**Change Request**

**for the update of an External Code Set used in ISO 20022**

1. **Origin of the request:**

*A.1 Submitter*:

The Bank Association of Slovenia

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*A.2 Contact person:*

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*A.3 Sponsors*: /

1. **Related External Code Set:**

Payment External Code List/ExternalPurpose1Code11-Purpose

1. **Description of the change request:**

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| --- | --- | --- | --- |
| **Classification** | **Code** | **Name** | **Definition** |
| Salary & Benefits | SPSP | SalaryPensionSumPayment | Salary or pension payment for more months in one amount or a delayed payment of salaries or pensions. |

New purpose code - SPSP for inflows of pensions or salaries, which are supposed to be paid regular once a month, but in practice are not paid n regular periods (every month), like for example, one-time payment of salaries for several months together, retrospective payments (pay-outs with delay) or advance payments (the recipient will receive more salaries for different periods in the same month).

1. **Purpose of the change:**

The banks, executing the court/tax execution orders, have to seize from the debtor’s accounts their debts in favour of creditors, but only up to the certain amount within every month. Certain amount, prescribed by law must stay at his/her account for covering monthly living expenses. The process in a bank is automated and It works automatically if the debtor receives salaries/pensions regularly every month. When there is a payment of salaries/pensions for more than one month together, the bank is not aware about that situation and automatically deducts too much. To implement proper automation of the allocation of inflows also in this case, banks need to have different purpose code for the irregular inflows that need to be dealt with differently. With this change, the bank will be able to separate both types of inflows ((regular monthly, irregular lump sum), and separately deal with them. This code change will allow proper automatic salary allocation in both cases and a significant reduction in the customer's refund requests because the bank had seized their inflows exceeding legal requirements.

1. **Urgency of the request:**

Confirmation of the proposal is expected by 30.9.2018.

1. **Business examples:**

The employer will pay regular monthly salary to the worker using the purpose code SALA while for the unpaid salaries for the previous months later paid all together in one amount in one month it will be using the purpose code SPSP. Currently, a client receives both types of inflows under the purpose code SALA and the bank treats both inflows equally and therefore "wrongly" transfers 2/3 of the sum of inflows to the creditor. By altering and differentiating the purpose codes, the bank would know that the inflow with the purpose code SALA is released to the amount determined by the law, while the SPSP inflow needs to be specifically addressed and appropriately allocated upon receipt of the evidence. By using the new purpose code SPSP, the client of the bank (the debtor according to the order of execution) would receive the corresponding amount to which he is entitled. Currently the bank is using the purpose code SALA and therefore transfers too much funds to the debtor. The client does not receive the funds that belong to him, and the bank must claim the excess of the amount received from the recipient (creditor) what causes additional time and costs.

1. **SEG recommendation:**

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| **Accept** | | X | **Timing** |
|  | | - **Next possible quarterly release** | | X |
|  | | - **Other timing:** | | |

Comments: Decision made at the ISO 20022 Payments SEG meeting on September 10th, 2018.

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| **Reject** |  |

Reason for rejection: