of the Republic of Latvia will assess the opportunities of applying the UNIFI (ISO 20022) XML standard for the Treasury-to-customer and customer-to-Treasury domains.

The ECL points out the importance of also retaining the FiDAViSta for payments in lats after the FiDAViStaSEPA standard has been introduced. Upon the implementation of the FiDAViStaSEPA standard, coordination between banks and companies would be required. A delay in deciding on the update of the national standards according to UNIFI (ISO 20022) XML standard may cause risk to companies deciding on migration to SEPA credit transfers.

The Latvian Information and Communications Technology Association supports and is positive about the implementation of FiDAViSta in Latvia as it has enabled to substantially facilitate the system compatibility and reduce time and other resources. Upon the implementation of FiDAViStaSEPA standard, coordination among banks, companies and information and communication technology corporations would be required, at the same time agreeing the time frame for the reorganisation process. Concerted action of all SEPA project stakeholders would make the migration to UNIFI (ISO20022) XML standards easier.

The EC Expert Group on e-invoicing is preparing consolidation of payment standards that would enable to make e-invoices compatible with other e-SEPA products. In the long-term, migration towards a single predominant syntax level standard is under way. The Expert Group calls for using proposals of UN/CEFACT and ISO, two global standardization organisations. In the Expert Group's opinion, resolving of the e-invoicing standard issues will provide considerable opportunities to use them also in providing other e-government services, including e-SEPA.

## 6 COMMUNICATION

Effective communication is crucial for implementing the SEPA project successfully. The SEPA project communication is a topical issue both on the overall European and national levels, identifying priorities of communication methods of each project stakeholder.

The goal of communication is to enhance public awareness of the benefits of SEPA payment instruments.

The EC in cooperation with the EPC and ECB established a forum of SEPA Coordination Committees where topical migration issues are discussed, including those on the national working group organisation, country progress and identification of current obstacles.

The EC and ECB encourage them to develop national communication plans, stating the key activities to be undertaken for promoting SEPA products.

Since January 2008 most banks in Latvia offer the first SEPA products: payment cards compliant with SEPA requirements and SEPA credit transfers. Latvian payment infrastructures develop implementation projects for SEPA compliance. In order to encourage the demand side of SEPA payment market to start using SEPA products, it is necessary to identify the possibilities of providing communication by each stakeholder, as well as SEPA project benefits in Latvia.

Since Latvia was a non-euro area country in 2009, initially the SEPA stakeholders would use methods of passive communication: publications in the press, publishing information on SEPA websites, etc. As the moment of euro changeover approaches closer, active communication means would be used.

### 6.1 Development of the national SEPALatvija.lv website

The development of national SEPA websites became a topical issue for all euro area countries already in 2007. At the end of 2007, as non-euro area countries were also actively involved in the SEPA project, the issue of developing the national SEPA website became topical in Latvia as well.

The goal of the national SEPA website is to provide unbiased, publicly available and comprehensive information about the progress of the SEPA project, its objectives, benefits to the stakeholders, etc. that is relevant and topical for introducing and developing SEPA products. Given the significance of the SEPA project in ensuring effectiveness of the European internal market, the key goals of a national SEPA website is to inform the general public about the following:

- 1) the general meaning of the SEPA project and its progress in Europe and Latvia, including organisational measures;
- 2) stakeholder opinions about the SEPA project in Latvia, including the public commitment to offer and use SEPA products;
- 3) benefits to all stakeholders;

- 4) SEPA products, SEPA infrastructure, standards and other SEPA components;
- 5) legal framework of the SEPA project;
- 6) progress of implementing the SEPA project, using SEPA indicators;
- 7) results of self-assessment of the SEPA project implementation;
- 8) various publications and announcements related to the SEPA project.

Information on the national SEPA Latvia website has been targeted to each main market segment, i.e. consumers, companies, public authorities, banks, system providers and technology providers.

To ensure the development of the national SEPA Latvia website, on 30 June 2008 the MPSWG in cooperation with the Bank of Latvia registered the domain names *sepalatvija.lv* and *sepalatvia.lv*. When developing the national SEPA Latvia website, the experience of developing and operating SEPA websites in other countries as well as the ECB SEPA and EC SEPA websites was used. All SEPA project stakeholders coordinate the incorporation of information on the national SEPA Latvia website. The national SEPA Latvia website was launched on 2 July 2009.

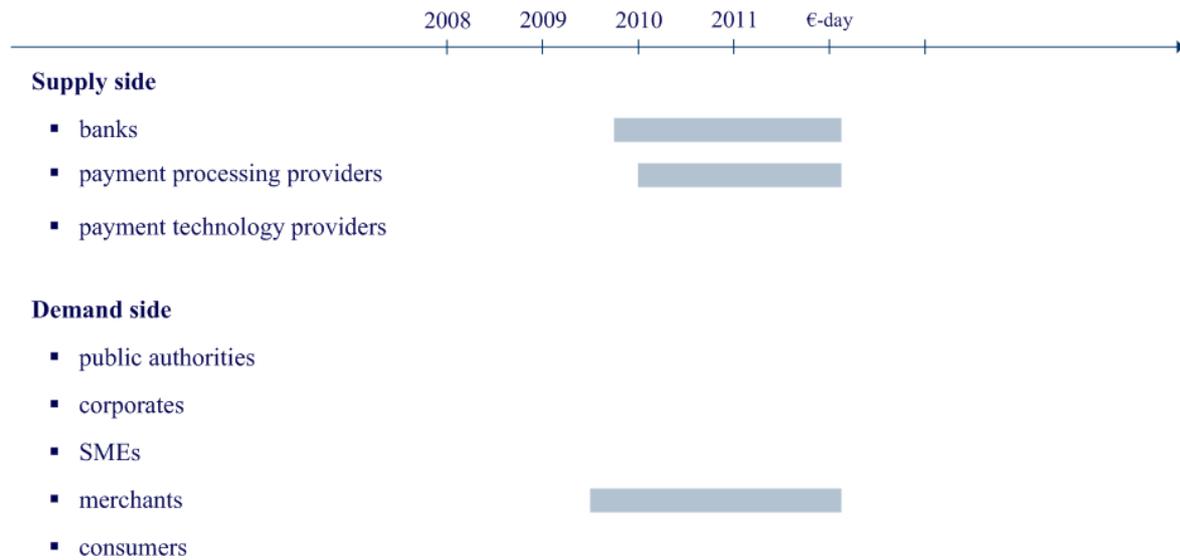
## **6.2 Active communication plan**

In the opinion of Latvian banks, active communication is required as the moment of euro changeover approaches, coordinating it with the communication action plan for the euro changeover. With respect to SEPA Card Framework, workshops on the implementation of SEPA standards shall be organised for merchants. In the Latvian Merchant Association's view, additional workshops should be held in Latvia's regional areas.

The JSC *Itella Information* believes that it is essential to directly inform customers on the uniform SEPA standards, common procedures for refunding of erroneous payments, advantages of reachability, and other SEPA benefits.

The Latvian Information and Communications Technology Association supports communication and undertakes to ensure it by informing its members on SEPA benefits and encouraging them to actively participate in the usage of SEPA products and also creation of customer-tailored solutions that would be able to process such SEPA products according to customer needs.

Representing the interests of consumers, the Consumer Rights Protection Centre points out that it is essential for consumers to be aware of the terms and conditions with respect to the specific issues and thus could use those products and services they need most, and that the rules be applied fairly. To ensure that, informational measures should be organised on a national level (for example, campaigns, educational programmes at schools, special tools on the internet, etc.), and consumers should be able to receive free information from their service providers.

**Chart 13. SEPA project communication plan in Latvia**

Pursuant to the SEPA project communication plan (see Chart 13), the supply and demand sides perform appropriate measures to ensure as effective communication in their respective sector and with the general public as possible.

NSWG communication activities:

- the institution responsible for informing the whole sector has been appointed, and its accurate contact details have been received;
- the impact of the SEPA project has been identified;
- the communication contents have been developed and appropriate communication methods have been selected.

**ABBREVIATIONS FREQUENTLY USED IN SEPA PROJECT**

	Bankomāts	<i>Automated teller machine</i>	ATM
	Bankas identifikācijas kods	<i>Bank Identification Code</i>	BIC
	Maksājumu un norēķinu sistēmas	<i>Clearing and settlement mechanism</i>	CSM
	Eiro banku asociācija	<i>Euro Banking Association</i>	EBA
EK	Eiropas Komisija	<i>European Commission</i>	EC
ECB	Eiropas Centrālā banka	<i>European Central Bank</i>	ECB
EKS	Latvijas Bankas elektroniskā klīringa sistēma	<i>The Electronic Clearing System of the Bank of Latvia</i>	
		<i>Europay, Mastercard, VISA</i>	EMV
	Eiropas Maksājumu padome	<i>European Payments Council</i>	EPC
ES	Eiropas Savienība	<i>European Union</i>	
FiDAViSta	Finansiālu datu apmaiņas vienotais standarts	<i>Single standard for financial data exchange</i>	
	Starptautiskais bankas konta numurs	<i>International Bank Account Number</i>	IBAN
	Starptautiskā standartizācijas organizācija	<i>International Organization for Standardization</i>	ISO
LDDK	Latvijas Darba devēju konfederācija	<i>Employers Confederation of Latvia</i>	ECL
LKA	Latvijas Komerčbanku asociācija	<i>Association of Latvian Commercial banks</i>	ALCB
MVU	Mazie un vidējie uzņēmumi	<i>Small and medium size enterprises</i>	SMEs
	Nacionālā pievienošanās atbalsta organizācija	<i>National Adherence Support Organisation</i>	NASO
NMSDG	Naudas un maksājumu sistēmu darba grupa	<i>Money and Payment Systems Working Group</i>	MPSWG
NSDG	Nacionālā SEPA darba grupa	<i>National SEPA Working Group</i>	NSWG
		<i>Payment application data security standard</i>	PADSS
		<i>Payment card industry data security standard</i>	PCIDSS
	Personiskais identifikācijas numurs	<i>Personal identification number</i>	PIN
	Tirdzniecības vieta	<i>Point of sale</i>	POS
	Vienotā eiro maksājumu telpa	<i>Single Euro Payments Area</i>	SEPA
	Maksājuma komisijas piemērošanas metode, kad komisiju maksā gan maksātāja, gan saņēmēja puse	<i>Commission fees are shared between two parties, i.e. the payer pays to the payer's bank and the payee pays to the payee's bank</i>	SHA
		<i>Terms of Reference</i>	ToR
		<i>Universal financial industry message scheme</i>	UNIFI
		<i>Extended mark-up language</i>	XML

## APPENDIXES

### Appendix 1. Self-assessment forms of the SEPA stakeholders

#### Supply side: self-assessment template for banks and payment institutions

The Eurosystem's expectations are not formal or legally binding requirements for a SEPA provider (i.e. a bank or a payment institution). Rather, the aim is that the expectations published by the Eurosystem provide a benchmark to ensure that providers can aim to fulfil the Eurosystem's more comprehensive expectations and not only adhere to the relevant rulebooks and frameworks. The Eurosystem will not assess whether SEPA providers fulfil these expectations, but providers are invited (not legally required) to assess their operations against the criteria and recommendations on a regular basis and to publish the results.

It is not expected that banks and payment institutions which are currently not active in a specific product type will need to offer the corresponding product type within SEPA. Therefore, SEPA expectations<sup>18</sup> relate only to products a bank or payment institution already offers in legacy euro instruments. Providers are free to choose not to offer a product type which they do not provide already for legacy euro instruments, and yet they can still fulfil the expectations.

[name of the bank or payment institution]

1. ensures its operational capability to send and receive SEPA payments by:

- a. adhering to the SEPA credit transfer rulebook and being a participant in the SEPA credit transfer scheme (only applicable if such business is conducted);<sup>19</sup>

Yes       No      Comments:

- b. adhering to the SEPA direct debit rulebook(s) and being a participant in the SEPA direct debit scheme (only applicable if such business is conducted);<sup>20</sup>

Yes       No      Comments:

- c. listing all operational BIC8 or BIC11<sup>21</sup> used for payment services in at least one CSM directory that provides full SEPA reachability;

Yes       No      Comments:

<sup>18</sup> *Eurosystem's SEPA expectations*, 27 March 2009. Appendix 1. [cited 8 October 2009]. Available: <http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

<sup>19</sup> This means that the Eurosystem expects a bank/payment institution that offers, for instance, a legacy credit transfer solution for euro payments to also offer SEPA credit transfers.

<sup>20</sup> This means that the Eurosystem expects a bank/payment institution that offers, for instance, a legacy direct debit solution for euro payments to also offer SEPA direct debits (once available).

<sup>21</sup> BIC11 is only necessary if payments addressed to the generic BIC8 plus any branch code – including "XXX" – cannot be processed.

- d. aligning business processes and affected software with the provisions of the relevant European Payments Council (EPC) rulebooks, and successfully testing the solutions and introducing them into the live environment;

Yes       No      Comments:

- e. offering the use of SEPA standards in the customer-to-bank and bank-to-customer field<sup>22</sup> (as developed by the EPC, but currently only recommended for optional use), at least in addition to legacy standards and – if useful – liaising with the customers' software providers in order to contribute to customers' migration to SEPA payment instruments;

Yes       No      Comments:

- f. not offering conversion services which result in a loss of data. Except for cases in which the payee explicitly asks that not all information be forwarded, full data are provided to the payee. After the SEPA migration end-date (once defined), the offering of any conversion service in the interbank space will cease.

Yes       No      Comments:

2. offers SEPA instruments to users that correspond to instruments already offered in the form of legacy euro payment instruments.<sup>23</sup> The SEPA instruments are available for sending and receiving domestic and cross-border payments within SEPA.

By fulfilling these expectations, we are operationally ready to process (relevant) SEPA instruments. We also make these instruments available for active use by our customers.

Yes       No      Comments:

In addition, we observe the Eurosystem's recommendations that a bank/payment institution:

- A. make the SEPA instruments attractive to customers by:

- a. making SEPA payment instruments the default option for domestic and cross-border transactions within SEPA thereby replacing legacy euro payment instruments;

Yes       No      Comments:

- b. making services that are available for legacy payments (e.g. internet banking and the ability to register recurring or standing orders) available for the SEPA instruments as well;

Yes       No      Comments:

<sup>22</sup> It is assumed that the same standards will be recommended for communication by payment institutions.

<sup>23</sup> The Eurosystem expects not only that a payment instrument offered in the legacy format will also be offered in the SEPA format, but also that the same service level will be guaranteed. If this is not possible with the core SEPA format, AOSs should be introduced in accordance with the EPC's guidelines.

- c. offering services which allow customers to effect payments containing only the IBAN (i.e. without the BIC);

Yes       No      Comments:

- d. working to improve the SEPA instruments in order to meet user requirements and demands by establishing additional optional services (AOSs), supporting the transformation of successful community AOSs into SEPA-wide AOSs and implementing products based on the e-SEPA initiative and future frameworks such as 'SEPA online payments' and 'SEPA mobile payments' (once available).

Yes       No      Comments:

B. actively inform customers about SEPA by:

- a. dedicating an area on the bank's/payment institution's website to SEPA and providing additional information for customers;

Yes       No      Comments:

- b. clearly describing the benefits of SEPA for different types of user;

Yes       No      Comments:

- c. making the BIC (as long as it is a required identifier in SEPA) and the IBAN easily available to its customers (e.g. inserting it in obvious place on the bank account statement, in the internet banking interface and on cards – provided there are no legal obstacles).

Yes       No      Comments:

C. observe the Eurosystem's SEPA policy by:

- a. using an infrastructure (if relevant) that has undergone a self-assessment against the relevant Terms of Reference (ToR) for infrastructures, that has published the results and that observes the ToR in accordance with this self-assessment;

Yes       No      Comments:

- b. offering clearing and settlement services (if relevant) based on the applicable principles from the ToR for infrastructures.

Yes       No      Comments:

**Supply side: self-assessment template for infrastructure providers**

To achieve the desired transparency, the Eurosystem expects<sup>24</sup> major infrastructure providers aiming to meet the SEPA compliance criteria to conduct self-assessments on a regular basis and make them publicly available. The Terms of Reference (ToR) in this document provide guidance for this purpose.

[name of the infrastructure provider]

1. Processing capabilities: To promote the SEPA-compliance of infrastructures, infrastructures are asked to comply with the requirements of the PEACH/CSM Framework, the SCT Rulebook and/or the SDD Rulebook(s), the Implementation Guidelines and the associated UNIFI (ISO 20022) XML standards, and to be ready to support scheme testing as planned by the European Payments Council (EPC).

1) Have you sent a Disclosure Letter to the EPC regarding your intention to become a SEPA scheme compliant CSM?

Yes       No      Comments:

2) Are you compliant with the relevant PEACH/CSM Framework?

Yes       No      Comments:

3) Are you compliant with the relevant SCT Rulebook?

Yes       No      Comments:

4) Are you compliant with the relevant SDD Rulebook(s), i.e. core service and, if and when adopted, Business-to-Business service and e-mandate service?

Yes       No      Comments:

5) Are you complying with the relevant guidelines that require the use of the UNIFI (ISO 20022) XML message standard?

Yes       No      Comments:

6) Are you able to deliver all mandatory payment information (from the so-called yellow data fields) in full and without alteration between the involved scheme participants?

Yes       No      Comments:

a. Please provide information on your ability to process the full SEPA-subset of the ISO 20022 XML messages (i.e. the yellow and white data fields)?

---

<sup>24</sup> *Terms of reference for the SEPA-compliance of infrastructures*, 25 April 2008. [cited 8 October 2009]. Available: <http://www.ecb.int/paym/sepa/timeline/compliance/html/tor.en.html>.

Yes       No      Comments:

- 7) If you provide conversion services between XML and legacy formats (and/or v.v.), do you ensure that no payment data is lost?

Yes       No      Comments:

- 8) Have you adequately tested your processing procedures?

Yes       No      Comments:

- a. Please describe the framework, the organisation, the scope (national or cross-border) and the reach (CSM-bank, bank-CSM-bank, end-to-end) of the testing.

Comments:

2. Interoperability: To promote the SEPA-compliance of infrastructures, infrastructures are asked to adopt interoperability rules, i.e. interface specifications and business procedures for the exchange of SEPA credit transfers and SEPA direct debit payment orders between banks and infrastructures, and between infrastructures, that are preferably mutually agreed upon by the relevant CSMs, and undertake to establish a link with any other infrastructure upon request, based on the principle that the cost for establishing the link is borne by the requesting infrastructure.

- 1) Have you adopted interoperability rules, i.e. interface specifications and business procedures for the exchange of SEPA credit transfers and SEPA direct debit payment orders between banks and infrastructures, and between infrastructures?

Yes       No      Comments:

- a. If yes, are the interoperability rules you are using mutually agreed upon by the relevant CSMs?

Comments:

- b. please describe, especially where you are not using mutually agreed interoperability rules, the relevant elements for interoperability (message formats, cut-off times, clearing and settlement procedures, reconciliation and control procedures);

Comments:

- c. are you compliant with other relevant rules, guidelines or practises which aim at ensuring interoperability (e.g. the "CSM Market Practises")?

Yes       No      Comments:

- 2) Would you undertake to establish a link with any other infrastructure upon request?

Yes       No      Comments:

- a. Have one or several links been established? If yes, please provide the names of the participating infrastructures;

Yes       No      Comments:

- b. a link would ideally be created on the basis of a mutually beneficial business case. In absence of such a business case, the requesting infrastructure provider would have to bear the costs of the requested link (setting up and maintenance thereof). Who bears the costs of the established link(s)?

Comments:

- c. have you considered, either on your own initiative or upon request, changing the internal processing procedures in order to increase the efficiency of a link? Have any such changes been carried out?

Comments:

- d. how are the transfers between CSMs settled?

Comments:

3. Reachability: To promote the SEPA-compliance of infrastructures, infrastructures are asked to be able to send or receive euro payments to and from all banks in the euro area, either directly or indirectly through intermediary banks, or through links between infrastructures (in other words, to provide full reachability).

- 1) Are you able to send euro payments from your participants and receive euro payments for your participants, to and from all SEPA scheme participating banks in the euro area, either directly or indirectly through intermediary banks, or through links between infrastructures?

Yes       No      Comments:

- a. Please describe how many SEPA scheme participating banks you can reach (directly or indirectly) on the basis of contractual arrangements?

Comments:

- b. how do you ensure that you are able to route a payment to each bank in the euro area that is participating in the SEPA scheme(s)?

Comments:

- c. please describe how you obtain the necessary routing information. If you use your own routing database, how do you update it, i.e. how do you obtain the latest information from all SEPA scheme participating banks in the euro area? How do

you address possibly conflicting information if a SEPA scheme participating bank is reachable via several payment channels? How is routing decided where there are several possibilities for reaching a SEPA scheme participating bank?

Comments:

- d. how much time (in days) do you need to reach every SEPA scheme participating bank, respectively be reached by every bank in the euro area that is participating in the SEPA scheme(s)? Will you be able to reach every SEPA scheme participating bank within one business day at the latest by 2012?

Comments:

- e. if you currently do not offer full reachability to your participants, do you intend to offer it at a later point in time? If so, how will you achieve this and by when?

Yes

No

Comments:

4. Choice for banks: To promote the SEPA-compliance of infrastructures, infrastructures are asked to enable financial institutions to make infrastructure choices based on service and price, and therefore not to apply undue access restrictions, nor to set obligations for users to process certain types of payment in a specific infrastructure, or via specific proprietary standards, nor to impose participation obligations on users of other infrastructures, and to ensure full transparency of services and pricing.

- 1) Have you made your retail payments clearing service offerings and your fee structure (including information (and amounts) about all types of applicable fees, such as admission fees, periodical fees, transaction fees or package fees) publicly available?

Comments:

- 2) Do you refrain from applying different access conditions depending on the type of applicant, its location or other kind of considerations?

Comments:

- 3) Do you refrain from obliging your participants to process certain SEPA payments in a specific infrastructure?

Yes

No

Comments:

- 4) Do you refrain from obliging your participants to use specific proprietary standards for SEPA payments?

Yes

No

Comments:

- a. If no, please describe the proprietary standards for SEPA payments that you oblige your participants to use.

Comments:

- 5) Do you refrain from imposing participation obligations on the users of other infrastructures when another CSM is requesting a link?

Yes

No

Comments:

**Demand side: self-assessment template for banks, central banks and payment institutions**

Banks and the future payment institutions play a crucial role in the SEPA process. Not only do they contribute to the policy-setting process, they are providers of the resulting SEPA payment instruments too. Since they expect other users to adopt SEPA payment instruments, the Eurosystem also expects<sup>25</sup> them to lead by example in order to be consistent. Therefore, banks should:

[name of the bank, central bank or payment institution]

1. include a reference to the SEPA criteria of the European Payments Council (EPC) and the Eurosystem's expectations in the text of their invitations to tender for payment processing?

Yes             No            Comments:

2. use SEPA payment instruments (instead of legacy euro payment instruments) and use a provider (i.e. for payments which are not "on-us" payments) which observes the EPC's and the Eurosystem's SEPA rules and expectations, and which does not necessarily need to be located within the same country, in order to:

Yes             No            Comments:

- a. pay their suppliers. If unavailable, the Eurosystem expects banks and payment institutions to actively request the necessary SEPA identifiers from their suppliers;

Yes             No            Comments:

- b. effect salary payments. The Eurosystem expects employees to provide their IBANs and BICs;

Yes             No            Comments:

3. use IBANs instead of account numbers, if the payments mentioned under 2.a and 2.b are effected in-house (i.e. "on-us payments").

Yes             No            Comments:

---

<sup>25</sup> Eurosystem's SEPA expectations, 27 March 2009. p. 10 [cited 8 October 2009]. Available: <http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

**Demand side: self-assessment template for companies and public administrations**

The Eurosystem recommends<sup>26</sup> that large users (such as companies and public administrations) wishing to achieve a more harmonised treatment of national and cross-border payments.

[name of the company or public administration]

1. include a reference to the SEPA criteria of the European Payments Council (EPC) and the Eurosystem's expectations in the text of their invitations to tender for payment processing services;

Yes             No            Comments:

2. use a provider which observes the EPC's and the Eurosystem's SEPA rules and expectations. This provider does not necessarily need to be located within the same country. The Eurosystem expects users to consult with this chosen SEPA provider and the user's (business) software provider on how to achieve technical readiness for SEPA and how to benefit from SEPA;

Yes             No            Comments:

3. effect the necessary changes in and additions to their internal systems and databases (e.g. by updating bank codes and account numbers to BICs and IBANs), their ERP software and the underlying processes (e.g. reconciliation, cash management) in order to be able to originate and process SEPA credit transfers;

Yes             No            Comments:

4. effect the changes necessary for SEPA direct debits (once available), for instance regarding the handling of mandates or – if not solved by the legislator in the PSD transposition – the migration of legacy mandates;

Yes             No            Comments:

5. realise the potential benefits from using XML standards in the customer-to-bank and bank-to-customer space, including standards for reporting and reconciliation (if and when available) – these benefits could include the use of structured remittance information and a higher flexibility to change banking relationships;

Yes             No            Comments:

6. consider the planning of necessary investment in order to have it included in the next budget period;

Yes             No            Comments:

---

<sup>26</sup> Eurosystem's SEPA expectations, 27 March 2009. p. 9-10 [cited 8 October 2009]. Available: <http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

## 7. support the general adoption of SEPA products by:

- a. printing the IBAN and the BIC on all invoices (not only on cross-border invoices as currently requested by the EC Regulation 2560/2001) in a more obvious place than the legacy identifiers to further support the adoption of SEPA. In addition, national SEPA migration committees could discuss and agree on the approach of printing SEPA identifiers only;

Yes       No      Comments:

- b. making them easily available on their websites, if they already have legacy identifiers published on their website too;

Jā       Nē      Komentāri:

- c. ascertaining and using IBANs and BICs for their own purchases;

Yes       No      Comments:

- d. not putting any restrictions on the location of a payer's (e.g. a debtor in the case of a direct debit) or payee's bank (e.g. for salary payments for employees) within SEPA;

Yes       No      Comments:

- e. paving the way for payers to use SEPA instruments, e.g. by using IBANs and BICs instead of legacy identifiers if customers are provided with online or paper forms.

Yes       No      Comments:

**Demand side: self-assessment template for merchants**

In addition to the characteristic payments related to a company, merchants typically have a contractual relationship with card acquirers and offer their clients one or more card schemes for effecting payments. When doing so, the Eurosystem expects<sup>27</sup> merchants to consider:

[name of the merchant]

1. accepting cards offered by card schemes which observe the Terms of Reference (ToR) for card schemes and that follow the SEPA cards framework;

Yes             No            Comments:

2. making contracts with acquirers which have aligned their card business with the provisions of the Eurosystem's ToR for card schemes;

Yes             No            Comments:

3. migrating towards EMV-certified terminals and to systems using SEPA standards (once available);

Yes             No            Comments:

4. accepting additional (European) card scheme(s) once available (if this is a viable commercial decision);

Yes             No            Comments:

5. promoting the usage of efficient card schemes at the point of sale or at least not discouraging their use in comparison with cash (e.g. by exclusively offering discounts for cash payment).

Yes             No            Comments:

---

<sup>27</sup> Eurosystem's SEPA expectations, 27 March 2009. p. 10-11 [cited 8 October 2009]. Available: <http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

**Demand side: self-assessment template for retail customers (consumers)**

There is a common understanding that retail customers are not very likely to actively request SEPA payment instruments, since the benefits may not be that obvious to them. However, retail customers will be affected by a phasing-out of the legacy instruments too. Formulating expectations for retail customers can easily be misconceived as putting an additional burden on consumers. In combination with consumers' reluctance to change payment behaviour, this might easily contribute to a SEPA-averse attitude. Therefore, it is worth emphasizing that the measures listed in this section are not actions that the Eurosystem "expects"<sup>28</sup> from every consumer, rather the Eurosystem "expects" that the migration to SEPA will be facilitated if a lot of consumers take these steps.

A retail customer can:

1. inform himself/herself about the IBAN or his/her account and the corresponding BIC of his/her bank;

Yes             No            Comments:

2. use IBANs and BICs (if the latter is requested at all) instead of national identifiers whenever indicated on the invoice;

Yes             No            Comments:

3. use SEPA credit transfers and SEPA direct debits (when available) instead of the corresponding legacy products;

Yes             No            Comments:

4. use card payments at the point of sale, instead of less efficient means of payment (e.g. cheques), at a domestic as well as a SEPA level;

Yes             No            Comments:

5. compare the services offered by banks in several SEPA countries, when establishing a new banking relationship.

Yes             No            Comments:

---

<sup>28</sup> Eurosystem's SEPA expectations, 27 March 2009. p. 11 [cited 8 October 2009]. Available: <http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

## Appendix 2. SEPA direct debit schemes mandates

### SEPA Core Direct Debit Scheme mandate

#### Latvian for Latvia

**Circulation:** Public use

**Restricted:** No

Language: Latvian	Approved for (countries): Latvia
<b>Header texts:</b>	
SEPA Direct Debit Mandate	SEPA tiešā debeta mandāts
Mandate reference – to be completed by the creditor	Mandāta reference (aizpilda saņēmējs)
CREDITOR'S NAME & LOGO	SAŅĒMĒJA NOSAUKUMS UN LOGO
<b>Authorisation statement:</b>	
By signing this mandate form, you authorise (A) {NAME OF CREDITOR} to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instructions from {NAME OF CREDITOR}.	Parakstot šo mandātu, jūs pilnvarojat (A) {SAŅĒMĒJA NOSAUKUMS} nosūtīt rīkojumu jūsu bankai debitēt jūsu kontu un (B) jūsu banku debitēt jūsu kontu saskaņā ar {SAŅĒMĒJA NOSAUKUMS} rīkojumu.
As part of your rights, you are entitled to a refund from your bank under the terms and conditions of your agreement with your bank. A refund must be claimed within 8 weeks starting from the date on which your account was debited.	Jums ir tiesības pieprasīt naudas līdzekļu atmaksu no jūsu bankas saskaņā ar jūsu bankas konta apkalpošanas līguma nosacījumiem. Naudas līdzekļu atmaksa jāpieprasa 8 nedēļu laikā sākot no jūsu konta debitēšanas datuma.
Please complete all the fields marked *.	Lūdzam aizpildīt visus ar * atzīmētos laukus.

<b>Upper field texts:</b>		
1	Your name Name of the debtor(s)	Jūsu vārds, uzvārds / nosaukums Maksātāja(-u) vārds, uzvārds / nosaukums
2	Your address Street name and number	Jūsu adrese Ielas nosaukums, mājas un dzīvokļa numurs
3	Postal code City	Pasta indekss Pilsēta
4	Country	Valsts
5	Your account number Account number - IBAN	Jūsu konta numurs Konta numurs – IBAN
6	SWIFT BIC	SWIFT BIC
7	Creditor's name Creditor name	Saņēmēja nosaukums Saņēmēja nosaukums
8	Creditor identifier	Saņēmēja identifikators
9	Street name and number	Ielas nosaukums, mājas un dzīvokļa numurs
10	Postal code City	Pasta indekss Pilsēta
11	Country	Valsts

12	Type of payment: Recurrent payment or One-off payment	Maksājuma veids: atkārtots maksājums vai vienreizējs maksājums
13	City or town in which you are signing Location Date	Pilsēta, kurā jūs parakstieties: Vieta Datums
<b>Signature texts:</b>		
Signature(s) Please sign here		Paraksts(-i) Lūdzam parakstīt šeit
Note: Your rights regarding the above mandate are explained in a statement that you can obtain from your bank.		Uzmanību: Jūsu tiesības saistībā ar minēto mandātu ir izskaidrotas Jūsu bankas vispārējos darījumu noteikumos.
<b>Lower field texts:</b>		
Details regarding the underlying relationship between the Creditor and the Debtor – for information purposes only.		Ziņas par līgumattiecībām starp saņēmēju un maksātāju – tikai informācijai.
14	Debtor identification code Write any code number here which you wish to have quoted by your bank	Maksātāja identifikācijas kods Norādiet jebkādu kodu, kuru vēlaties, lai lieto jūsu banka
15	Person on whose behalf payment is made	Persona, kuras uzdevumā tiek veikts maksājums
	Name of the Debtor Reference Party: If you are making a payment in respect of an arrangement between {NAME OF CREDITOR} and another person (e.g. where you are paying the other person's bill) please write the other person's name here.	Patiesā maksātāja vārds, uzvārds / nosaukums. Ja maksājumu veicat citas personas, kurai noslēgta vienošanās ar {SAŅĒMĒJA NOSAUKUMS}, uzdevumā (piemēram, jūs apmaksājat citas personas rēķinu), lūdzam norādīt šīs personas vārdu, uzvārdu/nosaukumu.
	If you are paying on your own behalf, leave blank.	Ja veicat maksājumu savā vārdā, šī aile nav jāaizpilda.
16	Identification code of the Debtor Reference Party	Patiesā maksātāja identifikācijas kods
17	Name of the Creditor Reference Party: Creditor must complete this section if collecting payment on behalf of another party.	Patiesā saņēmēja vārds, uzvārds / nosaukums. Saņēmējam jāaizpilda šī sadaļa, ja tiek saņemti maksājumi citas puses vārdā.
18	Identification code of the Creditor Reference Party	Patiesā saņēmēja identifikācijas kods
19	In respect of the contract: Identification number of the underlying contract	Saistībā ar līgumu: Līguma numurs
20	Description of contract	Līguma apraksts
<b>Information texts:</b>		
Please return to		Lūdzu nosūtīt šo mandātu
Creditor's use only		Aizpilda tikai saņēmējs

**SEPA Business to Business Direct Debit Scheme mandate****Latvian for Latvia**

Circulation: Public use

Restricted: No

<b>Language: Latvian</b>	<b>Approved for (countries): Latvia</b>
<b>Header texts:</b>	
SEPA Business-to-Business Direct Debit Mandate	SEPA "uzņēmums–uzņēmums" tiešā debeta mandāts
Mandate reference – to be completed by the creditor	Mandāta reference (aizpilda saņēmējs)
CREDITOR'S NAME & LOGO	SAŅĒMĒJA NOSAUKUMS UN LOGO
<b>Authorisation statement:</b>	
By signing this mandate form, you authorise (A) {NAME OF CREDITOR} to send instructions to your bank to debit your account and (B) your bank to debit your account in accordance with the instructions from {NAME OF CREDITOR}.	Parakstot šo mandātu, jūs pilnvarojat (A) {SAŅĒMĒJA NOSAUKUMS} nosūtīt rīkojumu jūsu bankai debitēt jūsu kontu un (B) jūsu banku debitēt jūsu kontu saskaņā ar {SAŅĒMĒJA NOSAUKUMS} rīkojumu.
This mandate is only intended for business-to-business transactions. You are not entitled to a refund from your bank after your account has been debited, but you are entitled to request your bank not to debit your account up until the day on which the payment is due.	Šis mandāts paredzēts tikai "uzņēmums–uzņēmums" maksājumiem. Jums nav tiesību saņemt naudas līdzekļu atmaksu no jūsu bankas pēc tam, kad jūsu konts ir debitēts, bet jums ir tiesības lūdz dienai, kurā maksājums ir veicams, pieprasīt jūsu bankai nedeбетēt jūsu kontu.
Please complete all the fields marked *.	Lūdzam aizpildīt visus ar * atzīmētos laukus.

<b>Upper field texts:</b>		
1	Your name Name of the debtor(s)	Jūsu nosaukums Maksātāja(-u) nosaukums
2	Your address Street name and number	Jūsu adrese Ielas nosaukums, mājas un dzīvokļa numurs
3	Postal code City	Pasta indekss Pilsēta
4	Country	Valsts
5	Your account number Account number - IBAN	Jūsu konta numurs Konta numurs – IBAN
6	SWIFT BIC	SWIFT BIC
7	Creditor's name Creditor name	Saņēmēja nosaukums Saņēmēja nosaukums
8	Creditor identifier	Saņēmēja identifikators
9	Street name and number	Ielas nosaukums, mājas un dzīvokļa numurs
10	Postal code City	Pasta indekss Pilsēta

11	Country	Valsts
12	Type of payment: Recurrent payment or One-off payment	Maksājuma veids: atkārtots maksājums vai vienreizējs maksājums
13	City or town in which you are signing Location Date	Pilsēta, kurā jūs parakstīties Vieta Datums
<b>Signature texts:</b>		
Signature(s) Please sign here		Paraksts(-i) Lūdzam parakstīt šeit
<b>Lower field texts:</b>		
Details regarding the underlying relationship between the Creditor and the Debtor – for information purposes only.		Ziņas par līgumattiecībām starp saņēmēju un maksātāju – tikai informācijai.
14	Debtor identification code For business users: write any code number here which you wish to have quoted by your bank	Maksātāja identifikācijas kods Uzņēmumiem: norādiet jebkādu kodu, kuru vēlaties, lai lieto jūsu banka
15	Person on whose behalf payment is made	Persona, kuras uzdevumā tiek veikts maksājums
	Name of the Debtor Reference Party: If you are making a payment in respect of an arrangement between {NAME OF CREDITOR} and another person (e.g. where you are paying the other person's bill) please write the other person's name here.	Patiesā maksātāja vārds, uzvārds / nosaukums. Ja maksājumu veicat citas personas, kurai noslēgta vienošanās ar {SAŅĒMĒJA NOSAUKUMS}, uzdevumā (piemēram, jūs apmaksājat citas personas rēķinu), lūdzam norādīt šīs personas vārdu, uzvārdu / nosaukumu.
	If you are paying on your own behalf, leave blank.	Ja veicat maksājumu savā vārdā, šī aile nav jāaizpilda.
16	Identification code of the Debtor Reference Party	Patiesā maksātāja identifikācijas kods
17	Party on whose behalf the Creditor collects the payment	Puse, kuras uzdevumā saņēmējs saņem maksājumu
	Name of the Creditor Reference Party: Creditor must complete this section if collecting payment on behalf of another party.	Patiesā saņēmēja vārds, uzvārds / nosaukums. Saņēmējam jāaizpilda šī sadaļa, ja tiek saņemti maksājumi citas puses vārdā.
18	Identification code of the Creditor Reference Party	Patiesā saņēmēja identifikācijas kods
19	In respect of the contract: Identification number of the underlying contract	Saistībā ar līgumu: Līguma numurs
20	Description of contract	Līguma apraksts
<b>Information texts:</b>		
Please return to		Lūdzu nosūtīt šo mandātu
Creditor's use only		Aizpilda tikai saņēmējs