November 2016

Manual for Business Euro Direct Debits

Payment collection by Business Euro Direct Debit

Een aandeel in elkaar

Rabobank

Content

Chapter 1: Introduction

Companies in the Netherlands and other European SEPA countries can use Business Euro Direct Debits to automatically collect business-to-business payments. The Business Euro Direct Debit is exclusively intended for automatically collecting business-to-business payments.

One of the differences between the Business Euro Direct Debit and the ordinary Euro Direct Debit involves the debtor's obligation to register the mandate with his or her bank. If the mandate is not registered the direct debit cannot be executed. Electronic Direct Debit mandates make this registration extremely easy.

The following chapters describe what you have to do to be able to perform Business Euro Direct Debits. You will learn more about, for example, using Business Euro Direct Debits, how to manage (Electronic) Direct Debit mandates, the rules and what to do if a direct debit fails.

See also **click here.**

Chapter 2: The Business Euro Direct Debit

2.1 General

You can use a Business Euro Direct Debit to debit an account anywhere in Europe. To do so, your business customers must have a business bank account in one of the SEPA countries. SEPA is the abbreviation for 'Single Euro Payments Area': a single European payment market with no differences between domestic and foreign payments.

As the creditor:
- You take the initiative to collect the payment;
- You know whether a direct debit is definite two days after your account is credited;
- You collect payments from all your European debtors in the same way, in euro.

Your business debtor:
- No longer has the right to reverse the direct debit once it has been debited;
- Can only be debited using a Business Euro Direct Debit if he or she has a business account;
- Grants his/her bank explicit authorisation to execute the direct debit by registering the mandate with the bank concerned;
- Can issue an Electronic Direct Debit mandate, if you supply one, which is then registered immediately with the bank;
- Can configure a maximum amount for a direct debit;
- If desired, can stop the direct debit before the day it is due to be executed.

Your debtor's bank:
- Ensures the debtor is able to register the mandate online or using a registration form;
- Has the right to refund payments within two working days.

2.2 International direct debits

In order to collect payments using a Business Euro Direct Debit, your business client must have a business bank account in the Netherlands or in one of the SEPA countries. In some countries SMEs are considered to be consumers. This means you cannot collect payments from them using a Business Euro Direct Debit. This is the case in the United Kingdom, Ireland, Portugal, Hungary, Cyprus, Italy, Malta, Slovakia, the Czech Republic, Latvia and Sweden. Your client can ask his or her bank whether or not he/she is considered to be a company and can be debited using the Business Euro Direct Debit.

Limitations of scope
Not all banks offer their customers European business direct debits. A list of the banks that participate in the European Business direct debit can be consulted on **www.european-paymentscouncil.eu** A list of the participating Dutch banks can be consulted on **www.betaalvereniging.nl.**

Other currencies
You can only collect payments in euro with the Business Euro Direct Debit. If you collect a payment from a bank account (IBAN) held in a different currency (e.g. in Pounds Sterling), the bank exchanges the debtor's currency. This may result in additional costs for the debtor due to exchange differences. The exchange rate risk applies to you, the creditor, if the direct debit is refunded.

2.3 The Business Euro Direct Debit contract

If you want to use the Business Euro Direct Debit you need to arrange a Business Euro Direct Debit contract with Rabobank. On signing the contract you declare that you will comply with the rules imposed on you, the creditor, by law and by Rabobank. You can find these rules in this manual and in the General Terms and Conditions on **www.rabobank.nl.**

Chamber of Commerce Registration

Your organisation must be registered in the Chamber of Commerce's Business Register in order to conclude a Business Euro Direct Debit contract with Rabobank. Other rules may apply to churches, public-law institutions or foreign companies. Your Rabobank contact can provide you with more information about this matter. You will find all the information about registering in the Business Register on **www.kvk.nl.**

Also collect payments with a Euro Direct Debit

If you want to collect payments using the Business Euro Direct Debit and the Euro Direct Debit you have to sign two contracts with the bank. You can use the same account number to execute Euro Direct Debits and Business Euro Direct Debits.

2.4 Your Collector ID

The Business Euro Direct Debit contract specifies your Collector ID. You receive your Collector ID from the bank where you first sign a direct debit contract. You receive a one-off certificate that specifies your Collector ID. In the Netherlands the Collector ID consists of 19 characters. The Collector ID is used to identify your organisation throughout the SEPA area.

2.5 Contract limits

Two contract limits apply to the Business Euro Direct Debit contract. You can submit your direct debit orders for processing up to these limits.

1. Maximum amount per item
   This is the maximum permitted amount of an individual Euro Direct Debit. If you submit a direct debit for a higher amount the bank will reject it. If the maximum amount is too low for you, please discuss it with your bank.

2. Period limits
   This is the maximum permitted total amount of Business Euro Direct Debit orders you may submit during a certain

period of time (in weeks). If you submit more direct debits than permitted during your period limit there is a risk that they will be executed later or perhaps not at all.

Verification date and exceeding limits

When a batch of Business Euro Direct Debits is processed, the total amount already processed during the previous period is verified. The verification date is the desired execution date (and therefore not the submission date). Any batches that exceed the period limit will be held back by the bank. The bank will subsequently decide whether each batch will be executed or rejected. If the maximum item amount is exceeded the order will also be immediately reversed after the total batch amount is credited.

Example

Your period limit is € 1,000 per week. Today you send a batch of direct debits amounting to € 1,000 with the desired execution date of 31 August. Tomorrow you do exactly the same applying an execution date of 1 September. The second batch will be held back because your period limit has already been reached. The bank examines whether your limit has been already used during the previous period (one week) from the execution date - in this case 1 September. The bank decides whether or not the second batch will be processed within three working days of you submitting it.

Your contract limits and multiple accounts

You can include multiple accounts in your direct debit contract. The contract limits apply to all accounts included in the contract.

2.6 The Business Euro Direct Debit and the Euro Direct Debit

In addition to the Business Euro Direct Debit you can also use the standard Euro Direct Debit at Rabobank, which means you can collect payments from consumers and businesses. In this version the debtor has the right to a reversal period of

eight weeks. Read more about the Euro Direct Debit on
www.rabobank.nl/euroincasso.

2.7 Rabobank General Terms and Conditions for (Business) Euro Direct Debits

The Rabobank General Terms and Conditions for (Business) Euro Direct Debits and Supplementary Terms and Conditions of Rabo Electronic Direct Debit mandates apply to all information provided in this manual. These take precedence in the event of any contradictions between the General Terms and Conditions and the manual, and are available on
www.rabobank.nl/bedrijveneuroincasso.

Chapter 3: Mandates

3.1 General

In order to be able to use the Business Euro Direct Debit, your debtor must authorise you by signing a mandate form that satisfies legal requirements. It is possible for someone from whom you have collected payments to allege that he or she has not issued you with a mandate. If this is the case you must be able to present a copy of the signed form. By signing the mandate form your debtor also explicitly agrees with the fact that he or she waives his right to reverse any direct debits.

Please note: The use of paper mandates for the Business Euro Direct Debit is very prone to error. Therefore Rabobank recommends using Electronic Direct Debit mandates.

3.2 Electronic Direct Debit mandates

With Electronic Direct Debit mandates you receive valid, online direct debit mandates from your customers. Your customer agrees remotely to the mandate that you have configured in advance. He or she does this via his/her own secure Internet Banking environment. This provides you with the certainty that you can collect payments.
Here are several advantages of electronic direct debits:

- Efficient and reliable solution for paper mandates
- More successful direct debits
- More convenient for your customers

Do-it-yourself or use a service provider

For your customers to issue you with an electronic mandate your website needs to be modified or you could use an e-mail with a mandate link. If you include the Electronic Direct Debit mandate logo your customers will be able to recognise it. Introducing Electronic Direct Debit mandates in your operational processes yourself takes several weeks and requires extensive technical knowledge. If you opt to join via a Mandate Service Provider (MSP), you can start using Electronic Direct Debit mandates sooner. This means you will largely use the MSP connection and have a lot less to organise yourself.

Facturis is a Mandate Service Provider and is officially part of Rabobank. Read more about their services and rates on **www.rabobank.nl/facturis.**

You can read all about the rates and conditions that apply to Electronic Direct Debit mandates on **www.rabobank.nl/dim.**

3.3 Mandate form

If you cannot or do not want to use Electronic Direct Debit mandates, there are also standard mandate forms you can print or order from a professional printer. You can also use this model for your own design.

Please note! You are obliged to retain all the fields included on the sample mandate form, literally use them in your own design. Therefore you may not omit any text! However, you can include additional information on your form. Examples include a contract number or the reason for the payment. Additional information is permitted as long as you do not contradict the mandate text in the model.

You may also include the mandate text in a contract, but only if you get the mandate text signed separately in the contract. This text must be easy for the debtor to recognise as a mandate.
Visit **www.rabobank.nl** to consult the sample mandate in

Dutch, English, French and German. If you need a mandate text in a language other than Dutch, English, French or German, please visit **www.europeanpaymentscouncil.eu** under SEPA B2B Direct Debit.

3.4 Points of concern related to mandates

The following points of concern apply to both Electronic Direct Debit mandates and paper mandate forms.

A single mandate for several purposes
You can use a single mandate for direct debits for multiple purposes. You do not need to specify a reason for the direct debit on the mandate. Therefore you can use a single mandate (and the same mandate identifier) for several purposes related to the same person. The Rabobank will advise you to specify a reason for the debit so that it is clear to the debtor.

Bank Identification Code (BIC)
The 'BIC' field on the mandate form only needs to be completed on the paper mandate for customers with a foreign bank account number. An accounting package may well require you to enter a BIC. If so, you can enter the BIC 'RABONL2U'. The Rabobank automatically enters the correct BIC based on the foreign bank account number.

Reason for the debit
Before executing the direct debit you must always clearly communicate the precise reason for a specific debit to your debtor, such as via an invoice.

Limited period of validity
If you have not collected any payments with the same mandate identifier during a period of twenty consecutive months, you can no longer use the mandate and must ask your customer to sign a new one.

Storing authorisations
A scanned and electronically archived mandate form is considered a legal mandate in the Netherlands. When account holders with a foreign bank authorise mandates, it cannot be guaranteed that a scanned mandate will be accepted as a legal mandate. You are obliged to retain the original direct debit mandate for at least thirteen months following the last direct debit order.

In the case of an Electronic Direct Debit mandate, it is important that you retain the ISO PAIN.012 message (the format in which you receive the mandate details) as well as the electronic signature (including the certificate information). The retention period is at least thirteen months after the last direct debit has taken place.

> **TIP**
> **For more information about the correct use of Electronic Direct Debit mandates visit www.rabobank.nl/dim.**

3.5 Registering the mandate

The debtor does not have the right to reverse a Business Euro Direct Debit once it has been debited. This is why the debtor's bank requires its customer's explicit authorisation for debiting the Business Euro Direct Debit. Therefore your debtor not only authorises you with a mandate but must also register the mandate for the Business Euro Direct Debit with his/her bank.

There are four ways to register a mandate:
1. Using Electronic Direct Debit mandates (recommended)
2. Online at Rabobank, ING and Citibank
3. By uploading a first direct debit for Rabobank customers
4. Using a standard paper registration form for other banks

For an updated list of the registration method per bank visit the website of the Betaalvereniging (Payment Association) at

www.betaalvereniging.nl/giraal-en-online-betalen/ incasso/zakelijke-europese-incasso/.

> **Please note: a Business Euro Direct Debit cannot be executed if the mandate is not correctly registered at the debtor's bank. Rabobank recommends you use Electronic Direct Debit mandates for an efficient registration process.**

1. Registration using Electronic Direct Debit mandates
   Registration at the debtor's bank is performed automatically the moment your customer signs the mandate. Once you receive the electronic mandate you can be sure the registration was successful. A direct debit will subsequently succeed if your debtor's account has sufficient funds and your debit is below the maximum limit configured by your debtor. Electronic Direct Debit mandates provide you with a better insight into the maximum amount and any changes thereto. You also receive an automatic message if the mandate is cancelled.

2. Online registration at Rabobank, ING and Citibank
   • You complete the mandate form and send it by email or post to the debtor;
   • The debtor sends the mandate form back to you and registers his or her mandate online. The debtor may confirm that he or she has registered it online;
   • You file the mandate form;
   • Once the debtor has registered it online you can collect payments. The creditor does not receive confirmation of this.

> **Please note: carefully copy the mandate identifier in your records or from Rabo Internet Banking to the mandate form and registration form.**

3. Registration by uploading a first direct debit for Rabobank customers
   Rabobank offers an alternative process that removes the risk of copying errors and involves less work for your debtor.

Follow the steps below:
• Upon signature of the mandate, agree with your debtor that he or she takes care of registering it by accepting your mandate details on the first direct debit in Rabo Internet Banking. You communicate the exact date on which the direct debit will take place. The debtor may configure an alert to be notified when your direct debit is ready to be registered.
• Send the first direct debit or a test transaction of, for example, € 0.01.
• Your debtor will see the mandate details in Rabo Internet Banking as of the day preceding the direct debit. If he or she accepts and signs before the day the direct debit is executed the payment is collected and the registration is successful.
• If the debtor does not do so in time, the mandate details are still available for signature in Rabo Internet Banking. You can only execute direct debits after your debtor has signed.

Instructions for registering a Business Euro Direct Debit by Rabobank customers
On **www.rabobank.nl/machtigen** you will find instructions you can download, which you can use to inform your customers with a Rabobank account about how the Business Euro Direct Debit and online registration works. You can send the instructions to your debtors with a Rabobank account along with the mandate.

4. Registration with a standard paper registration form
   The following applies to debtors whose bank does not offer online registration:
• Complete the mandate form and registration form and send them by e-mail or post to the debtor;
• The debtor completes the details on both forms, signs them and sends them back to you.
• You file the mandate form and check the registration form for completeness;
• You send the registration form to the debtor's bank;
• The mandate is registered no later than five working days, and you can collect payments. You do not receive a confirmation of this registration.

3.6 Mandate identifier

With the Business Euro Direct Debit mandate, it is important to give each mandate a unique identifier. The debtor communicates this identifier to his/her bank when registering and you include the identifier in each direct debit. The direct debit can only be processed if your debtor has registered exactly the same identifier with the bank. Therefore it is vital that you use the mandate identifier correctly.

Unique mandate identifier

The mandate identifier, in combination with your Collector ID, forms a unique mandate identifier. The mandate identifier:

- Is the unique identifier allocated to a single mandate authorised by your member or customer;
- Is compulsory;
- Is compiled by you;
- Can consist of a maximum of 35 numbers and/or letters;
- Is entered in your debtor records;
- May not be used for multiple debtors;
- May not be altered after being used.

Important points of concern

- Use only numbers and/or letters in your mandate identifier;
- Do not mix upper case and lower case letters;
- DO NOT use any spaces, dashes or punctuation marks. This could make the correct registration difficult for your debtor;
- Do not change the mandate identifier once you have used it. In the case of a new mandate identifier your debtor has to register the mandate with his/her bank again.
- If you also use the general Euro Direct Debit you may not use the same identifier for both forms of direct debit.

Description versus mandate identifier

Although in principle, the mandate identifier never changes for the same debtor, the description may vary for each direct debit. For example, as his/her direct debit description a debtor sees:

- Mandate identifier: debtor123
- Description: delivery 15 December

3.7 Entering and managing mandates

When you receive a signed mandate from a client, enter the details in your debtor records. You must at least (electronically) document the mandatory details: Name, IBAN, date the mandate was signed and the mandate identifier.

If the mandate changes, enter the date the change applies and the underlying reason. If a direct debit is made from the account on behalf of someone else, ensure you enter the details of the actual debtor. The next chapter provides more information about changes to the mandate details.

Entering new debtors in the Rabo Internet Banking direct debit address book

Enter the details you have to include in the address book that appear on the signed mandate.

- Choose 'address book';
- Add addresses using the 'add address' button;
- Enter all the information on the page;
- Click 'add' to save the address.

3.8 Inform your debtors

With the Business Euro Direct Debit your debtor has no right to reverse payments. Therefore it is important to properly inform debtors about upcoming debits.

Three rules apply to informing debtors about direct debits:

1. You must have a signed mandate for the Business Euro Direct Debit;
2. Before you send a direct debit to be processed, you must also inform the debtor about the amount and date of the direct debit. There are no specific requirements related to the way you must inform your debtors. You could do so, for example, by means of an invoice, delivery note or receipt upon delivery or by post, e-mail or text message. As long as one can assume the prior notification reaches the debtor personally before the direct debit is executed.

3. Indicate how far in advance you will inform your debtor about upcoming direct debits in your terms and conditions, in a contract with your client or on the mandate form. If you do not do so, a statutory period of fourteen (14) calendar days applies.

Also - if you are not using Electronic Direct Debit mandates - do not forget to ask your debtor to register the mandate with the bank.

Chapter 4: Changes to the mandate

4.1 Changes to your details or those of your debtor

4.2 Changes to your details

4.3 Changes to your client's details

4.1 Changes to your details or those of your debtor

An existing mandate may change as a result of changes to your details or those of your client.

4.2 Changes to your details

New account number: no effect on mandates
The creditor's account number is not included in the direct debit mandate's details. Therefore if it changes this has no effect. Even if you change bank, as long as your Collector ID remains the same. You only have to change the account number in your records.

Action is required in the case of the following changes:

- A new Collector ID;
- A different creditor name;
- A new mandate identifier.

New Collector ID or new creditor name

Your Collector ID or name may change, for example, as the result of a merger or change of legal form. We recommend that you only change your Collector ID if there is no other option. You do not need to change your Collector ID if your Chamber of Commerce registration number changes. You can obtain more information on this matter from your Rabobank branch.

New mandate identifier

Sometimes you have to change the mandate identifier for existing mandates.

What do you have to do with regard to the above changes?

- You need a new direct debit contract if your name or Collector ID changes.
- Have your client sign a new mandate. If you do not offer the option of electronic direct debit mandates your debtor must register the mandate with the bank once more.

4.3 Changes to your client's details

The following changes in your client's details have an effect on an active mandate:

- A new bank account number;
- A change to the maximum amount;
- Cancelling the mandate and/or registration of the mandate.

Lastly, a legal change may apply to your client, such as a different legal form. In this case, a completely new mandate is required.

General: changes made by the debtor to an electronic mandate

In most cases, a debtor can change or cancel an Electronic Direct Debit mandate via your website. You see the change on the Rabo Electronic Direct Debit Mandates Dashboard. The bank is obliged to offer a backup option to withdraw or amend an Electronic Direct Debit mandate. Your website may not be available. Therefore a Rabobank customer can also cancel a mandate via Rabo Internet Banking. You do not see this in your Rabo Electronic Mandates Dashboard. It is therefore important that - in addition to the bank's communication on the matter - you clearly inform your clients that the correct method of communicating any changes is to use your website.

You can find out how to allow clients to amend and cancel electronic mandates via your website in the Electronic Direct Debit mandates manual on **www.rabobank.nl/dim.**

Your client has a new bank account number

You find out that your client has a new bank account number via the Rabo Electronic Direct Debit Mandates Dashboard (the client implements the change on your website), or directly from your client in, for example, an e-mail or via the Switch-over Service.

In the case of a change via the Electronic Direct Debit mandate:

1. Retain the amended (electronic) mandate with the original mandate;
2. Change the account number in your records.

In the case of a change implemented by your client or via the Switch-over Service:

1. Retain the notification of the change or of the Switch-over Service with the original mandate;
2. Change the account number in your records.

> **Tip: Hasn't your client signed an electronic direct debit mandate yet? If he or she communicates a change, it's a good time to ask him or her to do so. This will provide you with the latest information about the mandate's status and your client can manage the mandate more effectively.**

If you do not have an Electronic Direct Debit mandate signed for the change, follow these steps:

For customers that do not register online

Send or e-mail a registration form completed by you in advance with the new account number and get it sent back to you signed. Then send the registration form to the debtor's bank yourself.

For customers that do register online

Send or e-mail a registration form completed by you in advance with the new account number. Ask the client to register the mandate at the bank once more using these details.

For customers who register online with Rabobank

By submitting a direct debit with the new account number, a new registration is automatically uploaded for your client. Clearly communicate the date of the next direct debit to your debtor. In order for the transaction to be successful, the debtor must accept the automatically uploaded, new mandate details no later than the day before the execution date in Rabo Internet Banking or Rabo TransAct. The new mandate details will be displayed the afternoon before the execution date. If the debtor does not sign on time, the mandate details are still available for signature until the debtor signs.

Chapter 5: Collecting payments

5.1 General

You are ready to collect payments when you have a contract and signed mandates, your debtors have registered the mandate and you have made agreements on how you will inform them about upcoming debits.

5.2 Creating direct debit orders

The banks use the mandate identifier to check whether you are debiting a debtor for the first time. The type of mandate indicates whether it relates to a recurrent or one-off direct debit. The types of mandates are:

1. Recurrent
    You use this type for recurrent direct debits, when you collect payments more often using the same mandate identifier.

2. One-off
    You use this type when your debtor has signed a one-off mandate. You can only use the mandate identifier of a one-off direct debit once.

You can also use the first and last types for recurrent direct debits, but this is not compulsory. You are recommended to remove these types from your accounting package at your convenience.

5.3 Collecting payments using your accounting package

You can upload the batches in Rabo Internet Banking or in Rabo Cash Management.

In **Rabo Internet Banking** select:
> Payments and Savings - Euro Direct Debit - Import.

In **Rabo Cash Management** select:
> Payments and collections - Import - Import batches

When sending your banking orders your accounting package divides the direct debit orders into several batches in accordance with the different types of mandates (if applicable). They are then divided into different execution dates.

Once uploaded the batches can no longer be changed. If you want to make changes, you must cancel the batch and make your changes in the accounting package.

> **TIP**
> **If you create direct debit orders in your accounting package you can immediately book the outstanding items as paid. You can assume that the direct debit is processed unless you receive a rejection. If this is the case, book the item as open again. The most efficient procedure is if your accounting package can automatically process rejections.**

5.4 Collecting payments using Rabo Internet Banking without any software

Click Professional Internet Banking Support under 'Create direct debit orders' for an explanation. Here you will find a demo on creating a direct debit, a demo about working with the direct debit address book and a leaflet that explains the steps involved.

5.5 Creating individual direct debits in Rabo Cash Management

You can create individual orders for Business Euro Direct Debits in Rabo Cash Management. Also carefully complete the other details such as the mandate identifier and the signature date to avoid rejections.

5.6 Cancelling Business Euro Direct Debits

You can only cancel submitted Business Euro Direct Debits if you can see the 'Open' status in the 'Sent Euro batches' screen in Rabo Internet Banking.
In Rabo Cash Management you can contact your Rabobank branch to cancel the batch up to two working days before the execution date.

5.7 Execution date

Direct debit batches received by the bank at 11 a.m. at the latest that have been correctly submitted by you are credited to your bank account the following working day, unless you entered a later execution date. If the desired execution date is not possible (if it is a Bank Holiday for example) Rabobank will automatically change the date to the next date on which the orders can be executed.

You can submit your Business Euro Direct Debits to Rabobank maximum one year before the desired execution date.

Days on which Euro Direct Debits cannot be processed are:
• New Year's Day (1 January)
• Good Friday
• Easter Monday
• Labour Day (1 May)
• Christmas and Boxing day (25 and 26 December)

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* Or RCM (Rabo Cash Management) or Equens; depending on the electronic submission channel you use.
** (refund by bank or client)
*** The list with ISO reason codes can be found on www.rabobank.nl/foutmeldingen. An ISO reason code has four positions (such as: MS03 administrative reason)
**** As indicated by you in the original PAIN message

5.8 Your account information

On your account statement you will always see a description of a single, total amount, per processed batch of direct debits that you sent in the file concerned. The description line contains the original number of items and the batch identifier. If you want to find out the underlying direct debit items look in your accounting package or the 'Sent euro batches' page in Rabo Internet Banking.

You can find the description of a batch of Euro Direct Debit orders in your account statement as follows:

1st line	(Business) Euro Direct Debit
2nd line	Internet Banking*
3rd line	'Batch identifier:'
4th line	PaymentRefenceID (2.1 index from the implementation guideline of the PAIN.008.001.02)
5th line	'Number of items:'
6th line	NumberOfCollections (2.4 index from the implementation guideline of the PAIN.008.001.02)

You can find a refund of a Euro Direct Debit order mentioning the IBAN of the original payment collected in your account statement as follows:

1 st line	IBAN and name original debtor
2st line	<description of type of refund>**
3nd line	ISO-ReasonCode *** + description of reason (in Dutch)
4rd line	': 'Transaction identifier:'
5th line	Index 2.31 ++++ End To End Identification ****
6th line	'Mandate identifier' :
7th line	Index 2.48 +++++ Mandate Identification ****

You can process your financial and debtor records using the transaction identifier and/or mandate identifier and/or IBAN related to the debtor.

PAIN.002 for quick information about rejections

PAIN.002 is a file format for account information, which means you don't have to wait until the credit entry of the batch of direct debits to know which payments were rejected before the transfer. By requesting a PAIN.002 file you can immediately see the rejections once you have submitted the direct debits. You can request PAIN.002 information as often as you want to consult the latest rejections and take direct action. Your direct debit software must be suitable for this action, ask your supplier whether you are able to use PAIN.002. For technical information also visit **www.rabobank.nl/seb.**

5.9 Failed direct debits

There are different reasons why direct debits may fail. The reason for the failure will determine whether and how you can resubmit the direct debit. Consult your account information to see which items were not carried out.

Failed direct debits are visible immediately with the credit entry

Failed direct debit orders that are known at the transfer time are displayed as individual debits the morning after the batch is credited, along with the reason why they were rejected.

> **Please note: on the Rabo Cash Management pages you see the failed direct debits bundled in one total amount. Download the account information to your accounting package to consult the individual items.**

Refunds up to two days after being credited

The Business Euro Direct Debit can still be reversed by the debtor's bank up to a maximum of two working days after being credited. These reversals are displayed as individual debits with the correct value date on your bank statement along with the reason for the reversal.

Your direct debit orders may fail in the following situations:

At the debtor's request

In the case of a Business Euro Direct Debit your debtor can:
- Refuse the debit until 4 p.m. on the execution date;
- Refuse the debit because it would exceed the maximum limit the debtor has configured at the bank for this debit;

Insufficient funds or debit blocked by the bank

The debtor's bank has two working days to refund a debit due to insufficient funds or if a block is in place.

Technical reasons

The direct debit is rejected before being processed, for technical reasons, such as an expired account number. You see this rejected direct debit as an individual debit on the day that the batch of direct debits is credited.

> **Please note!**
> **Bank charges are applied to refunds. So follow the instructions in this manual carefully to avoid unnecessary refunds.**

5.10 Resubmitting a failed direct debit

First establish whether an error code allows you to submit a new direct debit. You might first have to solve an issue, such as an unregistered mandate.

List of error messages

The table on **www.rabobank.nl/foutmeldingen** lists the reasons for the rejection that may be reported. Look for the corresponding code in 'advice' and find out what you have to do. Sometimes you can resubmit a direct debit and sometimes you need to ask your debtor to pay in a different way.

Chapter 6: Direct debit software

6.1   General

6.2   Software requirements

6.1 General

The file format for the submission of Business Euro Direct Debits is PAIN XML. The Business Euro Direct Debit makes it compulsory for you to document specific data in your debtor records. In addition, legislation requires that you always indicate if it is the first time you are executing a direct debit from a debtor. Good direct debit software is indispensable to be able to work error-free with the Business Euro Direct Debit. For a limited number of direct debits you can also collect payments without software via Rabo Internet Banking or Rabo Cash Management (RCM), which is part of Rabo Corporate Connect.

6.2 Software requirements

Please note that your direct debit software must satisfy at least the following requirements:
*   It supports the PAIN.008.001.02 file format (in accordance with the ISO 20022 standard);
*   It uses the euro as currency;
*   Mandatory fields such as IBAN, unique mandate identifier and signature date can be entered;
*   The execution date is a maximum of one year after the submission date;
*   The file names are unique;
*   The composition of a Business Euro Direct Debit consists of one or several batches;
*   Each batch contains only Euro Direct Debit orders;
    - Of the same type (recurrent);
    - With the same desired execution date;
    - Intended for the same creditor account.

Business Euro Direct Debits that do not satisfy the above criteria will be rejected. The maximum number of items depends on the electronic submission channel you use.

TIP: End-to-end ID
Use the end-to-end ID to assign a unique identifier to a single direct debit order, which can also be tracked any time during the process. This is particularly useful in the reconciliation (feedback of processing information). The end-to-end ID is also communicated to your debtor. The difference with the mandate identifier is that the latter is not unique per order but per debtor or mandate.

Errors in a batch

If a submitted batch contains errors, the incorrect direct debit orders will be rejected. If there are too many errors an entire batch is rejected because the file's integrity will be questioned. It concerns technically unavoidable errors. If this happens, please contact your software provider.

Costs related to feedback concerning incorrect direct debit orders

Charges are applied for feedback concerning rejected items. Avoid these costs accumulating and first test your software's performance to ensure it is optimal. For more information about the exact use of the PAIN.008.001.02 file format visit **www.rabobank.nl/seb.** Here you will find the user rules from the Implementation Guideline. It also provides more information about submitting a test file.

Chapter 7: Annexes

Useful websites

www.rabobank.nl/dim

More information about Electronic Direct Debit mandates

www.rabobank.nl/tarieven

More information about the costs of your business payment

transactions

www.rabobank.nl/euroincasso

More information about the Euro Direct Debit and Electronic

Direct Debit mandates

www.rabobank.nl/bedrijveneuroincasso

More information about the Business Euro Direct Debit

www.rabobank.nl/eurobetaling

More information about the Euro Payment

www.rabobank.nl/foutmeldingen

Information about error codes related to direct debits

www.rabobank.nl/machtiging

More information about the mandate for a (Business) Euro

Direct Debit

www.rabobank.nl/seb

Specifications of the import and export formats for Rabo

Internet Banking and Rabo Cash Management

Abbreviations and English terms

BIC
Bank Identification Code

EPC
European Payments Council

File
File

Final
Last in a sequence of recurrent direct debit orders

First
First in a sequence of recurrent direct debit orders

IBAN
International Bank Account Number

ISO
International Organisation for Standardisation

ISO 20022 XML standard
Standard for the file formats for exchanging payments, as defined by ISO in 2009

UDDR
Unauthorised Direct Debit Report

MT940
File format for reporting in your account

One-off
One-off direct debit

Recurrent
Second and subsequent orders in a sequence of recurrent direct debit orders debited from your debtor's account

Reason Code
Reason why a direct debit order cannot be carried out.

R message
A separate item that is reported on your account statement with the reason why a direct debit order cannot be executed

SEPA
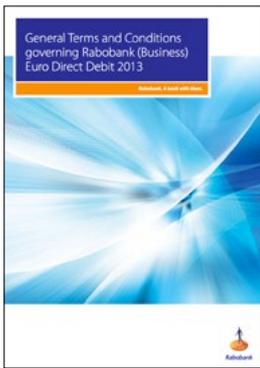Single Euro Payments Area

SEPA Business to Business Direct Debit
Business Euro Direct Debit
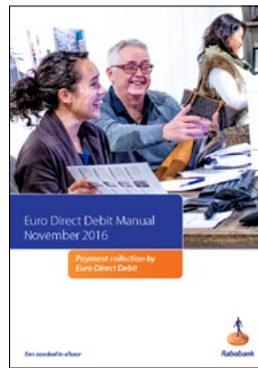
SEPA Core Direct Debit
General Euro Direct Debit

SEPA Direct Debit (SDD)
Euro Direct Debit

Rabobank General Terms and Conditions

Click for Rabobank General Terms and Conditions for (Business) Euro Direct Debits

Manual Euro Direct Debits

Click for Manual Euro Direct Debits: Payments collection by Euro Direct Debit

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