

# SEPA domiciliation FAQ



**To see the FAQ about SEPA Direct Debit, click on the question to accede directly to our answers!**

1. [What is SEPA domiciliation \(Sepa Direct Debit = SDD\)?](#)
2. [What happens after 01/02/2014?](#)
3. [What is different compared with the existing national domiciliation transactions?](#)
4. [What is the range of services offered by BGL BNP Paribas?](#)
5. [What do I need to do if I want to collect funds via SEPA domiciliation transactions?](#)
6. [What is the SEPA domiciliation mandate?](#)
7. [What are the characteristics of SEPA Core domiciliation?](#)
8. [What are the characteristics of SEPA B2B domiciliation?](#)
9. [What type of information should be contained in a SEPA domiciliation mandate?](#)
10. [What is the validity period of a SEPA domiciliation mandate?](#)
11. [How much notice do I need to give to my client as regards his standing order payments?](#)
12. [What are the advantages of a SEPA domiciliation for you \(creditor\)?](#)
13. [When migrating towards SEPA domiciliation, is it necessary to obtain another signed SEPA domiciliation mandate from your debtor client?](#)
14. [Is a creditor required to inform his clients that he is moving from national domiciliation to SEPA domiciliation?](#)
15. [What will happen to the mandates in force at the time of migration towards SEPA systems?](#)
16. [Is it possible to change your mind after the migration of a SEPA domiciliation mandate?](#)
17. [What is a Creditor ID?](#)
18. [What is the unique mandate reference?](#)
19. [Is it possible to reuse an existing Creditor ID?](#)
20. [Who is authorised to request a Creditor ID?](#)
21. [If I have several banking relationships, do I have to request a SEPA Creditor ID \(ICS\) for each banking relationship?](#)
22. [Does the creditor have to be domiciled in Luxembourg?](#)



## 1. What is SEPA domiciliation (Sepa Direct Debit = SDD)?

SEPA domiciliation is a payment method which enables you to pay certain domestic and cross-border invoices directly by debiting your current account opened with BGL BNP Paribas. Repeat invoices which are payable on a set date (telephone, electricity, taxes, etc.) as well as one-off invoices may be settled using this payment method.

This system applies to transactions denominated in Euros which are completed between accounts domiciled in the 33 countries of the SEPA zone. Your account may nevertheless be held in a different currency, in which case your bank deals with the conversion as a separate procedure from the 'SEPA domiciliation' transaction.

National direct debit payments will continue to be made until 01/02/2014. National and SEPA direct debit systems will both be available until the cut-off date.

## 2. What happens after 01/02/2014?

After 1 February 2014 the national direct debit system will be deactivated. No other payments will be possible through this system. Only payments made through the SEPA direct debit system will be accepted.

## 3. What is different compared with the existing national domiciliation transactions?

Summary of the major differences between the 2 types of domiciliation:

<i>Name</i>	<b>NATIONAL DOMICILIATION</b> <i>(DOM Cetrel or DOM 2009)</i>	<b>SEPA DOMICILIATION</b>
<i>Usage</i>	Limited to national transactions, therefore exclusive to Luxembourg	In Luxembourg and all other countries of the SEPA zone
<i>Type of payment</i>	Recurrent domiciliation only	Recurrent and one-off domiciliation
<i>Reimbursement rights</i>	<b>Conditional</b> reimbursement for "consumer" clients within 8 weeks of the debit. No reimbursement for "professional" clients.	<u>Core system: unconditional</u> reimbursement right within 8 weeks of the debit for a transaction. <u>B2B system:</u> no reimbursement right for authorised transactions.
<i>Storage of mandates</i>	By the debtor's bank	By the creditor only

## 4. What is the range of services offered by BGL BNP Paribas?

BGL BNP Paribas currently offers two versions of SEPA domiciliation: the "Standard" (Core) version and the "Inter-company" version (Business to Business = B2B). The 'Core' version may be used by all types of debtor (consumers and professionals) whereas the B2B system is reserved exclusively for professional clients.

## 5. What do I need to do if I want to collect funds via SEPA domiciliation transactions?

Make an appointment with one of our agencies or contact your usual manager who will provide you with all the information required to start the SEPA domiciliation procedure.

Sign up for one of our workshops (dates available on our Website [www.bgl.lu](http://www.bgl.lu)) to obtain practical information.

## 6. What is the SEPA domiciliation mandate?

The SEPA domiciliation mandate expresses the debtor's consent to future standing order transactions by the creditor. The debtor must sign a form which is kept by his supplier.

### **The signed SEPA domiciliation mandate authorises:**

- the creditor to deduct any amounts from the debtor's account which are owed by the latter,
- the debtor's bank to settle the standing orders presented.

The creditor has the sole responsibility for retaining the mandate/mandates signed by his debtors. If a standing order is disputed by one of the debtors, the creditor must provide his bank with a copy of the mandate.

## 7. What are the characteristics of SEPA Core domiciliation?

- Payment currency: EUR
- The debtor must sign a mandate and present it to his creditor to authorise the initiation of the domiciliation. The creditor is responsible for managing the mandate.
- No limit set in terms of amounts
- Reimbursement right for professional debtors and consumers
- Pre-notification required from the creditor
- Deadlines for presentation to the debtor bank:
  - 5 banking days for one-off domiciliation or for the 1<sup>st</sup> in a series of transactions
  - 2 banking days from the 2<sup>nd</sup> in a series of domiciliation transactions

## 8. What are the characteristics of SEPA B2B domiciliation?

### **The differences between the B2B version and the Core version can be summarised as follows:**

- The B2B system is reserved exclusively for professional debtors (legal or physical entity acting within the framework of their professional activity).
- When the first collection request is made, the debtor's bank checks that the mandate data contained in the collection file corresponds to the data provided to the bank by the client before debiting the client's account.
- In the event of the revocation/amendment of one of the elements in the mandate, the debtor must inform his bank immediately.
- No right to reimbursement of an authorised transaction (valid mandate).
- Deadline for domiciliation presentation: 1 working day at inter-bank level.

## 9. What type of information should be contained in a SEPA domiciliation mandate?

**The SEPA domiciliation mandate should contain all the elements which allow for the identification of the debtor and the creditor and express the debtor's consent, namely:**

- the type of SEPA domiciliation (Core or B2B) and the appropriate legal text
- the name, address and bank details of the debtor
- the name, address and SEPA creditor ID of the creditor
- the type of payment: one-off or recurrent
- the unique mandate reference provided by the creditor
- the date of signing of the mandate by the debtor
- the signature of the debtor

## 10. What is the validity period of a SEPA domiciliation mandate?

**The SEPA domiciliation mandate is valid**

- Either for a single standing order
- Or for a recurrent standing order until the debtor's agreement is revoked. A mandate may be revoked at any time by the debtor by contacting his creditor.

A mandate for which no standing order has taken place for 36 months can no longer be used.

## 11. How much notice do I need to give to my client as regards his standing order payments?

As a creditor, you must notify your debtor client at least 14 calendar days before the collection of the payment (unless agreed otherwise) for example by sending an invoice or any other document informing the debtor of the amount and due date of the debit.

## 12. What are the advantages of a SEPA domiciliation for you (creditor)?

A SEPA domiciliation offers a number of advantages, such as rapidity and simplicity throughout the SEPA zone. You will also have the choice between two domiciliation systems (Core and B2B system).

### **Standardised European payment zone:**

- Possibility of collecting amounts owed by your debtors in all countries within the SEPA zone according to the same standards and conditions
- Possibility of standardising your cash inflows at European level: increased efficiency and reduced costs
- Possibility of optimising your cash management thanks to the improved management of incoming flows

### **Flexibility:**

- Both recurrent and unique payments in Euros are possible
- Possibility of choosing between the Core system (domiciliation for consumers and professionals) and B2B (business to business) depending on the profile of your debtors and the volume of credits.

*N.B. Since the B2B system is not compulsory, it is not proposed by all banks. BGL BNP Paribas does offer this system. You can also sign a B2B contract with us in addition to your Core contract.*

### 13. When migrating towards SEPA domiciliation, is it necessary to obtain another signed SEPA domiciliation mandate from your debtor client?

No! The European Regulation 260/2012 ("SEPA End-Date") outlines the principle of the continuity of mandates established by debtors to national domiciliation transactions. In other words, existing mandates signed before 1 February 2014 under the national system will continue to exist.

### 14. Is a creditor required to inform his clients that he is moving from national domiciliation to SEPA domiciliation?

Within the framework of the migration of existing payment methods, the creditor is obliged to inform his debtors of his move from national domiciliation to SEPA domiciliation. This information may be provided by any means which suits the creditor. Simply entering the term "MIGRATION" in the collection file as a means of communication between the creditor and the debtor is not sufficient when changing from one domiciliation system to another.

Once a creditor has informed his debtor client that he is migrating towards SEPA domiciliation and the migration has been completed, the creditor is no longer authorised to issue national domiciliation transactions for the same contract.

### 15. What will happen to the mandates in force at the time of migration towards SEPA systems?

**Up until 1 February 2014, the creditor will be able to choose between:**

- migrating all national domiciliation mandates towards the Core domiciliation system (including mandates signed by a professional debtor),
- migrating the national domiciliation mandates signed by a consumer debtor towards the Core domiciliation system and migrating all or some of the national domiciliation mandates signed by a non-consumer debtor towards the B2B domiciliation system.

The creditors will be assured of the continuity of the existing mandates but will be required to comply with the technical specifications provided for in the migration scenario.

### 16. Is it possible to change your mind after the migration of a SEPA domiciliation mandate?

The migration of a mandate is irrevocable, in other words it will no longer be possible to return to the national domiciliation system (DOM-2009). Therefore, once a creditor has migrated the mandate of a given debtor, all subsequent presentations for this mandate must go through the SEPA domiciliation system.

### 17. What is a Creditor ID?

All creditors wishing to issue European domiciliation transactions must possess a Creditor ID so that they can be identified in a unique manner. The Creditor ID must feature in the mandates signed by the debtors. This number is in «IBAN» format and is 26 characters in length (e.g.: LU13ZZZ00000000008641002015).

## 18. What is the unique mandate reference?

This reference enables the creditor to identify a mandate signed by a particular debtor. The reference must be unique and entered in the mandate before it is sent to the debtor. It must also feature in the notification sent to the debtor.

## 19. Is it possible to reuse an existing Creditor ID?

Yes!

It is possible to reuse 18 characters of an existing ID. These characters will then be encapsulated in the SEPA Creditor ID.

If the existing ID comprises fewer than 18 characters, it will be supplemented by "0" until 18 characters are obtained.

## 20. Who is authorised to request a Creditor ID?

Only creditor banks based in Luxembourg are authorised to request a Luxembourg Creditor ID from the ABBL.

## 21. If I have several banking relationships, do I have to request a SEPA Creditor ID (ICS) for each banking relationship?

No!

The SEPA Creditor ID is unique to Luxembourg and may be requested via one of your banks. The Luxembourg Creditor ID may be used throughout the SEPA zone.

## 22. Does the creditor have to be domiciled in Luxembourg?

No! The creditor may be domiciled in any country within the SEPA zone.

