



## Guidance for SEPA Direct Debit Business-to-Business Scheme Mandate Confirmations

Circulation: publicly available

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### 1. PRINCIPLES DESCRIBED IN THE SEPA DIRECT DEBIT BUSINESS-TO-BUSINESS SCHEME RULEBOOK

A key element in the handling of SEPA Direct Debit (SDD) Business-to-Business (B2B) Collections is that the Debtor Bank must check whether or not there is a valid mandate in place prior to executing a SDD B2B Collection.

The Debtor Bank has to obtain confirmation from the Debtor on the SDD B2B mandate data received as part of the first SDD B2B Collection, before debiting the Debtor's account. The Debtor Bank further has to check the first and the subsequent Collections against the stored mandate data, and the related verification instructions, if any, received from the Debtor. These obligations are described in detail in Section 4.1 of the SDD B2B Scheme Rulebook.

Section 5.8 of the SDD B2B Scheme Rulebook further specifies the obligations of the Debtor Bank and outlines that

*“In respect of each of its Debtors, a Debtor Bank shall:*

- *enter into an agreement governing the provision and use of services relating to the B2B Scheme, including the instructions agreed between the Debtor and the Debtor Bank regarding the obligations for the Debtor Bank to check incoming Collections against the Mandate data received from the Debtor.*
- *obtain confirmation from the Debtor on the accuracy of the B2B Mandate data received as part of the first Collection before debiting the Debtor's account*
- *for each successive Collection, check the Mandate related data against such data for previous Collections stored by the Debtor Bank “*

The responsibility and the risks are consequently - after two inter-bank business days - for the Debtor Bank in the SDD B2B Scheme in case of any unauthorised transaction as the Debtor Bank will not get a refund from the Creditor Bank and will be obliged to refund its Debtor.

### 2. OPERATIONAL IMPLEMENTATION OF THE SDD B2B SCHEME RULEBOOK PRINCIPLES

The Creditor Bank and the Debtor Bank first have to adhere to the SDD B2B Scheme with the EPC before the SDD B2B Collection can be handled between the concerned Banks. The SDD B2B Scheme is offered to Debtors and Creditors whereby the Debtor is a legal entity or a physical person who is authorised by national law to opt out from the refund right in respect of authorised transactions (i.e. the customer category "non-consumer" as defined in Articles 51 (1) and 62 (1) of the Payment Services Directive).

A peculiarity of the SDD B2B Scheme is the need for the Creditor to collect **new mandates** from each Debtor. The data from these mandates must be confirmed with and registered at the Debtor Banks. If the Debtor Bank has not received the mandate related data, the Debtor Bank may reject the SDD B2B Collection at its Collection presentation due to the absence of authorization (R-transaction reason code MD01 - No Mandate).

- Scenario 1: the Debtor does not inform the Debtor Bank in advance of the signing of a SDD B2B mandate

Upon receipt of the SDD B2B Collection, the Debtor Bank may reject the Collection straight away or ask for confirmation from its customer on the basis of mandate data shown in the received Collection.

However from an operational point of view it is very difficult to get a validation check in time from the Debtor in one business day if the Debtor cannot use an electronic channel with the Debtor Bank.

- Scenario 2: the Debtor can confirm the mandate data before the presentation of the SDD B2B Collection at the Debtor Bank. This approach forms a good practice.
  - o The Debtor can present itself at the branch and provide a copy of the mandate to the Debtor Bank which is then recorded by the Debtor Bank.
  - o The Debtor can provide the mandate information through any electronic channels as agreed in advance with the Debtor Bank.
  - o Any other method agreed between Debtor and Debtor Bank is valid (e.g., Debtor completes and signs a template provided by the Debtor Bank).

Such methods are processes which are agreed in advance between the Debtor and the Debtor Bank and must guarantee the accuracy and timelines of the information received by the Debtor Bank.

### 3. ATTENTION POINTS

As stated in section 4.8.2 (AT-01) of the SDD B2B Scheme Rulebook, the Unique Mandate Reference must be unique within one Scheme. It is furthermore recommended that the mandate reference is unique for one mandate among SDD Schemes and is used only in one SDD Scheme Collection: either under the SDD Core Scheme or under the SDD B2B Scheme. The risk of not following such practice is that the Debtors who wish to block such Collection by providing the mandate reference will block all other direct debits having the same mandate reference.

The Creditor may already use the SDD Core Collection to settle the provision of goods or services with the Debtor. In case both parties agree to settle the provision of goods and services in the future through the SDD B2B Scheme, a SDD B2B mandate needs to be concluded between the Creditor and the Debtor and the Debtor subsequently has to confirm this mandate with the Debtor Bank. The reason is that the two SDD Schemes differ considerably at the level of SDD Collection presentation timeline, the range in r-transaction types and refund rights.

### 4. SDD B2B MANDATE CONFIRMATION PRACTICES OUTSIDE THE SCOPE OF THE SCHEME

- i. The SDD B2B Scheme Rulebook does not foresee that Creditors directly provide the SDD B2B mandate related data to the Debtor Bank for the Debtor Bank to store this data. The Debtor Bank is not obliged to accept these data from the Creditor because there is no relationship between the Debtor Bank and the Creditor.
- ii. As the SDD B2B (and Core) mandate is a mandate agreed between the Creditor and the Debtor, it is not necessary to request in addition a signature or a stamp from the Debtor Bank. This requirement demanded by certain Creditors has no added value and does not provide any kind of confirmation or fund Collection assurance whatsoever. In this stage of the mandate conclusion, the Debtor Bank does not play a role and is not a party to the underlying contract between the Debtor and Creditor. The affixing of any seal or stamp from the Debtor Bank does not add value to the mandate. The best practice is that the Creditor asks the Debtor to provide the Debtor Bank with the necessary mandate information.



- iii. Some Creditors contact Payment Service Providers (PSPs) to see if they are reachable for the SDD B2B Scheme. Such specific reachability check towards the individual PSPs is not necessary. The European Payment Council (EPC) maintains a publicly available register of SDD B2B Scheme Participants and this register can be found on the following public address: [http://epc.cbnet.info/content/adherence\\_database](http://epc.cbnet.info/content/adherence_database). However, this database does only include the main BICs of participating Debtor Banks for SDD B2B Collections. Other databases (directories) of Clearing and Settlement Mechanisms (CSMs) may be considered, if available.
- iv. Other Creditors ask the Debtor to provide them with a certificate of the SDD B2B Scheme service agreement with the Debtor Bank. Such certificate usually includes a statement that the Debtor Bank must complete and sign.

Such requests from Creditors do not fall under the rules of SDD B2B Scheme currently established by the EPC.