

# The new direct debit

## Frequently Asked Questions (FAQ)



**Is there a short description of the planned changes concerning the new direct debit?**

Yes, SIX offers the datasheet "[The new direct debit](#)".

**Why is direct debiting necessary in the first place?**

While the Swiss financial center has set the goal of more strongly promoting the use and penetration of the e-bill, for the foreseeable future, not all customers will want to process their payments through e-banking. Direct debiting remains the preferred payment mode for this customer segment.

**Must the existing LSV<sup>+</sup>/BDD debit authorizations be replaced?**

No. The current debit authorizations will remain valid.

**Will all direct debit customers be automatically migrated?**

Yes. But debtors will not notice anything regarding the migration. Information about migration planning and migration support for the migration to the new direct debit system will be provided in 2016. The aim is to keep the costs for creditors as low as possible.

**Is a financial institution that offers its creditors direct debiting required to offer the same to its debtors in the new direct debit scheme?**

Yes, it is mandatory. Financial institutions that only offer debit debiting for debtors, however, will still not be compelled to also offer direct debiting for creditors.

**Will the new direct debit also be supported by PostFinance?**

Yes, PostFinance will use the same standards.

**Will the present SIX direct debit system be shut down?**

Yes. Direct debits will now be processed by SIX in the Paynet system along with e-bills.

**What is the anticipated launch date?**

The financial institutions will switch their systems over to the new direct debit scheme in 2017/2018. At the beginning of 2018 the new scheme will be placed in productive operation in the Paynet system. The Paynet system will be operated so that it is backwards compatible for 12 months to give the financial institutions 12 months time to switch their systems over. The final financial institution must be migrated to the new solution by the end of 2018.

**When will the financial institutions receive details about the migration to the new direct debit system?**

SIX will send planning documents to the financial in-

stitutions in mid-2016 so that they can budget and plan the expenses for 2017. The handbook and necessary documents for undertaking the system adaptations will follow at the end of 2016. It will also contain information about migration planning and migration support.

**What changes regarding direct debits should a debtor's financial institution anticipate?**

One of the biggest changes involves the administration of direct debit authorizations. They were previously received and digitalized by the financial institutions, but now will be placed in the Paynet system. From now on, upon receipt of a direct debit, the Paynet system will check whether the corresponding direct debit authorization exists. If it does, then the Paynet system will create a payment instruction that is transmitted to the financial institution for execution. This is another essential innovation. The payment instruction will be created in the pain.001 ISO data format. In the future, a financial institution no longer needs to support direct debit-specific data formats. It can use the same interfaces that it already supports in conjunction with the migration to the ISO 20022 standard.

**Will a creditor, who has previously only offered LSV<sup>+</sup>/BDD, now also be required to participate in e-billing?**

No. Each creditor can determine how he wishes to have his claims paid. He can offer his customer both one or the other, or both payment instruments.

**Will a creditor who previously only offered LSV<sup>+</sup>/BDD, and will continue to dispense with e-billing, also incur expense due to the migration?**

No. Since the system is backwards compatible, there is no mandatory migration. However, if the creditor wishes to benefit from the innovations, then he must migrate to the new direct debiting solution by the end of 2018.

**Does a creditor necessarily have to submit direct debit instructions through the new infrastructure?**

No. As with the current direct debit procedure, the creditor can submit direct debit instructions through his financial institution's infrastructure. The financial institution will route the direct debit instructions to the Paynet system.

**How does the debtor sign up for direct debiting?**

As is the current practice, the creditor will provide the direct debit authorization to the debtor. The debtor will sign it and send it to his financial institution. It will check the direct debit authorization and enter it in the Paynet system. The creditor will now, as is customary

for e-billing, be informed electronically by the Paynet system about the new direct debit authorization.

**Will the new direct debit be available with and without the right to object?**

Yes. The new direct debit procedure will still be available with the optional right to object (as with LSV<sup>+</sup>) and without the right to object (as with BDD).

**Will the objection deadline remain in the new direct debit?**

Yes. A debtor using the direct debit scheme with right to object (LSV<sup>+</sup>), can dispute all debited claims up to a maximum of 30 days as of notification of the debit (e.g. account statement).

**What will happen with the current SEPA Direct Debit Service of SIX?**

The Swiss financial institutions have decided to discontinue the SEPA Direct Debit Service of SIX at the end of 2016. Financial institutions must have migrated to another provider by that date (e.g. SECB).

**How can a debtor who pays bills today with LSV<sup>+</sup>/BDD switch to paying with e-bill?**

The debtor can register for e-billing in his financial institution's e-banking application. The appropriate billers will be suggested to him during this registration. Since now both direct debits and e-bills will be processed in the Paynet system, it automatically will recognize whether the debtor already receives direct debits from a biller. For such billers, the debtor is already identified as a customer and registration for e-billing functions with just a click.

**Will it be possible to combine the e-bill and direct debiting?**

Yes. This is already commonplace among many billers. It depends on whether or not the biller has permitted this. E-bills that are combined with direct debiting will be automatically sent to the debtor via e-banking, while the payment happens automatically through direct debiting.

This too demonstrates the advantages of the merging of the processing of direct debits and e-bill in one system. The Paynet system automatically recognizes whether the debtor already receives direct debits from a biller. This means that the debtor can be optimally advised during the electronic registration process.

**Does a financial institution necessarily have to offer the e-bill and direct debit?**

No. There is no obligation to offer both. Each financial institution is free to decide for itself which product it wishes to use in payment traffic and with which features.