Information on the payer to the payee’s bank accompanying transfers of funds

The regulation of the European Parliament and the Council of the European Union on information on the payer accompanying transfers of funds (regulation No 1781/2006) entered into force on 1 January 2007. Due to the obligations included in the regulation, Nordea has also amended the way in which it transmits information on the payer.

The regulation applies to all domestic and cross-border transfers of funds from an account. According to the regulation, it is the bank’s or other payment service provider’s duty to ensure that the transfer of funds to the payee’s bank is accompanied by the information on the payer as defined in the regulation. The funds must not be transferred to the payee if the information on the payer has not been supplied as required.

Scope of application
The regulation applies to all transfers of funds, in any currency, sent or received by a payment service provider established within the EU or the EEA area on behalf of its customers. The regulation does not concern direct debiting, cheques or card payments.

Complete information on the payer
By virtue of the regulation, complete information on the payer consists of his name, address and account number. The address may be substituted by the date and place of birth of the payer, his customer identification number or national identity number.

If the payer does not have an account number, the payment service provider of the payer must substitute it by a unique identifier which allows the transaction to be traced back to the payer.

The regulation defines a payer either as a natural or legal person in whose name the account has been opened at a bank.

Transfers of funds with missing or incomplete information on the payer
If the payment service provider of the payee becomes aware of, when receiving transfers of funds from an account, that information on the payer is missing or incomplete, the payment service provider of the payee must either return the funds or ask for complete information on the payer from the payer’s bank.

Transmission of information
Nordea transmits the information to the payee’s bank, which is bound by secrecy obligation provided in national legislation. The payees’ banks do not usually forward the information further to the payees. However, due to regulations or payment systems applied in some countries, the information on the payer must be transmitted to the payee as well.

1. Account number or unique identifier
2. Payer’s name
3. Payer’s address or date and place of birth or customer identification number or national identity number

Entry into force of the amendment
The regulation entered into force on 1 January 2007 in all EU member states and EEA countries. However, the implementation of the amendments in practice in all European financial institutions will take some time.

All countries must comply with the regulation and determine the measures arising from infringements in order to ensure the enforcement of the regulation. The penalties shall apply as of 15 December 2007.

Payment processing at Nordea
Due to the obligations of the regulation Nordea must ensure that all incoming and outgoing transfers of funds are accompanied by complete information on the payer as required in the regulation. Nordea must also check the identity of the payer when accepting domestic payments in cash. Therefore persons making cash payments must be prepared to prove their identity.

Nordea has made changes in its systems of incoming and outgoing payments. The purpose of these changes is to ensure that all incoming and outgoing payments processed via Nordea are accompanied by complete information on the payer. For customers using electronic channels the regulation hardly entails any practical changes.

Additional information
For additional information on the regulation, please contact your local contact person or a Nordea branch office.

The regulation was published in its entirety the Official Journal of the European Union on 8 December 2006.