Best Practices: Linking Request for Payment (pain.013) message to Customer Credit Transfer (pacs.008) in ISO 20022

I. Introduction

As many instant payments systems are implementing or planning to implement a request for payment / Request to Pay functionality, it is essential to define best practices. This blog post describes how to reconcile a Request To Pay (pain.013) with a Customer Credit Transfer (pacs.008). For market guidelines for the pain.013 and pain.014, please see Message Usage Guidelines Request for Payment and Status Report published in 2018 by the RTPG.

II. The issue

The Request To Pay message, or CreditorPaymentActivationRequest message as formally named in ISO 20022, has the following scope:

> *The CreditorPaymentActivationRequest message is sent by the Creditor sending party to the Debtor receiving party, directly or through agents. It is used by a Creditor to request movement of funds from the debtor account to a creditor.*

The flow for the request for payment may differ, depending on the infrastructure and rules that are in place, but the flow below illustrates a request to pay being sent using an interbank network. It is sent by the Creditor sending party (Corporate A) to the Debtor receiving party (Corporate B) with the help of their respective banks.

Figure 1: Request for Payment sent from Corporate A to Corporate B

If the request for payment is accepted by the Debtor receiving party, its bank (Bank Z) will send a Customer Credit Transfer (pacs.008) message to Bank X.

The issue – how does the sending party and the sending bank know that this payment results from the Request To Pay that they sent? Elements in the pacs.008 must be used to ensure that there is a clear link back to the original request.

It is important to understand that a single Request To Pay, may result in partial payments, which means that for one pain.013 message, there may be multiple pacs.008 messages.

III. Possible Solutions

There are a number of ways to ensure that the sending party understands that the incoming payment is a direct result of the previously sent request for payment. This blog post explains three different ways to solve this problem.

A. With the use of UETR

The UETR was introduced to the pain.013 message as part the 2019 release. The UETR is also present in the pacs.008 message released the same year.

Using the same UETR in the request for payment, as in the resulting payment, ties the payment with the previously sent request for payment.
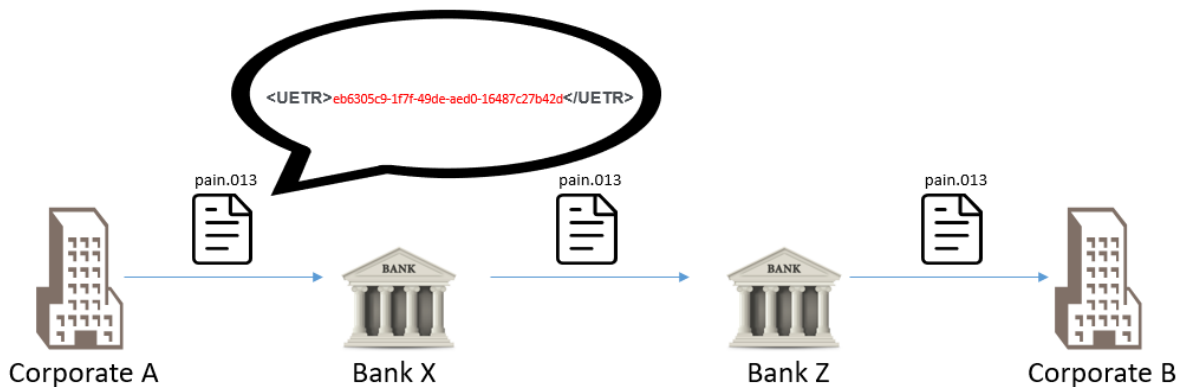

Figure 2: The use of UETR in the Request for Payment message

The pacs.008 message would contain the same reference in the UETR element.
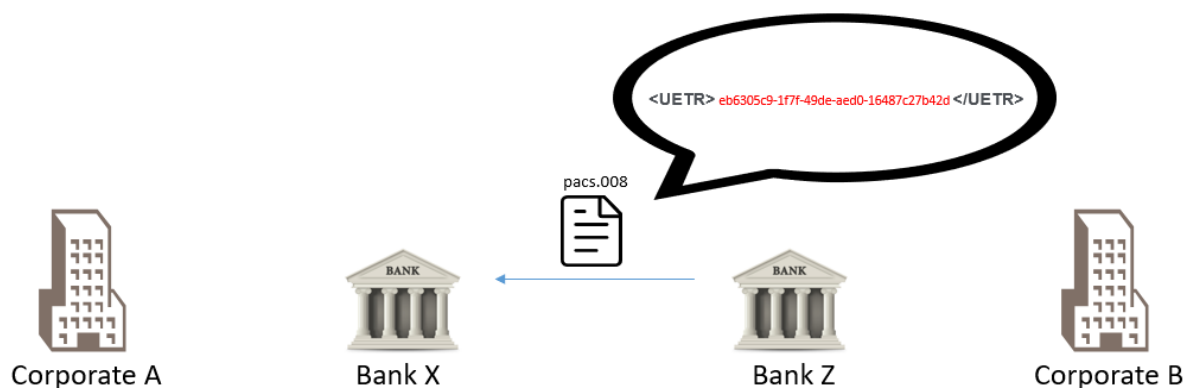

Figure 3: The use of UETR in Customer Credit Transfer message

Unfortunately, the use of the UETR to tie the payment to the request limits some Request To Pay use cases, such as partial payments. As the UETR is a globally unique reference for a payment transaction, this way of linking the payment to the payment request would not cater for one payment request to result in multiple payments. If Corporate A requests $100 from Corporate B in figure 2, but Corporate decides to pay $30 immediately and the remaining $70 at a later stage, this would result in two pacs.008 messages being sent. If the UETR is used for duplicate control as part of the processing of the pacs.008 message, the same UETR cannot be used for both payments.

B. With the use of End to End ID

The End to End Identification was introduced as part of the first version of both the pain.013 message and the pacs.008 message. This element is mandatory and must be provided in both messages. With the correct usage, the End to End Identification could tie the payment to the payment request.
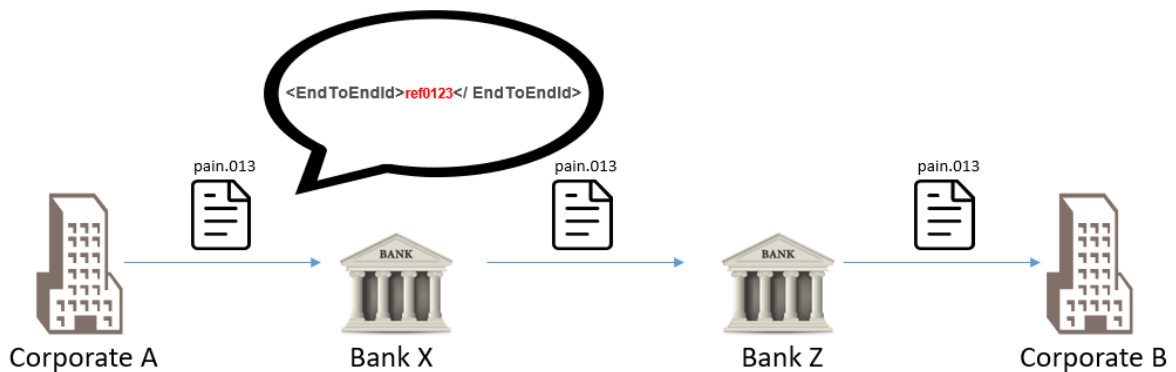

Figure 4: The use of End to End Identification in the request for payment message

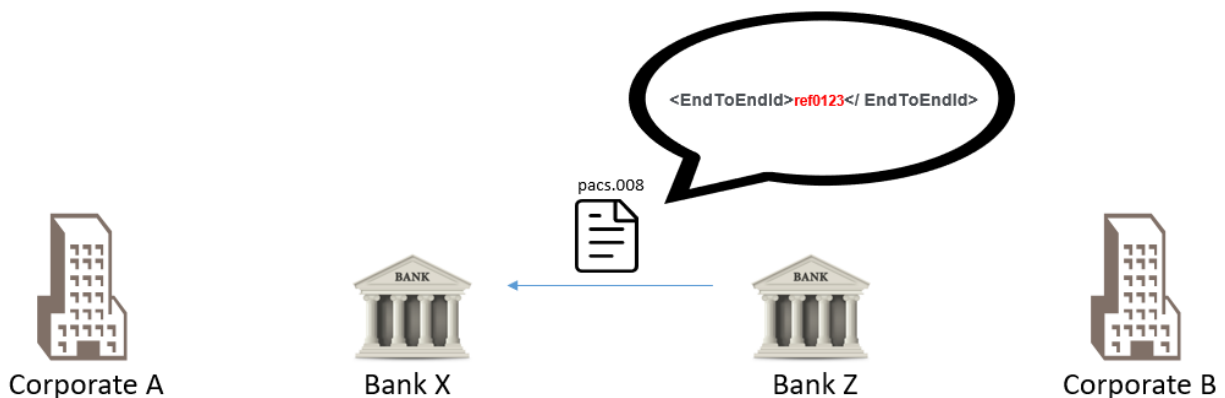The pacs.008 message would contain the same End to End Identification.

Figure 5: The use of End to End Identification in the Customer Credit Transfer

It is important to note that the End to End Identification may be used by Corporate B to perform reconciliation in their accounts payable system, which may cause some reconciliation issues.

C. With the use of Structured Remittance Data

Structured Remittance Information is one of the great benefits of ISO 20022. It allows end-users to provide information about the payment in a structured way to allow for automatic reconciliation. The Structured component has the following ISO 20022 definition:

Information supplied to enable the matching/reconciliation of an entry with the items that the payment is intended to settle, such as commercial invoices in an accounts' receivable system, in a structured form.

The structured remittance information component is very rich and is the same in the pain.013 as it is in the pacs.008 message. For example, a request reference number in the Referred Document Information component could be used.
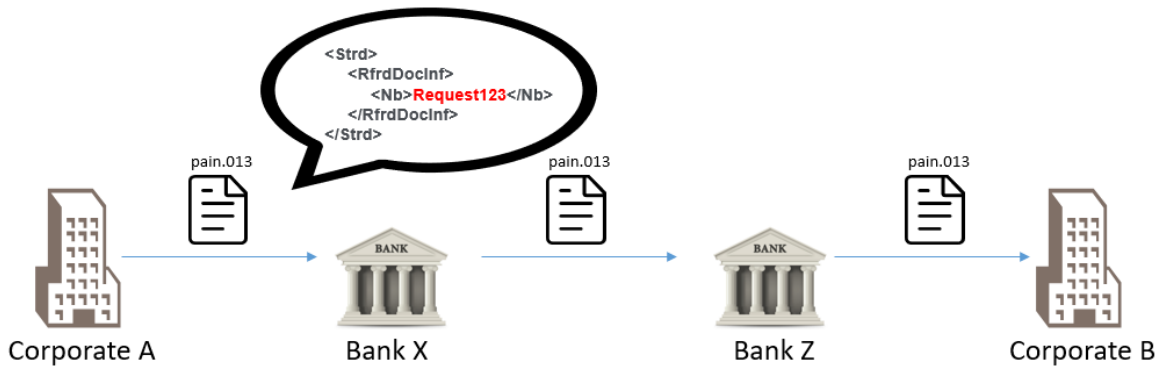

Figure 6: The use of the Structured Remittance Information component in the request for payment

The pacs.008 would contain of the same remittance information.
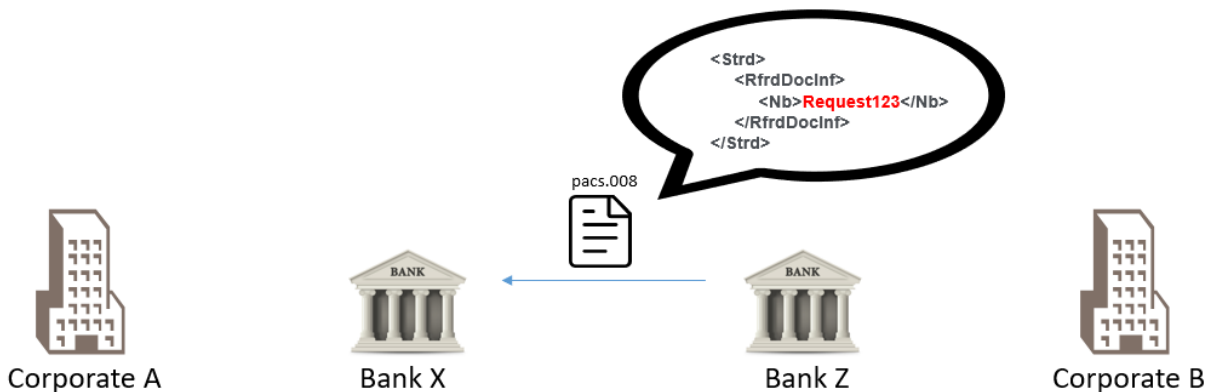

Figure 7: The use of Structured Remittance Information component in the Customer Credit Transfer

Corporate A would use the structured remittance information to reconcile the incoming payment and tie it back to the previously sent request for payment. This solution would require the reference to be part of the remittance data.

IV.   Conclusion

While this blog post explores three different ways to tie a payment with a previously sent request for payment, the suggested best practice should use Remittance Data to reconcile the original request to the actual payments(s).

However, it is important to understand all the processes involved in all the parties of the chain to ensure that the solution doesn't cause any downstream reconciliation issues.