

Frequently Asked Questions

On

**Règlement de la Banque centrale du Luxembourg 2011/N°9 du 4 juillet 2011
relatif à la collecte des données sur les instruments et les opérations de
paiement**

For information purposes only

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General

1. What is the difference between the direct collection on payment data and the reporting of the Balance of Payment?

The reporting of the BOP focuses on cross-border transactions (contact: reporting.bop@bcl.lu).

The direct collection on payment data (contact: market_infrastructures@bcl.lu) focuses on domestic and cross-border payment transactions. The reporting covers payment transactions from/to a Luxembourgish account, regardless of the country of residence of the account holder.

2. Who is concerned by the reporting on payment data?

Banks (i.e. any institution active in the field of payments: credit institutions, payment institutions, e-money institutions, the post office) active in the area of payments have to report on payment data.

Payments executed for the account of customers as well as own account payments have to be reported.

3. Do institutions have to report payments executed via an intermediary?

Yes, each institution has to report its payments even in the case the payments are executed by a correspondent or a Payment Service Provider (PSP). In such a case, payments will be reported twice: once by the institution and once by the correspondent.

The BCL will manage the double reporting of operations (the transactions will be reported in different tables).

4. What payment instruments are covered by this reporting?

The reporting aims at the payment instruments covered by the PSD (credit transfers, direct debits, cards, e-money schemes) as well as checks and money orders.

For instance, the following customer payments are **included** in the reporting (list not exhaustive):

- Transfers of funds executed by the bank upon customer instruction, either via a payment system or via a PSP
- Transfers of funds executed by the bank initiated by the customer through the internet (web banking)
- Credit transfer executed by the bank for the payment of invoices received from service providers
- Direct debit relative to regular customer invoices (electricity invoices, settlement of payment cards balance)

- Sales transactions realised with payment cards
- Cash withdrawals at an ATM with a payment card
- Cash withdrawal at the bank counter with a payment card
- Credit operation realised by the merchant on the payment card
- Transfers of funds initiated by the customer in its own favor (DNO = BEN)
- Customer and interbank transfers between a payment account and other accounts (e.g. savings account, fixed term deposit account), also when the DNO and the BEN are the same.

5. What payments are excluded from the scope of the reporting?

Book entries, securities transactions and customer loans operations are not covered by the monthly reporting. An annual survey will be conducted to estimate these payments.

6. Does the reporting cover interbank payments?

Yes, the reporting covers both customer and interbank payments.

7. Does a bank using nostro accounts for payments have to report?

Yes, all payments initiated from or received to any account of the bank should be reported, whether the account is held at the parent company or in another bank, in Luxembourg or abroad.

Banks using an intermediary bank or payment services providers will indicate the settlement channel: “PSP LU” or “PSP non-LU”.

8. Are operations on investment funds included in the scope of the reporting?

No, operations on investment funds (subscriptions, redemptions), as well as securities transactions (purchases, sales), are excluded from the scope of this reporting.

If an investment fund is a customer of a bank, the investment funds payments have to be included in this reporting as for any other customer.

9. What date should the report be based on?

Banks are free to decide to select payment data to be reported based on any convenient criteria as long as it is applied consistently. This can be:

- the transaction date
- the settlement date / value date
- the transmission date of the payments into the payment system/ to the Payment Service Provider.

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10. What is the currency of the reporting?

The value of payment data is to be reported in the accounting currency of the institution.

- Separator of thousands:

There is no separator of thousands in the reporting.

- Number of decimals:

The data can be reported with a maximum of 5 figures after the separator of decimals.

The separator of decimals is the point (“.”).

11. What exchange rate should be used for transactions executed in another currency than the accounting currency?

Banks are free to decide on a conversion method as long as it is applied consistently. Conversions can be made using daily rates or monthly exchange rates.

This is a current practice of the reporting to the BCL.

12. What should be reported in the case of “no transaction”?

All tables and sub-tables have to be reported.

In the case “no transaction” has to be reported for a table, the empty table respectively the empty sub-tables will be sent. The file will only include the header.

This is a current practice of the reporting to the BCL.

13. How are foreign exchange operations to be dealt with in this reporting?

Foreign exchange transactions are not specifically covered by this report. The external payment flows resulting from the transactions however are to be included.

For interbank foreign exchange transactions, the amount paid and the incoming amount are to be reported by the bank.

Customer foreign exchange transactions are not to be reported. However, the transactions carried out by the bank to cover the customer foreign exchange transactions are to be reported as interbank transactions.

Questions on the reporting of credit transfers

14. What credit transfers have to be reported?

- interbank transfers : all payment transactions to and from other banks. In order to facilitate the selection, interbank transfers can be based on Swift messages of the category 2. However cover messages will be excluded (MT202cov). MT204 will be handled as direct debits.

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- customer transfers : all payment transactions processed through the payment chain of the institution. Some customer transfers can be executed via Swift (ex: operations on behalf of investment funds).

15.Are interbank transfers based on a Swift MT202COV included in the reporting?

Payments based on a Swift MT202COV are excluded of the reporting in order to avoid double counting.

16.Do “own account operations” have to be reported?

Yes, own account operations have to be reported.

E.g.: customer transfers (typically the payment of invoices) or interbank payments (typically treasury operations).

17.Do transfers transmitted via Multiline have to be reported?

Multiline is an e-banking service enabling corporates to send payment instructions to several banks. This service may also be used by banks in their capacity as a corporate.

A bank sending payment instructions via Multiline to another bank for their execution is considered as a customer (‘Donneur d’ordre’ or ‘DNO’) and will not report these payments. This is an exception from the normal reporting requirements.

The executing bank (‘Banque DNO’) will report these payments.

18.How should a bank report interbank payments when not using the Swift messaging system?

Institutions not using the Swift messaging system will choose, in coordination with the BCL, an equivalent criterion.

19.How do commissions to brokers have to be reported?

Commissions to brokers should be reported as customer transfers. They should not be reported as interbank payments as brokers do not have the banking status.

20.Are payments within our books to be reported?

Transfers initiated by a customer (DNO), in favor of another customer (BEN) of the same bank have to be reported. They are considered as “on-us payments”.

21.Do transactions initiated by the customer via the internet (web banking) covered by the reporting?

Yes, all payment transactions have to be reported independently of the way they have been initiated.

22.Are operations with parent companies covered by the reporting?

Yes, the following operations have to be reported:

- Interbank transfers initiated by the reporting bank in favor of parent companies
- Interbank transfers initiated by parent companies in favor of the reporting bank
- Customer and interbank transfers of the reporting bank executed by parent companies, the latter acting as the PSP of the reporting bank

23. Are funding operations included in the reporting?

Funding operations are payment transactions whereby a bank transfers funds from its account with Bank A to its account with Bank B.

Yes, funding operations should be reported under interbank transfers.

The bank issuing the instructions will report as an issued credit transfer and as a received credit transfer.

Bank A and bank B should report as intermediate credit transfers.

24. How to report common treasury operations at head office level?

Example: LU Bank A has an account with its head office. The head office offers joint treasury operations in order to place the money.

The reporting depends on the legal nature of the operations. If the end of day balance of the account is remunerated without transfer to a dedicated account, no credit transfer should be reported. If on the other hand the end of day balance is transferred to a dedicated account to benefit from remuneration, a credit transfer should be reported, independently of who initiates the transfer.

25. Are securities transactions covered by the reporting?

The purchase or sale of securities transactions are not included in this reporting (subscriptions and redemptions for funds). An annual survey will be conducted to estimate these transactions.

Funding operations executed to finance the securities transactions are included in the swift messages category 2, and as such are included in the interbank credit transfers reporting.

26. What to do in the case securities transactions cannot be isolated from the customer transfers?

The payments statistics reporting is generally to be based on the payments processing chain.

Securities transactions executed in a securities processing chain in the books of the reporting bank are excluded from the scope of the reporting.

If the customer however purchases securities outside of the books of the reporting bank, the payment of these securities are to be reported as a normal payment. The bank will often not know the reason of the payment.

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27. How should Free of Payment (FOP) transactions be reported?

The reporting of interbank payments is based on Swift messages of category 2 whereas interbank securities transactions (DVP transactions) are based on Swift messages of the category 5. DVP transactions are therefore excluded from the reporting.

FOP transactions usually involve a payment which will be included in the category 2 messages and will be included in the reporting of interbank credit transfers.

28. Are minimum reserve operations covered by the reporting?

Transfers from and to the minimum reserve accounts should be included in the reporting of interbank credit transfers, regardless of the payment message used.

29. How to identify the settlement channel?

The settlement channel to report will depend on whether the bank is connected or not to a settlement system.

If the bank is connected to a settlement system, the settlement channel to report will either be the name of the system used (example: Target2) or 'Relation Nostro/Loro' ('Relation Nostro/Loro' is to be indicated if the settlement is not done via the settlement system).

If the bank is not connected to a settlement system, the settlement channel to be indicated will be 'PSP LU' or 'PSP non-LU' depending on where the PSP is based.

Questions on the reporting of direct debit transactions

30. Are legacy direct debits covered by the reporting?

Yes, legacy direct debits have to be reported.

Only settled transactions have to be reported.

31. Are SEPA direct debits covered by the reporting?

No, SEPA direct debits are not yet covered by the reporting.

An annual survey will be conducted in order to estimate these payments.

Tables regarding SEPA direct debits will be established in due course.

32. Is the settlement of payment cards balances covered by the reporting?

Yes. The sub-table V1.3.2 is dedicated to the settlement of payment cards balances.

- Debit cards:

No reporting in the table V1.3 relating to direct debits.

Debit cards transactions (for issued debit cards) have to be reported in the table V1.5.

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- Prepaid cards:

No reporting in the table ~~V1.3 relating to direct debits~~

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The following reporting has to be done regarding prepaid cards:

- Prepaid cards transactions (table V1.5)
- Fundings and withdrawals on prepaid cards (V1.4.2)

- Credit cards and deferred debit cards:

In case of a monthly direct debit on the customer account:

Yes, the monthly settlement of credit cards balances should be reported in the sub-table V1.3.2.

Data regarding the monthly settlement of credit cards balances may only be reported in the table dedicated to legacy direct debits (table V1.3.1) or in the tables dedicated to SEPA Direct debits / reporting as debtor bank (table V1.3.3) if they can not be isolated from other legacy direct debits.

- In case of a credit transfer by the customer to its bank:

No reporting in the sub-tables V1.3.1 & V1.3.2.

The credit transfer sent has to be reported (sub-table V1.1.1)

Questions on the reporting of payment cards

33. What kind of payment cards are concerned by the reporting?

Data regarding all types of payment cards issued have to be reported: debit cards, credit cards, mixed cards and prepaid cards.

34. What specific data have to be reported regarding prepaid cards?

The following specific data have to be reported regarding prepaid cards:

- the float at the end of the month (table V1.4.1)
- funding operations (table V1.4.2 ; “chargement”)
- withdrawal operations (table V1.4.2 ; “déchargement”)

35. Issuing or distributing payment cards?

We distinguish the issuer from the distributor/cardholder bank.

1) Issuer or card issuing activity:

We consider as an issuer the entity that issues payment cards on the basis either of its own license or on the basis of a co-owned license.

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The issuer provides cards to its direct customers or to customers of other banks (cardholder banks) that outsource their card issuing activity.

Issuers may have recourse to technical processors to handle operations linked to the issuing activity (e.g. card production, card mailing, authorization process, etc.). We do not consider this practice as outsourcing the issuing activity because the issuer retains the financial risk on the issued cards.

2) Distributor/ cardholder bank:

We consider as a card distributor/ cardholder bank the entity that provides payment cards to its customers without being the issuer of these cards, this activity being outsourced to an issuing bank.

36. Does the number of payment cards in circulation have to be reported?

Yes, every bank should report the number of payment cards it has put in circulation to its customers or to customers of cardholder banks.

These two different volumes should be reported separately.

37. Do all banks have to report transactional data on payment cards (issuing activity, not acquiring activity)?

Yes, all banks should report transactional data on payment cards.

Cardholder banks which do not issue cards may however be exempted from this reporting if the issuing bank reports this activity.

It is the responsibility of the cardholder bank to ensure that the issuing bank includes transactional data related to the cardholder bank's activity in its reporting to BCL.

Questions on the reporting of check transactions

38. What should be reported for the 'Country of reception' and the 'Sending country' if this data is not available?

If this data is not available, « XX » should be reported.

Questions on the reporting of e-money

39. Who is subject to e-money reporting?

All the entities subject to the reporting should report for all the instruments they issue or acquire; any institution issuing or acquiring e-money, whether hardware-based or software-based should report on this instrument.