

Product Release March 2010 for the Bankgiro System and Associated Communications Products

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This document is intended for software companies that support products in the Bankgiro System.

This document describes the upcoming changes to the system and the associated communications products. Regarding schedules and exact dates for the changes to be made under the Scandium project, the reader is referred to the Partner Group at BGC.

In previous product releases we wrote of the changes occurring in the European payments market and the challenges this entails for the Swedish banks as well as BGC. We have also written about the measures taken by BGC in order to meet these challenges in the form of a partnership with the British company VocaLink.

BGC's work will focus on the Scandium project. Stage 1 was commissioned 13-15 February 2010 and work on Stage 2 of the project is well underway.

This product release, just like the previous one, contains mainly information on changes being handled by the Scandium project. Here you can also find additional details and more exact descriptions for, primarily, Nya Autogiro (New Direct Debit) and the new web services, as well as some changes resulting from the Payment Services Directive (PSD) that will be implemented in Swedish law. At the time of writing, the implementation schedule remains uncertain.

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Nya Autogiro to be introduced

Introduction

Today's Autogiro (Direct Debit) was introduced in 1992 and comprises two products, Autogiro Privat (Direct Debit for Consumers) and Autogiro Företag (Direct Debit for Business). Over the years, Autogiro Privat in particular has grown dramatically and is now an important part of the Swedish payment services infrastructure and an important tool for consumer payments.

In this time, market demands have changed and now include a desire for greater functionality as well as for reduced costs. In earlier Autogiro pilot studies, we conducted a number of market surveys as well as comparisons with similar products in Europe. This has given us a good idea of market demands and needs.

- Creditors want simpler administration, reduced administration costs and more accessible products.
- Banks want a simpler sales process and the ability to better support their customers.
- Autogiro debtors often find the product insecure, and feel that they have no control over their payments. As a result, they refrain from using Autogiro for larger or variable payments.

In addition to market demands, we also need to adapt the current Autogiro service to the new legislation to be implemented in 2010. For Autogiro this entails changes to rules and procedures in order to increase consumer protection.

In light of this, we are working on Nya Autogiro (New Direct Debit). Nya Autogiro is not a new product, but rather a new version of the current Autogiro product. It fulfils most market demands of recent years and delivers cost reductions to the banks.

Today, Autogiro uses a great deal of paper for exchanging information between all parties. Nya Autogiro a fully electronic product. Creditors use Nya Autogiro on file with the new web service, Autogiro Online, as a complement. In order for Nya Autogiro to be used solely on file, the information currently exchanged on file with creditors needs to be supplemented. As such, we have created new file layouts that can be used by these creditors.

Nya Autogiro combines today's Autogiro Privat and Autogiro Företag into a single product. Nya Autogiro will be available in different versions to fulfil the needs of the banks and their customers. By this we mean that the differences that apply today will remain: In Autogiro Privat a debtor can specify his or her bank account number and in Autogiro Företag a debtor can specify its bankgiro number in the mandate. In Nya Autogiro the creditor will be able to administer this using a single product if desired.

The vast majority of the changes described in this document apply to Nya Autogiro. The changes being made to the rules and manual procedures in order to meet the new legal requirements resulting from the PSD apply to all direct debit products.

Any questions? Contact BGC product support by sending an e-mail to produktsupport@bgc.se.

Bank branches should contact their central office in the first instance.

Nya Autogiro – a fully electronic product for creditors

General

Today, Autogiro uses a great deal of paper for exchanging information between creditors and BGC. Paper administration is a costly element of the Autogiro service and prevents a low transaction price.

Nya Autogiro is a fully electronic product. Creditors use Nya Autogiro on file with the new web service, Autogiro Online, as a complement.

In order for Nya Autogiro to be used solely on file, the information currently exchanged on file with creditors needs to be supplemented. This requires an update of the product's file layouts (the addition of a new file layout) so that they can handle all the information that was previously exchanged on paper. Moreover, the file layouts need to be supplemented with other information due to the changes that Nya Autogiro entails.

The new web service, Autogiro Online, is described in greater detail in a separate section: New web services for creditors via Autogiro Online.

This is how it works today

Today's direct debit products include a great deal of paper reports and forms for Autogiro creditors.

Creditors can post or fax different types of forms that are then registered by BGC. These forms can include details of new mandates or cancellations of and changes to mandates and payments.

Today a creditor can also choose to receive all reports on paper.

With information provided by the bank, a creditor can also order a summary of the payment instructions currently being monitored or the mandates stored in BGC's directory.

Today's direct debit products can for the most part – but not fully – be provided on file for creditors with sufficient support for all functions in their software or business systems. Some lists are currently only available on paper and are mandatory for creditors. The following reports are only available on paper:

Payment advice (deposit or withdrawal statement)

A payment advice is a list with information about the total amount for the payment day, including total amounts of debits, credits and any stopped payments reported in the balance check inquiry.

Payment monitoring

A payment monitoring report comprises a summary of the payments being monitored by BGC. It refers to other reports.

Formatting error report

The formatting error report contains information about errors in submitted payment initiations. This information is required by the customer and cannot be found in any other reports.

What changes are we making?

Nya Autogiro, as a fully electronic product, entails several changes compared to the current direct debit products.

All paper-based functions are terminated when a creditor upgrades to Nya Autogiro. The product is completely electronic, using either files or Autogiro Online. It will, how-

ever, still be possible to provide the mandate from the debtor to the creditor on paper.

In order for creditors to use Nya Autogiro solely on file, the current file layouts will be supplemented and extended with more information. To avoid dependency on development work conducted by software suppliers and creditors with proprietary systems, the current layout will be offered parallel to a new, extended layout.

In addition, we will enable creditors to receive direct debit reports using the same file layout as for Bankgiro Inbetalningar (Bankgiro Receivables), so-called BgMax.

This is how it will work

Four changes are described here:

1. Nya Autogiro is a fully electronic product and this means all paper reports become obsolete.
2. Nya Autogiro can be used solely on file, which means the information currently exchanged on file needs to be supplemented.
3. Nya Autogiro will be able to handle current layouts for creditors as well as new and extended layouts.
4. Nya Autogiro with the Bankgiro Inbetalningar file layout (BgMax).

Nya Autogiro is a fully electronic product and this means all paper reports become obsolete

Nya Autogiro creditors will not be able to submit material on paper for registration at BGC and nor will they receive any paper reports. All paper-based functions are replaced with electronic alternatives when a creditor upgrades to Nya Autogiro. The only exception is the mandate that the debtor submits to the creditor. In the future, it will still be possible to provide this mandate on paper.

Nya Autogiro can be used solely on file

The files that the creditor sends to BGC (mandates and payment initiations) will remain completely unaltered. Payment initiations must always be sent on file. This is the only mandatory file for the product. It will be possible to send new mandates on file just like today or else to register them in Autogiro Online.

Some changes are being made to the reports sent from Bankgirot. Today's information on file will be supplemented so that creditors will be able to use Nya Autogiro solely on file. In conjunction with this, the names of some reports will change.

The table below presents the current report filenames and the corresponding filenames in Nya Autogiro. The right-most column details the difference between the old file layout for the current products and the new file layout.

Today's Autogiro	Nya Autogiro (New Direct Debit)	Change in content
Payments specification (Layout D)	Payments specification	Extended with refunds New deposit and withdrawal records. Always in payer number order Can also be provided in BgMax format
Balance check inquiry list (Layout D)	Stopped payments in balance check inquiry	Extended with stopped outgoing payments (credits)
Mandate advice (Layout E)	Mandate advice	No change
Error report directory check (Layout F)	Rejected payment instructions	Extended with so-called formatting errors
Cancellation/amendment list	Cancellation/change of payments	Extended with payment stops initiated by the debtor

(Layout G)		
List of new electronic mandates (Layout H)	New mandates via the Internet bank	Mock account numbers replaced with actual account numbers. Files created for each customer number
Excerpt from mandate directory	Excerpt from mandate directory	Active year specified with two digits Status of temporarily stopped mandate removed

Clarifications to the above table:

Payments specification

The file containing the payments specification is always delivered in payer number order, which means that the option to receive it in reference number order will be phased out, regardless of whether the creditor chooses the old or new file layout.

Creditors who choose the new layout receive the specification with new deposit and withdrawal records corresponding to the information about the creditor's account. As of Scandium Stage 2 this will also be extended with information on executed refunds initiated by the debtor. The layout will allow the receipt of such information already as of Stage 1. However, the codes to be used will not appear until after Scandium Stage 2.

Creditors will be able to choose to have executed incoming payments (debits) reported using the BgMax file layout, that is, the same layout as for Bankgiro Inbetalningar. If a creditor chooses BgMax file layout, direct debit payments will be reported in a separate file. Reports are sent once a day and also include a deposit record for comparison with bank statements. Stopped payments cannot be reported on file for creditors who choose BgMax.

Consequently, creditors who want to receive everything on file should choose the new layout.

Stopped payments in balance check inquiry

If the creditor chooses the new layout, the file can also include outgoing payments (credits) stopped in the balance check inquiry. If the creditor chooses the old layout, this information is accessed via Autogiro Online.

Rejected payment instructions

With the new layout the creditor can receive files that can also include so-called format errors, such as passed due date. These errors have previously only been reported on paper.

Cancellation/change of payments

When debtors are given the opportunity to view coming payments in the Internet bank, they will also be able to revoke an individual payment. The bank can also use Autogiro Online to remove an individual payment on behalf of the debtor. With the new layout, this is reported using a new code specifying that the payment has been revoked by the debtor.

New mandates via the Internet bank

Today's reports do not include the debtor's actual account number but rather a mock account number. In Nya Autogiro, the real account number is reported instead. This entails no change to the layout, as the mock account number has the same structure as a real account number. As such, this change applies to files with either the old or the new layout.

Customers with several bankgiro numbers associated with a customer number currently receive reports for each bankgiro number in separate files. These will be re-

placed by a single file per customer number. This change applies to files with either the old or the new layout.

Excerpt from mandate directory

Among other things, the layout has been adjusted to specify the most recent active year with two digits rather than one and the status of temporarily stopped mandates has been removed.

Nya Autogiro will be able to handle current layouts for creditors as well as new and extended layouts

To avoid dependency on development work conducted by software suppliers and creditors with proprietary systems, the current layout will be offered parallel to a new, extended layout. This means creditors can upgrade to Nya Autogiro without making any changes to their systems – they continue in the same way with the current layouts. (However, one exception is creditors currently receiving payment specifications in reference number order. In Nya Autogiro, this report is always delivered in payer number order.)

Old layout means creditors will be able to use their old layouts as they are, even after switching to Nya Autogiro. This means no changes to software or business systems. New layout requires some adaptation of the creditor's software or business system.

The choice a creditor makes applies to all reports. It is not possible to receive some reports with the new layout and others with the old layout.

The new layouts are available for download at BGC's website www.bgc.se on the For software companies tab.

When will the changes be made?

The changes are made when a creditor upgrades to Nya Autogiro.

What does the software company need to do?

Software companies who want to offer creditors all reports in electronic format need to adapt their software to handle all new layouts.

Software companies that offer support for BgMax layout (the layout used for Bankgiro Inbetalningar) may need to adapt the layout if they have not allowed for the so-called payment channel code, which was previously reserved for Autogiro.

What does the creditor need to do?

Creditors need to get information about Nya Autogiro and all the changes an upgrade entails.

Creditors need to make a choice when upgrading. They can retain the current old layouts. If a creditor uses payment specifications in reference number order, they must ensure that they can accept them in payer number order.

Creditors who want to receive all information on file for processing in a business system should choose to switch to the new extended layouts and to receive all reports on file. If this is done, the creditor needs to check whether its software or business suite can handle the new layouts for all reports. Any creditors choosing to receive direct debit information in the BgMax layout must check whether their software can read the code indicating that the payment comes from Autogiro.

Autogiro Online is a complement for all creditors, regardless of whether a creditor chooses old or new layout.

Any questions? Contact BGC product support by sending an e-mail to produktsupport@bgc.se.

Bank branches should contact their central office in the first instance.

New web services for creditors via Autogiro Online

Overview of the web services

The new web service, Autogiro Online, is to be used at the creditor's initiative to create, read, update and remove information in Autogiro. BGC offers creditors a web-based interface in the shape of Autogiro Online.

Autogiro Online improves creditors' opportunities to easily administer information in Autogiro via a user-friendly interface and with simple packaged web services. With the advent of Autogiro Online, the costly administration of paper and forms can be replaced with information over the Internet for all creditors.

This is how it works today

Today creditors can only see mandates and payments from their debtors via the complementary service Autogiroinformation via Internet (Direct Debit Information via the Internet). Logins are conducted with the aid of smart cards and card readers.

What changes are we making?

The new web service Autogiro Online is being introduced and gives creditors currently handling a great deal of paper the option to simplify administration and reduce archiving.

The existing limited web service Autogiroinformation via Internet will be replaced by new services wherein creditors will have wider options in displaying summaries and performing searches as a replacement for today's paper lists. Creditors will also be able to read, amend and remove payments and mandates.

This is how it will work

The creditor will be given access to all or selected parts of the direct debit functions via Autogiro Online. Creditors will be offered two different services: *Autogiro*tjänst för *betalningsmottagaren* (Direct Debit Service for Creditors) and *Autogiro*tjänst för *betalningsmottagarens kundtjänst* (Direct Debit Service for Creditor Customer Service).

Autogiro Online för betalningsmottagaren will be a comprehensive service for companies that will enable them to view and manage mandates and payments and register new mandates, as well as view summaries and predefined reports. The creditor can get acquainted with Autogiro Online by using the demo available at bgc.se.

Autogiro Online för betalningsmottagarens kundtjänst is aimed at companies with users that provide customer support. With this service, users can access and administer mandates and payments, but can only make individual updates, such as to change *one* payment or *one* mandate.

Autogiro Online will comply with BGC's general standards for user-friendliness and appearance. This means intuitive interfaces and clear instructions to users.

There are two ways to access the new web service Autogiro Online:

1. The bank links the user from its own system to Autogiro Online.
2. The user visits Autogiro Online directly using an electronic ID to log in.

When a creditor upgrades to Nya Autogiro, three months of activity history will be imported to Autogiro Online. The import is made during the night between Friday and Saturday for all creditors who upgraded to Nya Autogiro during the week.

When will the changes be made? The changes are made when a creditor upgrades to Nya Autogiro.

What does the software company need to do? Nothing.

What does the creditor need to do? The creditor must ensure future access to Autogiro Online. The creditor must reach agreement with the bank on which users at the company, and any service bureaux, are to have access to the different functions.

The creditor must also review its procedures to establish whether any changes need to be made. The creditor can get acquainted with Autogiro Online by using the demo available at bgc.se.

Any questions? Contact BGC product support by sending an e-mail to produktsupport@bgc.se

Bank branches should contact their central office in the first instance.

Autogiro tailored to PSD – The debtor's right to a refund

Introduction

In April 2007, the European Parliament adopted a directive on payment services in the internal market of the EU (Payment Services Directive, PSD). The requirements of the directive will be implemented in Swedish law in 2010.

The directive includes increased consumer protection. This also applies to payments in Autogiro, where the debtor's bank will be obligated to deal with complaints lodged by the debtor. If there is reason for a refund, the bank is obligated to repay the concerned amount to the customer. The changes in Nya Autogiro are being made to meet the requirements of Articles 58-63 of the Directive.

Overview of refunds in the product

A refund in the Autogiro product can result from a debtor lodging a complaint with the bank. When the debtor's bank receives a complaint about a direct debit payment, the bank initiates an investigation, which can result in a refund of a previously executed direct debit payment.

In this section, the company that initiated the original payment is termed creditor, even though a refund entails the creditor actually being the debtor. The creditor's customer is termed the debtor, even though a refund entails the receipt of a payment.

Similarly, the terms debtor bank and creditor bank are retained, despite the role reversal in reality.

This is how it works today

Today there are two different Autogiro products, each with slightly different rules in this area.

In the case of Autogiro Privat, the debtor has, under certain circumstances, the right to a refund within two weeks. This is handled manually between the banks, without the involvement of the Autogiro product. Initially, this will also apply to Nya Autogiro.

In the case of Autogiro Företag, there is no right for the debtor to contact the bank for assistance in lodging a complaint over an executed payment.

What changes are we making?

The debtor's rights are strengthened by the new law. As such, the rules for Autogiro will be changed with the introduction of the new law.

Together with the banks, BGC will devise a manual procedure for handling refunds in the direct debit products.

Why are we making the changes?

The changes are being made primarily in order to meet the requirements introduced by the new Payment Services Directive (PSD). The banks and BGC have also previously agreed that the current rules offer insufficient protection, and should therefore be revised in this area.

This is how it will work

The payment services directive demands greater rights for debtors. The directive states that:

- The debtor has the right to a refund for up to thirteen (13) months if the payment was not approved by the debtor. The directive opens the way to reach agreement on a different time limit for non-consumers.

- Even if the payment is approved by the debtor, the debtor has the right to a refund for up to eight (8) weeks if notification of the amount was not provided before the transaction was approved and the amount was more than the debtor could reasonably expect. The directive permits the bank to draw up an agreement wherein non-consumers waive the right to this time period.

The main principle for the procedure is as follows:

1. If a debtor wants to demand a refund on an executed direct debit transaction from a creditor, the debtor can contact the creditor or the bank.
2. An investigation is conducted to establish whether the debtor has the right to a refund. The creditor will be informed of the ongoing case so that the creditor has the opportunity to submit documentation to the investigation (e.g. a copy of the submitted mandate) and to contact the debtor to resolve the issue.
3. The debtor's bank decides whether a refund is to be made.
4. The creditor's bank debits the creditor.
5. The debtor bank credits the debtor in the amount previously withdrawn from the debtor's account. The debtor bank is responsible for informing the debtor about the credit transfer, either via the debtor's bank statement or in some other way.

When will the changes be made?

The debtor's new rights and altered regression right between the banks will be introduced when the new law comes into force.

What does the software company need to do?

Nothing.

What does the creditor need to do?

Creditors need to review their procedures so that they know how to handle refunds.

How will debtors and creditors receive information?

It has not yet been decided how consumers and other debtors will be informed about this change.

Creditors receive information on the product change via their banks. BGC also provides information via bgc.se.

Any questions?

Contact BGC product support by sending an e-mail to produktsupport@bgc.se.

Bank branches should contact their central office in the first instance.

Autogiro and the Payment Services Directive (PSD)

Autogiro tailored to PSD – The debtor's right to revoke a payment before it is made

Introduction

In April 2007, the European Parliament adopted a directive on payment services in the internal market of the EU (Payment Services Directive, PSD). The requirements of the directive will be implemented in Swedish law in 2010.

The directive includes increased consumer protection. This also applies to payments in Autogiro, where the debtor's bank will be obligated to offer its debtors the opportunity to revoke a direct debit payment instruction up until the day before the due date. The changes in Autogiro are being made to meet the requirements of Article 66 of the Directive.

This is how it works before implementation

The debtor can contact the creditor to stop/revoke a direct debit payment. (One alternative to revoking a payment is to cancel/revoke the entire mandate, which can be initiated via contact with the creditor or the debtor's bank.)

Today, the following options are available when a debtor wants to revoke a payment instruction:

- If the debtor contacts a creditor that uses Nya Autogiro, the creditor can cancel the payment instruction by file no later than 19:00 the day before the due date or via Autogiro Online no later than 23:00 the day before the due date.
 - If the debtor contacts a creditor that uses Autogiro Privat or Autogiro Företag, the creditor can cancel the payment instruction by file or electronic form no later than 17:00 the day before the due date.
 - The bank can also offer this function via its Internet bank. However, this requires that the creditor uses Nya Autogiro and that the payment initiations have been sent to Bankgirot.
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What changes are we making?

The debtor will be able to contact the bank to stop/revoke a direct debit payment.

Why are we making the changes?

The changes are being made to meet the requirements specified by the payment services directive as well as demands from banks and their customers.

This is how it will work

This is how it will work depending on whether the debtor contacts the creditor or the bank:

- If the debtor contacts the creditor directly to stop a payment instruction, the creditor achieves this in different ways depending on whether the creditor uses Nya Autogiro.
 - If the creditor uses Nya Autogiro, the creditor can cancel the payment instruction by file no later than 19:00 the day before the due date or via Autogiro Online no later than 23:00 the day before the due date.
 - If the creditor that uses Autogiro Privat or Autogiro Företag, the payment in-

struction can be cancelled by file up until 17:00 the day before the due date.

- If the debtor contacts the bank, the bank can help the debtor up until the day before the due date. The bank can:
 - Check in Autogiro Online whether the creditor has switched to Nya Autogiro. If the creditor has switched, the bank can cancel the payment instruction there.
 - If the creditor uses Autogiro Privat or Autogiro Företag, the bank can fill in a form that is sent no later than 16:00 the day before the due date to BGC and BGC will cancel the payment instruction.

When will the changes be made?

The changes will be implemented when the new law comes into force.

What does the software company need to do?

Nothing.

What does the creditor need to do?

It is an advantage if the creditor sends the payment initiations to Bankgirot in good time before the due date, so that the debtor can use the Internet bank to see the concerned payment. This way, debtors can better plan their finances and revoke payments before they are made.

How will debtors and creditors receive information?

It has not yet been decided how consumers and other debtors will be informed about this change.

That the payment initiations should be sent to Bankgirot in good time before the due date and that the debtor can revoke payment instructions is stated in the user manual for Autogiro.

When a payment instruction has been revoked by the debtor, the creditor is informed in the reports received from BGC. If the creditor uses the new layouts, a code will be used to specify that it is the debtor who has revoked the payment instruction. For creditors using the old layout, the code used is the same as for when the revocation is initiated by the creditor.

Any questions?

Contact BGC product support by sending an e-mail to produktsupport@bgc.se.

Bank branches should contact their central office in the first instance.

Autogiro Privat and Autogiro Företag upgraded to Nya Autogiro

Overview of the upgrade	Every creditor that wants to continue using Autogiro must upgrade to Nya Autogiro during 2010. Creditors that have not upgraded will no longer be able to offer direct debit as a payment alternative to their customers.
This is how it works today	<p>Today there are two direct debit products, Autogiro Privat (Direct Debit for Consumers) and Autogiro Företag (Direct Debit for Business). The products are very similar, differing mostly in terms of the way debtors are set up (mandates). In Autogiro Privat the debtor's bank account number is specified and in Autogiro Företag the debtor's bankgiro number is specified.</p> <p>All in all, there are about 20 million mandates, most of which are within Autogiro Privat.</p>
What changes are we making?	Nya Autogiro combines today's Autogiro Privat and Autogiro Företag into a single product. Nya Autogiro will be available in different versions to fulfil the needs of bank customers. This means that the current differences, the ability to use the debtor's bank account number or the debtor's bankgiro number, will remain. Creditors will be able to administer this using a single product if desired.
This is how it will work	The two existing direct debit products will be discontinued, which means all existing creditors must upgrade to Nya Autogiro.
When will the changes be made?	All creditors must upgrade to Nya Autogiro in 2010.
What does the software company need to do?	The software company needs to decide what support its software is to offer for Nya Autogiro.
Any questions?	<p>Contact BGC product support by sending an e-mail to produktsupport@bgc.se.</p> <p>Bank branches should contact their central office in the first instance.</p>