

TOSHIBA

Leading Innovation >>>

Single Euro Payments Area (SEPA) with Oracle E-Business Suite for German Banks

DOAG SIG-Meeting E-Business Suite

Vienna, 27-SEP-2010

Daphne Schmitz

Information Systems
Toshiba Europe GmbH

Overview

Agenda

- **Corporate Profile**
- **What is SEPA**
- **SEPA Payment File Structure**
- **SEPA as delivered by Oracle**
- **SEPA as defined by German Banks**
- **Required modifications via XMLP**
- **Functional considerations**

TOSHIBA

Leading Innovation >>>

Toshiba Corporation, Tokyo: 198.000 employees worldwide

Toshiba Europe GmbH, Neuss: 810 employees in EMEA-region

Products: Computer Systems, Storage Devices, Entertainment Electronics

E-Business Suite 11i with

- 11 SOBs,
- 22 OUs,
- more than 150 Inventory Organizations
- about 300 Internal Banks > „Payment Factory“



“The Single Euro Payments Area (SEPA) will be the area where citizens, companies and other economic actors will be able to make and receive payments in Euros, within Europe, whether between or within national boundaries under the same basic conditions, rights and obligations, regardless of their location.”

European Payments Council (EPC)

SEPA Countries

- **All 27 EU countries**

Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

- **Iceland, Liechtenstein, Norway & Switzerland**



SEPA Scope



- **The single currency - Euro**
 - **A single set of Euro payment instruments**
 - Credit Transfers
 - Direct Debits
 - Credit and Debit card payments
 - **One harmonized legal basis**
 - **Efficient processing infrastructure for Euro payments**
 - **Common technical standards and business practices:
ISO 20022**
 - **Sub-versions named like ‘pain.999.999.99’ (pain stands for
‘payment initialization’)**
- > *Reduced Banking Fees***

SEPA Payment File Structure: 3 Data Groups

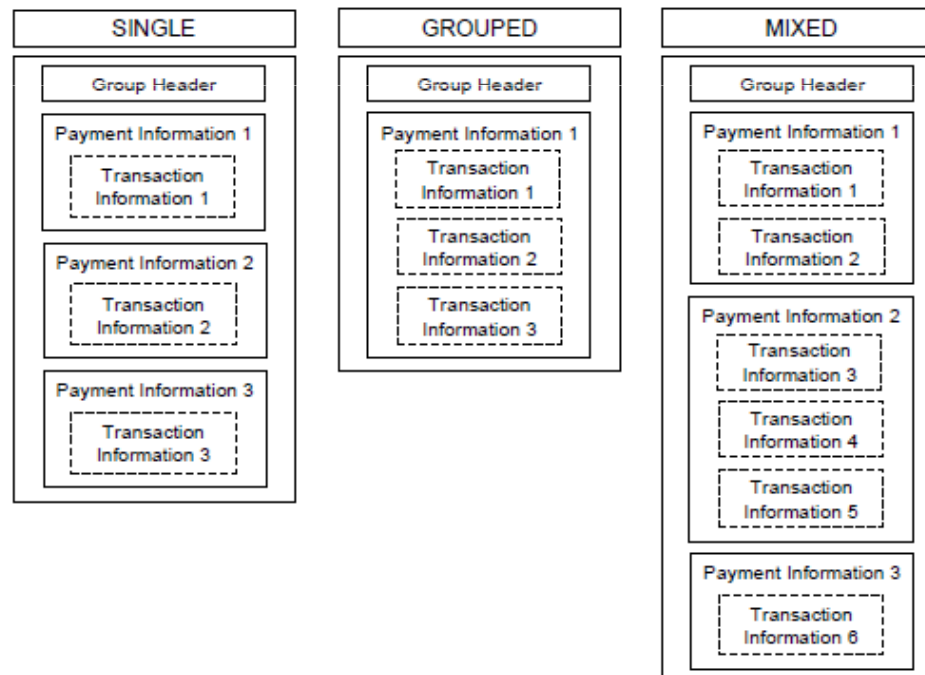
SEPA defined as XML-structure with three main data groups:

Group Header: occurs once and shows Message ID/Time

Payment Information: Information related to paying side

Transaction Information: Elements related to receiving side

Three Grouping options



SEPA Payment File Structure: Remittance Advice options

Unstructured: Information about paid invoices in 1 XML-Tag

```
- <RmtInf>
  <Ustrd>SEPA5,2010-08-05,2000,2000.</Ustrd>
</RmtInf>
</CdTrfTxInf>
```

Structured: Information about paid invoices in multiple XML-Tags

```
- <RMTINF>
  <CD>GINV</CD>
  <CCY>EUR</CCY>
  <RFRDDOCNB>sepastr2</RFRDDOCNB>
  <RFRDDOCRLTDDT>2010-05-04</RFRDDOCRLTDDT>
  <DUEPYBLAMT>2000</DUEPYBLAMT>
  <DSCNTAPLDAMT>0</DSCNTAPLDAMT>
  <RMTDAMT>2000</RMTDAMT>
  <TAXAMT>0</TAXAMT>
  <CDTRREFINF />
  <INVCR>WMF AG</INVCR>
  <INVCEE>TEG Toshiba Europe GmbH</INVCEE>
</RMTINF>
```

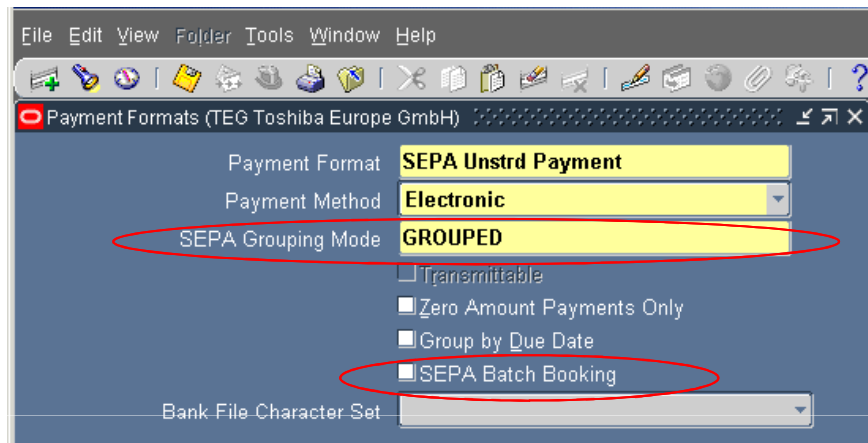
Grouping Structures and Remittance Advice Options important for Setup !

SEPA delivered by Oracle for EBS: Base Patch

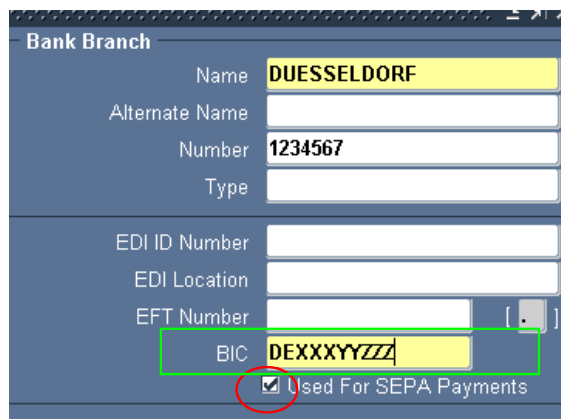
- SEPA functionality delivered by Oracle in year 2008
- SEPA functionality released as patch on currently supported releases. No upgrade is necessary
- Base Patch 6741280: Support for SEPA messages customer credit transfer initiation based on basic ISO20022 format
- Base Patch delivers SEPA version “pain.001.001.02”
- Payment Programs for Structured and Unstructured Remittance Advice are delivered
- Validation of International Bank Account Number (IBAN) and Bank Identifier Code (BIC)

SEPA delivered by Oracle for EBS: New functions

- 1) Payment Format Setup: New SEPA-options for Unstructured/Structured, Grouping Options; do not effect existing Formats



- 2) Bank Header and Bank Accounts: New field „Used for SEPA Payment“
> makes BIC/IBAN mandatory, but not required for SEPA payment itself



SEPA Formatting Programs delivered via XML Publisher

Concurrent Programs

Program: **Format Payments (SEPA Unstructured)** Enabled

Short Name: APXSEPAU

Application: Payables

Description: Format Payments (SEPA Unstructured)

Executable

Name: **XDODTEXE** Options:

Method: Java Concurrent Program Priority:

Data Definitions >

View Data Definition: Format Payments (SEPA Unstructured)

General

Name: **Format Payments (SEPA Unstructured)** Code: **APXSEPAU**

Application: **Payables** Start Date: **31-Jul-2008**

End Date:

Description: Format Payments (SEPA Unstructured)

Files

XML Schema

Data Template: **APSEPAEXTRACTUNSTRD.xml**

Preview Data

Bursting Control File

ORACLE XML Publisher

Close Window Preferences Help

Templates Data Definitions Administration

Templates >

View Template: Format Payments (SEPA Unstructured) XSLTemplate

General

Name: **Format Payments (SEPA Unstructured) XSLTemplate** Code: **APXSEPAU_XSL**

Application: **Payables** Data Definition: **Format Payments (SEPA Unstructured)**

Type: **XSL-XML** Start Date: **30-Jul-2008**

Default File: End Date:

Default File Language: **English** Subtemplate: **No**

Default File Territory: **United States** Default Output Type: **XML**

Description: Format Payments (SEPA Unstructured) XSLTemplate

Template Files

Preview Format: **XML**

Localized Templates

File Name	Language	Territory	Preview	Download	Update	Delete
APSEPATEMPLATE_UNSTRD_en.xml	English					

Further SEPA-related Patches

- **Prerequisite for 11i: Patch 7627832 to enable default XML-output for payment files (needs ATG.RUP6 as minimum)**
- **Some further patches for Functionality Fix available**

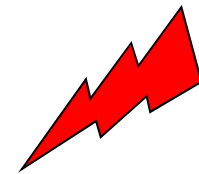
Patch Nr.	Functional requirement	Technical information
6741280	SEPA base patch	
8971512	Enables opening and formatting of payment file; without this patch, error message pops up	prerequisite 7627832 is in ATG.RUP6
9361073	Delivers correct Header Message in payment file for pain.001.001.02	One-off patch, password required
8683997	Wrong value from Vendor Site Info	One-off patch, password required
9294295	Quick payments are possible, otherwise they end in error for SEPA	prerequisite 7627832 is in ATG.RUP6; one-off, password required
9672127	Without this patch, invoices removed from SEPA payments remain selected for payment	Patch needs to be applied over 11.5.10.2 (CU2), both AP.N and AP.O are ok
7499172	After removing invoices from Payment selection, the Payment file shows correct number of invoices	

SEPA as defined by German Banks

- Germany: Group of financial institutions (ZKA, Zentraler Kreditausschuss) specifies version for German Banks
- Annual change of specification for Germany
- New version is valid from 01-NOV of current year and is accepted by banks for two years

SEPA as defined by German Banks

- Germany: Group of financial institutions (ZKA, Zentraler Kreditausschuss) specifies version for German Banks
- Annual change of specification for Germany
- New version is valid from 01-NOV of current year and is accepted by banks for two years



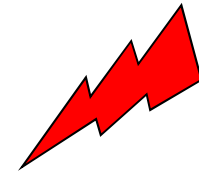
Oracle SEPA base patch delivers [pain.001.001.02](#)

NOV 2009 to NOV 2011: German banks accept SEPA [pain.001.002.02](#)

NOV 2010 to NOV 2012: German banks accept SEPA [pain.001.002.03](#)

SEPA as defined by German Banks

- Germany: Group of financial institutions (ZKA, Zentraler Kreditausschuss) specifies version for German Banks
- Annual change of specification for Germany
- New version is valid from 01-NOV of current year and is accepted by banks for two years



Oracle SEPA base patch delivers [pain.001.001.02](#)

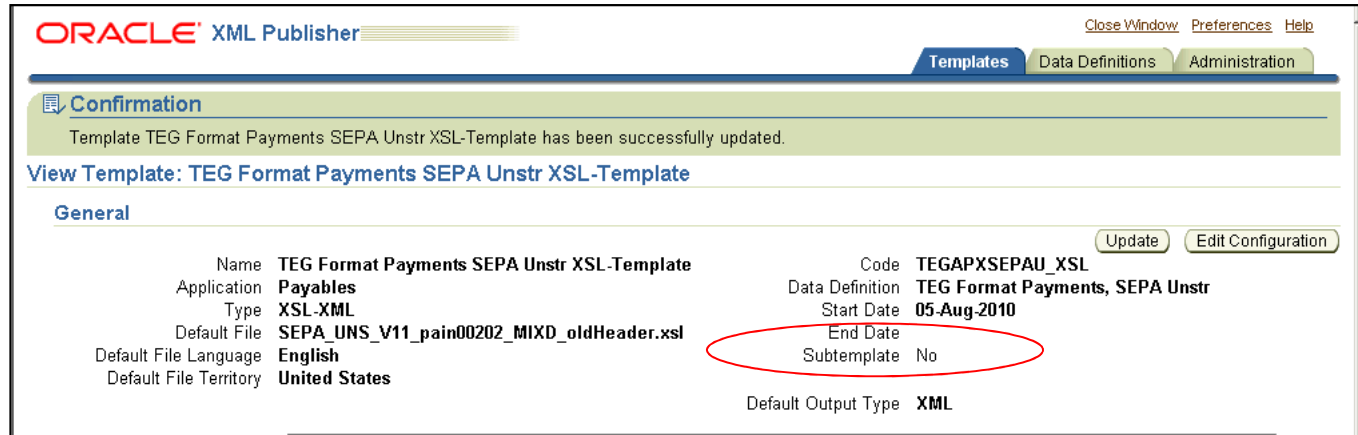
NOV 2009 to NOV 2011: German banks accept SEPA [pain.001.002.02](#)

NOV 2010 to NOV 2012: German banks accept SEPA [pain.001.002.03](#)

SEPA version delivered by Oracle too old,
SEPA files created by Oracle not accepted by German Banks anymore
>> Modifications in XMLP Data Definition and Template required! <<

Changes required for all versions

- 1) XMLP Programm Definition: Set Default Output Format to “XML”, else Error when opening Output File



- 2) Formatting Template: Delete all three groups with detail address information (Initiating Party, Debtor, Creditor), otherwise file not accepted by Bank

```
- <Dbtr>
  <!-- Debtor Details Starts -->
  - <Nm>
    <xsl:value-of select="$path/NM" />
  </Nm>
  <!-- Name of the Debtor -->
  <!-- PstlAdrcomplete block removed by DS after Bank Feedback, recommendations by German Bundesbank ZKA -->
</Dbtr>
<DbtrAcct>
```

- 3) Batch Booking: Placed in wrong XML-group by Oracle base program, content not validated by German Banks anyway; can be deleted in Formatting Template
- 4) Separation Character for Unstructured Remittance Advice: change from Semicolon to supported character like ,.

Changes required for pain.001.002.02

1) Header Information Static Text: Clarify with Bank

```
- <xsl:template match="/">  
- <Document xsi:schemaLocation="urn:swift:xsd:$pain.001.002.02 pain.001.002.02.xsd" xmlns="urn:swift:xsd:$pain.001.002.02"  
  xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
```

2) Header Group Tag needs to show specific version, is Key for Validation programs

Version pain.001.002.02 requires version 'pain.001.001.02'

```
- <Document xsi:schemaLocation="urn:swift:xsd:$pain.001.002.02 pain.001.002.02.xsd" xmlns="urn:swift:xsd:$pain.001.002.02"  
  xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">  
- <pain.001.001.02>  
  <xsl:call-template name="GroupHeader" />  
  <!-- The Header Section of the Payment Format Message -->
```

3) Grouping Mode „Mixed“ required by German Banks, although not part of Setup Option.

Solution used by Toshiba:

- create AP Payment Format with Grouping Option = NULL
- create new XML Data Definition, replacing nvl Grouping option ,GRPD' with ,MIXD'
- create new XML Template, replacing GRPD-formatting logic with ,MIXD'
- requires also new Concurrent Program for AP Payment Program Setup
- contact Oracle Support to get listed for existing Enhancement Request

Changes required for pain.001.002.03

1) Header Information Static Text

```
- <Document xmlns="urn:iso:std:iso:20022:tech:xsd:pain.001.002.03" xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance" xsi:schemaLocation="urn:iso:std:iso:20022:tech:xsd:pain.001.002.03 pain.001.002.03.xsd">
```

2) Header Group Tag: no version anymore, but Tag Name 'CstmrCdtTrfInittn' (short name for "Customer Credit Transfer Initialization").

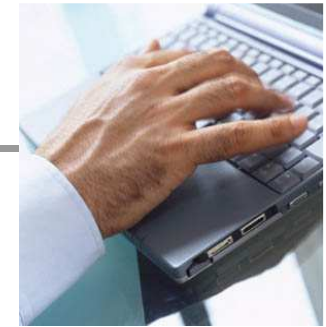
```
instance" xsi:schemaLocation="urn:iso:std:iso:20022:tech:xsd:pain.001.002.03 pain.001.002.03.xsd">  
- <CstmrCdtTrfInittn>  
  <xsl:call-template name="GroupHeader" />  
  <!-- The Header Section of the Payment Format Message -->
```

3) Grouping Option to be deleted:

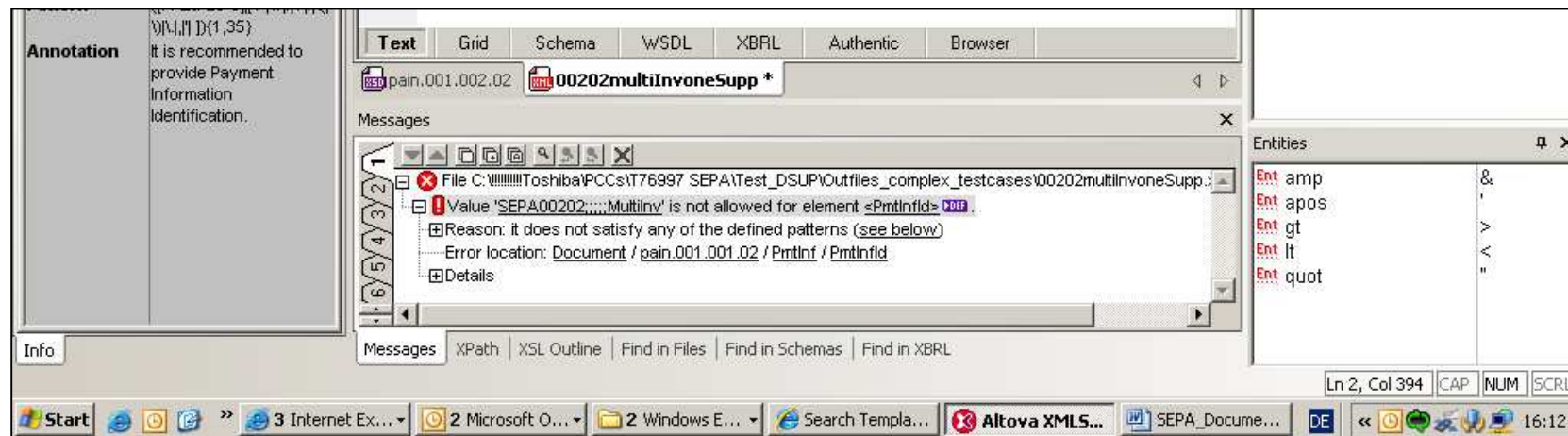
For version pain.001.002.03, German ZKA group has decided to completely remove the grouping option Tag. As in previous version pain.001.002.02 this had been defined as fix value "MIXD", it was considered to be not required anymore.

> remove from XML Template logic

Validation possibilities for Test Files



- Test files need to be validated against XML-Schema defined by ZKA
- Free Software available for validation run, e.g. „Altova XML Spy“ with 30 day free trial license
- pain.001.002.02: additional validation programs available to Banks internally
- pain.001.002.03: In AUG-2010, no additional validation programs available to Banks



What users need to know

- Setup for Payment Programs/Formats/Internal Bank Account Payment Documents: German Banks accept only „Unstructured“ Format
- Only EUR payments can be handled via SEPA (base definition of ISO standard)
- Payment Batch Name: No Spaces allowed, characters are restricted to table below
- Payment File Name (Output of Formatting Step) cannot be more than 140 characters, no special characters/spaces/underscores allowed

Permitted Character Code	Character
numeric characters	0 to 9
capital characters	A to Z
small characters	a to z
apostrophe	"'"
colon	":"
question mark	"?"
comma	","
minus	"-"
blank character	" "
left bracket	"("
plus sign	"+"
period	":"
right bracket	")"
slash	"/"

Functional Considerations

1) Automatic Selection of suppliers to pay with SEPA:

SEPA is restricted to EUR currency, 31 countries; IBAN/BIC is required
> Creation and Usage of specific Pay Group ?

2) Unstructured Remittance Advice:

Oracle solution gives “Invoice Number + Invoice Date + Payment Amount + Invoice Amount” to supplier as payment information.

> Restriction required, e.g. to Invoice Number and Date only?

3) BIC/IBAN:

Review Situation of entries in vendor bank account data

4) Related programs:

Effects on other programs related to payments (e.g. internal Control reports, Bank Transfer)?

5) Federal Bank Reporting:

German International Payment Format (DTAZV) contains Z1-information for Federal Bank Reporting, this will not be the case anymore for SEPA. Therefore new report for Z4 will be required

Information Sources



- **Oracle SEPA Solution, White Paper: Metalink Note 738361.1**
- **Oracle SEPA Solution, FAQ: Metalink Note 791226.1**
- **Oracle SEPA Setup overview: Metalink Note 846154.1**
- **Website to find official German specification for SEPA communication:**
<http://www.ebics.de/index.php?id=77>
pain.001.002.02 = version 2.4.
pain.001.002.03 = version 2.5.
Detailed field descriptions in “Anhang 3” or “Annex 3” (English)
- **Validation of an IBAN-Number:**
http://www.iban-rechner.de/iban_validieren.html?&L=0
- **BIC and IBAN research for German bank account:**
http://www.iban-rechner.de/bic_und_iban.html?&L=0

TOSHIBA

Leading Innovation >>>