

Best Practice Guidelines for Internet and Telephone Banking Providers

For services to corporate customers

**Payment Reference Information
September 2010**

Introduction

Payers using internet or telephone banking to pay a bill or an invoice sometimes enter the wrong reference, copy the reference incorrectly from their bill or invoice or forget to enter any reference information at all. When the payment reaches the biller without the reference information, it can be difficult to credit the payment to an account. Billers have an important role in supporting payers to prevent this, encouraging use of the correct reference each time a payment is made online.

The Payments Council has produced [best practice guidelines](#)¹ for billers to help limit the likelihood of payers entering wrong reference information. However, there are also some measures banks can adopt to help reduce the frequency of errors.

These guidelines describe best practice for banks' internet and telephone banking services for corporate customers (similar advice has been produced for services for [personal customers](#)²). This can reduce the cost incurred when payers contact the bank for help when they make a payment but it doesn't go to the right account. We recognise not all the guidelines may be relevant to all banks - as some already have these measures in place.

¹ http://www.paymentscouncil.org.uk/files/payments_council/best_practice_guidelines_for_billers.pdf

² [http://www.paymentscouncil.org.uk/files/payments_council/inter-net_and_telephone_banking_guidelines_\(consumers\).pdf](http://www.paymentscouncil.org.uk/files/payments_council/inter-net_and_telephone_banking_guidelines_(consumers).pdf)

Scope and purpose of the guidelines

- These guidelines are designed for banks' internet and telephone banking services for corporate customers. They are also relevant to Bacs and Faster Payments members and agencies
- The guidelines have been designed to help banks promote the better use of reference information by payers and aid the adoption of standard reference terminology

Overview of recommendations

The best practice covers four broad areas:

1. Best practice on payer-facing internet and telephone banking services
2. Best practice on reference validation and handling of reference information
3. Best practice when giving advice and information to payers
4. Providing online statements

There is potential in all four areas to reduce errors and enhance efficiency.

Best practice on payer-facing internet and telephone banking services

Reminding payers of the importance of accurate reference information is important because correct payment references reduce the likelihood of a delay in applying their payment to their account. Adopting the same terminology as billers for certain information can encourage payers to take care when entering reference information. Banks can use a number of measures on their internet banking screens and telephone banking scripts to help payers enter or quote the right information in the right place.

Banks should:

- Emphasise completion of the payment reference field (consider forcing completion where this is preferred by the biller or provide a warning message if left blank)
- Where possible, emphasise the payment reference appears on bills and invoices to enable the biller to update their accounts
- Explain what the payment reference field is for and explain why it's important to complete it
- Use consistent terminology and conventions across all payment input screens:

- ◇ For payment reference fields, use **beneficiary reference**

These will gradually become the same terms billers use on their bills and invoices, as they adopt best practice for billers on terminology [insert link]

- ◇ For payee name field description, use **beneficiary name**

Some banks will load this information automatically for some large billers, meaning it doesn't need to be quoted to an adviser or entered in a field. For smaller billers, payers will have to enter the information themselves. Banks should therefore consider advising payers to enter the information exactly as it appears on the bill

- ◇ For bank details fields, use **account number** to denote the eight-digit bank account number of the biller. Use **sort code** to denote the six-digit location of the biller's bank account

Both pieces of information might be loaded automatically. However, if either isn't, payers might have to enter or quote it themselves. Using the same terms on the page as appear on the bill helps reduce errors arising from confusion

Best practice on reference validation and handling of reference information

Banks can also make changes to their processes to help payers enter the right information. For example, with the right software, banks can check the format of entered references to help prevent submission of references in incorrect formats. This could help when payers identify the right reference but accidentally add unnecessary characters.

Banks should:

- Download the updated sort code database each week, in accordance with Industry best practice on updating sort codes
- Consider providing validation of the reference formats for the most frequently used billers and payees, where this information is available (using either in-house or commercial solutions)
- When transmitting payments through Bacs, convert references entered in lower case to upper case to ensure the Bacs service doesn't convert them to spaces
- Generate templates so payers can use the same information for repeat payments
- Adopt search facilities for the most frequently used billers and payees and ensure the database is regularly updated (online banking only)

Best practice when giving advice and information to payers

Banks can support payers by helping them recognise reference information and enter it in the right space. However, some payers might still get confused. To help, banks could provide advice on their help pages, detailing what information to include. This could help payers who encounter problems solve them immediately, without need to contact the bank or the biller, and it could prevent them delaying payment because they don't want to make a phone call at that time.

Banks should:

- Consider providing advice to payers on internet banking help pages. This could be tailored, according to the space available on the page. A hover box or pop-up help page, for instance, would allow banks to retain their existing web structure but adding a new page with this information
- Help client billers get information to their payers on the use of payment reference information. For instance, by considering making available copies of the Payments Council's *Best practice guidelines for payers*
- Provide a generic contact point for payer queries

Contact

Payments Council
2 Thomas More Square
London
E1W 1YN

Tel: 020 3217 8200

Email: press@ukpayments.org.uk

www.paymentscouncil.org.uk

Providing online statements

Billers who use their statements to check they have received a payment may use the payment reference to identify the reason for payment or to identify the payer (particularly businesses with hundreds or thousands of payers). Banks should ensure payment references are present and, where systems are available, correctly formatted when sending or receiving a payment. This will make billers' task of identifying payers easier.

Banks should:

- Either display or make available online all reference information in payments received (for all payers, including personal payers)