

Response to DWP's Consultation on Richer Data

The UK National e-Invoicing Forum, sponsored by the Department of Business, Innovation and Skills (BIS) welcomes HM Government's stated aim of seeking potential solutions to challenges in payment validation and reconciliation that exist as a result of the current practise of sending payment and associated data separately, via various payment schemes and methods.

Our forum has consistently championed the importance of back-office efficiencies within the UK public sector and wider economy, and the consequential benefits to SMEs, with a specific focus on electronic invoicing and its wider benefits.

Electronic invoicing is part of a bigger picture. The procurement of goods and services, on-going purchasing, supplier communication, invoicing, reporting and payment processes are all inter-linked as the 'procure-to-pay' process.

This has been recognised by the European Commission who have recently proposed a new procurement directive¹ that firmly embeds e-invoicing as part of 'end-to-end e-procurement to modernise public administration'. This has been endorsed by HM Government, who recently published the Small Business, Enterprise and Employment Bill 2014-15² ensuring that public sector contracting authorities must be able to receive electronic invoices.

The Payment Council's stated objectives are;

- Could strengthening the association between a payment instruction and its associated data be of value to corporate users and, if so, what benefits might be achieved as a result?
 - To understand how payments and associated data are currently managed in a variety of business models and processes
 - To identify any issues or limitations in the existing methods employed that occur as a direct result of the current banking industry-level payment systems and processing
 - To assess the impact to business of any identified issues or limitations
 - To assess, at a high level, the appetite for, and impact of moving from current solutions and/or technology

The members of the UKNeF who have provided a response are in agreement that Richer Data is of value to the UK economy. Our members highlighted that they currently provide remittance services to their

¹ COM(2013) 449

² <http://services.parliament.uk/bills/2014-15/smallbusinessenterpriseandemployment.html>

customers, and any enhancements that Richer Data can bring will only add value, specifically increasing the payment reconciliation field size to 140 characters and a standardised approach to bank statements.

Our members recognise the need to minimise the impact on the UK payments infrastructure and the Banking sector, as this will lead to a highly complex and lengthy project, as such, the UKNeF members welcome the opportunity to work with HM Government to deliver an appropriate solution for Richer Data.

Beyond remittance data, our members have highlighted the potential for including electronic invoicing as part of the Richer Data mandate. By doing so HM Government will have access to VAT data across a high percentage of UK Plc's large corporates and SMEs, allowing the real-time monitoring and modelling of VAT which will reduce fraud and errors, and place HM Government at the forefront of economic management.

Respectfully,

Nigel Taylor.

Chairman, UK National e-Invoicing Forum

SAP/ARIBA RESPONSE**Introduction**

The following statement is as a follow up from a Richer Data Workshop held on the 30th May 2014 at Caxton House, London.

At the meeting Nick Davies from the DWP introduced members to the current program to enhance the core UK payments infrastructure in an effort to provide greater support to the Universal Credit Programme. It was made clear during this meeting that if a change to the UK payments system was to be undertaken that an opportunity was not lost to expand the functionality to its widest application, supporting both business and government requirements.

The discussed enhancement of the payments infrastructure was to extend the remittance data field, from currently 18 characters, to allow for more comprehensive reference information to be passed via the payments system. This would benefit not only corporate remittance reconciliation but also provide enough reference information for government to query the referenced document, especially if said document was online.

Members of the meeting and those at a subsequent UKNeF (UK National e-Invoicing Forum) were asked to provide comments and suggestions relating to the above topic; submitted by the end of June.

Executive Summary

SAP and Ariba, an SAP Company, believe that extending the payment reference alone will not resolve the core issue in terms of remittance or VAT submission requirements within the corporate sector. It is our belief that this type of approach will place an undue burden on the banking and clearing infrastructure where historically projects have shown to be costly and timely, with a high- probability of failure or lack of achieving ultimate goals.

Given the existence and emergence of new technologies and service providers in electronic business networks it would be prudent to assess this issue beginning with the source of the remittance information rather than starting with existing settlement structures. That is, from a business networks point of view rather than a payments network perspective.

A business network carries the transactional information that makes up rich remittance and already provides the ability of buyers and sellers to reconcile efficiently. A minor enhancement to facilitate standardised remittance would support the integration of government and payment network infrastructure into what is already a proven B2B ecosystem. Payment networks serve the purpose of faster payments and low risk settlement but should not be burdened with B2B reconciliation and corporate VAT submission responsibilities. With the ever evolving nature of remittance and reporting regulations, it is important that any solution have the ability to grow, evolve and innovate to meet them. Business networks manage this evolution as part of their core business, while payment networks are not designed to do so.

The above approach would tie Richer Data to the use of business networks and we therefore believe the UK should mandate the use of electronic invoicing at a minimum for B2G and a maximum for the entire B2B community. This would be in line with the current trend within the EU, embracing the spirit of the invoicing in public procurement directive as well as the UK's own analysis from such reports as the 2013 Stephen McPartland Parliamentary Inquiry into the slow adoption of e-invoicing in the UK public sector. It is our belief this would deliver benefits including:

1. Resolution of the difficulty in remittance reconciliation
2. The clearly defined benefits of electronic commerce to corporates
3. Zero restructuring costs for banks and an ability to provide a healthy and competitive marketplace of funding options to corporates
4. Real-time access for Governments to B2B payments for such programs as real-time VAT deductions and real-time economic analysis

As SAP has many banking, government and corporate clients it is in a privileged position to assist the Payments Council in exploring this opportunity to advance the UK in being a world leader of the area of electronic commerce. We would welcome that chance at your earliest convenience.

About SAP and Ariba, an SAP Company

SAP is a multinational software corporation, founded in 1974, that makes enterprise software to manage business operations and customer relations. The company's best-known software products are its enterprise resource planning application systems and management (SAP ERP), its enterprise data warehouse product – SAP Business Warehouse (SAP BW), SAP Business Objects software, and most recently, Sybase mobile products, the in-memory computing appliance SAP HANA and cloud based technology such as the Ariba Network.

SAP is one of the largest software companies in the world with 74% of transactions globally touching an SAP system.

Ariba is the world's business commerce network. Ariba combines industry-leading cloud-based applications with the world's largest web-based trading community to help companies discover and collaborate with a global network of partners. Using the Ariba Network, businesses of all sizes can connect to their trading partners anywhere, at any time from any application or device to buy, sell and manage their cash more efficiently and effectively than ever before.

Companies around the world use the Ariba Network to simplify inter-enterprise commerce and enhance the results that they deliver. Currently, 94 of the Fortune 100 and more than 1.5 million buyers and suppliers use Ariba's SaaS (Software as a Service) solutions to manage their spend and commerce activities.

Moving to an electronic based business network

As envisioned by the European Union in their Strategy for Europe in 2020 and the subsequent Digital Agenda for Europe, Strategy for eProcurement and the E-Invoicing in Public Procurement Directive it has been made clear that governments and businesses within the EU should be shifting towards electronic means of collaboration.

Within the recent Stephen McPartland Parliamentary Inquiry into the slow adoption of e-invoicing in the UK public sector, the UK was identified as an average global player in the invoicing space, behind countries such as Mexico, Greece, Sweden and Portugal.

By moving to electronic invoicing and collaboration over business networks, companies lay the foundation for the easy reconciliation of payments. An invoice submitted electronically via a business network ensures the electronic capture of all of the information that ultimately will be tied to a subsequent payment, including line item rates, tax details, and even commentary from the paying company regarding disputes and changes. Suppliers on business networks then have full visibility into this information, along with invoice approval and planned payment status.

When payment on the invoice is executed by the payor, a payment ID is created and attached to the payment. That payment ID could be the key that links the payment settlement to the rich remittance information within the business network. With that payment ID, a Supplier can view all of the rich remittance behind that payment on the business network.

This is especially useful in a B2B context where multiple invoices are often included in a single payment, and some of those invoices may contain adjustments. With the business network, capability for suppliers to see all invoices and related line items/comments associated with a particular payment ID, reconciliation becomes much easier and straightforward.

Supply Chain (B2B) and Financial Supply Chain (Payments) Integration/Reconciliation

We are aligned with the thinking that the Richer Payments initiative started by the DWP is a vital opportunity to enhance the UK payment infrastructure to resolve the reconciliation issues of payments, within the UK. It is our belief that this should be accomplished by looking at existing electronic invoicing networks, who currently deliver pre-integrated supply chain and financial supply chain processes and data management, rather than investing heavily in enhancing a legacy payment infrastructure across banks and government.

A dramatic enhancement of the UK payments systems to cope with carrying additional information such as remittance or other data sets will create too complex a programme at considerable cost. In addition Banks attempting to harmonise the ability to provide standard remittance information, as part of their payments infrastructure, will carry additional cost and time that from prior project experience could prove unsatisfactory. Even extending a payment reference field across bank and payment systems would be a sizeable project in itself, only delivering a minor improvement without real future proofing for future

requirements. A good example of where extending the remittance reference has been attempted is in the USA, which has a 94 character reference per line of remittance and up to 999 lines per payment; see RosettaNet Payment Milestone the predecessor to ISO 20022. American companies still struggle with remittance reconciliation and there is currently a working group coalition backed by the US Federal Reserve to seek resolution.

In our experience, providing a reference number which enables re-association of the remittance to the payment is the lesser of two issues. We believe that the greater issue is the simple and concise alignment/expression of the amounts of each invoice (original and paid) plus each adjustment (original and paid). This simple and concise alignment combined with the ability to reference back to the remittance will solve the issue; something the more advanced e-invoicing networks and business networks do today.

It therefore seems prudent to explore the provision a UK based remittance reference system as part of said pre-existing electronic marketplaces. Banks and Governments would utilise the data stored within these ecosystems with a standardised referencing structure for all invoices, payments and related remittance information, across the UK.

This approach will help deliver DWP's goal of enabling corporate business's to provide relevant information in real-time without a large duplication of data and/or effort by business, bank or government.

Benefits to this approach would include:

Corporates

- Electronic invoicing networks resolve the issue of remittance reconciliation already
- Corporate ERP's are becoming pre-integrated with B2B networks for Purchase Order, Invoice and Payment reconciliation purposes
- Reaping the benefits of eInvoicing enabling lower cost invoice and payment presentment
- Lower cost in unmatched invoice to payment reconciliation
- Ease of government reporting

Banks

- No restructuring costs to enhance systems to cater for carrying additional information.
- Ability to gain access to overall supply chain process to help provide better funding and thus lowering risk to UK economy
- Harmonised remittance and payment reference standards across all banks enabling reconciliation between buyer, buyer bank, seller, seller bank and government.

Government

- Real-time querying on B2B payments
- Accurately gauge fluctuation on economic movements across industry and/or companies in UK economy
- Rapid deployment of Richer Data solution on new agile technology
- Real-time VAT enquiries and submissions
- Reduce the tax gap in late reporting or bad submissions, estimated at £1b+ per year
- Supports global trend of mandating e-invoicing provisions to government.

As a provider of electronic invoicing across a large and influential corporate customer base, SAP and Ariba, an SAP Company, would welcome a mandate of electronic invoicing for B2G in the first part, and furthermore an extension of this mandate for B2B. This would propel the UK forward in terms of efficient business processes being fully integrated government systems and policy.

There is an opportunity to resolve the reconciliation issues within the payment system by looking at existing electronic invoicing networks rather than investing heavily in enhancing a legacy payment infrastructure across all banks and government.

It is our view that a combination of business network (e.g. Ariba, Tungsten, etc.) and payment clearing network (e.g. Vocalink) should define a standard reference but not try to combine both networks into a single system. A single combined business and payment clearing network infrastructure may carry too much risk, and place too much burden on the existing payments infrastructure, therefore putting the processing of payments at an unnecessary risk within the UK.

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TUNGSTEN RESPONSE

Written submission re: Richer Data project

Executive Summary

This submission relates to the DWP project to enhance the UK core payments system to support the introduction of Universal Credit. This project requires the submission of richer accompanying data through the payment system than has been the case up to now. Whilst such a major enhancement is underway, it is felt that the opportunity should not be lost to provide Richer Data functionality for additional purposes.

The idea of enhancing the remittance data capacity of an electronic payment will find widespread support. The present limitations on information (in most cases only 18 characters per payment) are not helpful and are out of line with customer expectations. There is a further inconsistency in delivering such data to customers.

The use of remittance data will be effective if based on the use of standards to support end-to-end reconciliation. Effort is required to promote the use of such standardised data, which will usually cover underlying purpose and increasingly reference to the provision of finance for specific transactions. The filling of the liquidity gap for SMEs will increasingly be addressed through transactional finance such as invoice discounting. The electronic invoicing industry could play a useful role in helping to specify the essential reference numbers that could accompany a payment in view of its experience in automating end-to-end supply chains.

A duty should be placed on banks to deliver such data in a convenient form to the receiving customer to ensure a consistent customer experience. There are also a number of initiatives internationally to go further and provide facilities for 'extended' remittance information.

We can characterise the above discussion of payments remittance data as 'downstream' given that payments and reconciliation occur towards the end of the typical transaction cycle. The question arises as to what other 'upstream' opportunities can be considered in the design of the Richer Data functionality so as to provide degrees of flexibility for the future in areas at one remove from the current payments ecosystem.

Some examples of future needs that could be supported are:

1. If Government decided to implement 'Real-time Information' in the context of VAT, building on the experience with PAYE, then Richer Data should be considered as one way to support it,
2. There may be other motives to use the richer data functionality on the part of users of the payment system. Examples could include support for Electronic Bill Presentment and Payment, support for customs and other trade documentation linked to a payment, delivery against payment facilities, demands of the legal profession etc.

One note of caution is worth articulating about the wider transmission of B2B electronic supply chain messages, including e-invoices. This is a burgeoning and highly heterogeneous area and is supported by a variety of B2B connections and networks. Nevertheless, the sheer scale of the activity, and its variety and complexity would suggest that the use of Richer Data facilities should not be an early priority, until and unless a clear set of requirements are identified.

Full submission

This note follows a meeting of the UK National e-Invoicing Forum (UKNeF) when Mr. Nick Davies of the Universal Credit Programme at the DWP introduced members to the current project to enhance the UK core payments systems (CHAPS, BACS, Faster Payments), in order to support the introduction of Universal Credit. The latter requires the submission of much richer data through the payment system than has historically been the case. Ministers are keen to ensure that whilst a major enhancement to the payment systems is underway, that the opportunity is not lost to provide richer data functionality for additional purposes both in support of government and private sector requirements.

The project is supported by H.M. Treasury, HMRC, and BIS, as well as DWP. The Payments Council is coordinating the payments systems work, together with the banks and infrastructure providers. The principal enhancement is planned to be the enlargement of the so-called remittance data field (presently 18 characters) to allow for a larger quantity of data to be transmitted through the UK payment systems. This will aid reconciliation and provide the receiver with other opportunities to manage information.

A number of options are being considered to implement this requirement, ranging from enhancing the core payments functionality itself especially for a larger but still modest-sized data field, ranging through to creating a parallel data repository, where more substantial files of data can be transmitted or accessed. There has always been an understandable concern on the part of payments infrastructure providers not to 'clutter up' the core payments engines with excessive data. But modern technology now offers a variety of options to enhance this aspect of performance.

Members of UKNeF were invited to provide comments and suggestions both collectively and individually recognizing that the Forum is a multi-stakeholder forum and various views may exist. Other stakeholder communities are being consulted. A deadline of end-June 2014 has been set in readiness for a ministerial meeting in July.

Views on remittance data

The idea of enhancing the remittance data capacity of an electronic payment will find widespread support. The present limitations are not helpful and this has been recognized for some time as being out of line with customer expectations and as comparing unfavourably internationally. A further frustrating aspect has been inconsistency in delivering such data to customers with incidence of truncation and failed deliveries of the data provided by the payment sender.

At a minimum the UK payments system should support 140 characters of remittance data as is the case with the new payment instruments now operational in the Single Euro Payments Area. This would provide international consistency and accommodate the vast majority of needs for accompanying remittance data in 'core' payments.

The remittance data field is an empty space for the use of customers and to be effective requires the use of standards such as the ISO Creditor Reference to support end-to-end reconciliation. Payment initiators would have a choice of sending 'unstructured' or 'structured' data. A substantial effort is required to promote the use of standardised data on the part of corporate customers, their associations and communities supported by banks and software vendors. Such data will usually cover underlying purpose and increasingly reference to the provision of finance for specific transactions. The filling of the liquidity gap for SMEs will increasingly be addressed through transactional finance such as invoice discounting. The electronic invoicing industry could play a useful role in helping to specify the essential reference numbers that could accompany a payment in view of its experience in automating end-to-end supply chains.

Another aspect of remittance data transmission is placing a duty on banks to deliver such data in a convenient form to the receiving customer. There should be consistent customer experience across the banking industry and such data should be included in an automated remittance advice message and not restricted to a cryptic statement entry.

There are a number of initiatives internationally to go further and provide facilities for 'extended' remittance information ranging up to 10,000 characters, a possibility that could be supported by the data repository referred to above. Whilst the need for such facilities should be driven by established customer demand, there is a danger that it could lead to information overload. The careful use of standard transaction identifiers placed inside the shorter field (e.g. within 140 characters) could be the preferable way to handle the vast majority of requirements. Nevertheless the concept of Richer Data will almost certainly give rise to a number of extended remittance data requirements and as these are designed, including the structure of content standards, reference should be made to emerging international practice to avoid a UK 'silo'.

Other opportunities in 'upstream' supply chain activities and support for additional needs

We can characterise the above discussion of payments remittance data as 'downstream' given that payments and reconciliation occur towards the end of the typical transaction cycle. The question arises as to what other 'upstream' opportunities can be considered in the design of the Richer Data functionality so as to provide degrees of flexibility for the future in areas at one remove from the current payments ecosystem.

It would appear reasonable to design the 'pipe' in such a way that any form of (preferably) structured data can be transmitted between the parties having access to the payment systems. Some examples of future needs that could be supported are:

1. If Government decided to implement 'Real-time Information' in the context of VAT, building on the experience with PAYE, then Richer Data should be considered as one way to support it, especially if it were to include the payments leg. There are a variety of international models for so-called real time fiscal 'clearance' systems based on electronic invoices and designed to close the reporting and payment gap in VAT, and thereby accelerate government VAT and sales tax receipts (e.g. Brazil, Mexico, Turkey, and Portugal, with more on the way). In addition to the benefits to government finances, the mandating of e-invoicing as the basis of Real Time Information to replace the periodic VAT reporting cycle currently used, would provide massive cost and efficiency benefits to businesses of all shapes and sizes. There are a number of sources in which the benefits of e-invoicing are thoroughly articulated, not repeated here.
2. There may be other motives to use the richer data functionality on the part of users of the payment system especially where an interface with government is required, or the banks and other payment service providers see a benefit in using the network to support a particular business need or model. Examples could include support for Electronic Bill Presentment and Payment mainly towards consumers and SMEs, support for customs and other trade documentation linked to a payment, delivery against payment facilities, demands of the legal profession etc. Each would need to be evaluated on the basis of a business case.

One note of caution is worth articulating about the transmission of electronic supply chain messages, including e-invoices in the wider B2B market. This is a burgeoning and highly heterogeneous area and is supported by a variety of direct B2B connections, and B2B integration networks operating internationally as well as domestically. Tungsten is a major provider in this space. There are a variety of industry requirements for secure message exchange and supporting capabilities. Interoperability between service providers is provided through functionality such as is offered by EESPA- the European E-invoicing Service Providers Association, the EDI industry (Electronic Data Exchange) and other collective bodies. For public procurement, the EU has funded PEPPOL (Pan-European Public Procurement On- line), which, for example, the NHS is considering adopting. Whilst it is not inconceivable that the Payment Systems Richer Data facilities could support B2B exchanges of information, the sheer scale of the activity, its variety and complexity (don't 'boil the ocean') would suggest that the use of Richer Data facilities could be duplicative and should not be an early priority; this whilst recognising that the market could generate needs of a specialised nature as the B2B landscape develops. The reference to Real Time Information for VAT is a case in point.

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CLouDBUY RESPONSE

Written submission re: Richer Data project

Executive Summary

Background

This submission relates to the DWP project to enhance the UK core payments system to support the introduction of Universal Credit. This project requires the submission of richer accompanying data through the payment system than has been the case up to now. Whilst such a major enhancement is underway, it is felt that the opportunity should not be lost to provide Richer Data functionality for additional purposes.

The idea of enhancing the remittance data capacity of an electronic payment will find widespread support. The present limitations on information (in most cases only 18 characters per payment) are not helpful and are out of line with customer expectations. There is a further inconsistency in delivering such data to customers.

Current Issues

Currently there are 2 significant issues with payment reconciliation.

1. The size of the current reference field (18 Characters)
2. The lack of a standard for electronic bank statements, that banks use

There is an international move to increase the size of the remittance field to 140 char for the Single Euro Payments Area and discussion around larger fields sizes such as 10,000 characters.

Larger Payment Reference field

A 140 char field will be a challenge in customers statements, but will provide significantly more meaningful information. The challenge with an expanded field is that it will have two purposes a description for manually reconciling statements and a structured text for automatic reconciliation.

The challenge with this dual use is that people will manually create references when making payments and put in data by hand that has a similar format to the information generated automatically.

Our proposal is that a url is transmitted as part of the information, which would allow a payload of unlimited size in a structured format to be looked up automatically by the receiving system. This could also be used by private individuals and SME's to look up additional information via the web.

Lack of compliance with statement standards by banks

There are a number of electronic statement standards, the challenge is that banks do not follow the standards and arbitrarily change their formats without customer consultation and testing. This breaks

customer systems and results in expense to the banks customers and stress to the software industry that has to create emergency fixes for customers that have lost automatic reconciliation capability as a result of these changes. There is also a significant duplication of effort as the software industry has to implement changes for each bank, and each of their ebanking solutions since individual banks normally have multiple ebanking solutions with incompatible statement formats.

Areas of Applicability

CloudBuy provide a number of electronic ordering, invoicing and payment solutions, these cover both public and private sector.

- Electronic Utility Bills and payments
- General goods and services invoice payment and reconciliation.
- Social Care disbursements, personal budgets payment and reconciliation
- Health Care personal budgets payment and reconciliation
- Local Authority bills (approximately 1,200 different services) payment and reconciliation
- School bills (public sector schools) payment and reconciliation
- Student Payments (Higher Education) payment and reconciliation
- Rent payments (Housing Associations and Private Sector) and reconciliation

Currently all of these rely on a payment reference, and this leads to a number of challenges.

Most organisations do not have LUHN checks in payment references so they are prone to typographical errors, which cause issues with reconciliation.

CloudBuy carries out a large number of payments using the card network, which resolves the reconciliation issues by automating the entire process. However, we are very aware of the issues that we have to resolve around bank payments and the extra work that these cause, and would welcome improved references along with compliance with a standard electronic bank statement.

Ronald Duncan

Chairman CloudBuy PLC

Deputy Chairman BASDA ebiz SIG

Member, UK National e-Invoicing Forum

INFORMATION ECONOMY EXCHANGE RESPONSE

The drive for Governments to become more efficient and gain greater visibility over their respective economies is a global initiative. As HM Government moves to catch up with consumer demand for efficient media in communications, administration and the general management of their lives, the delivery of effective digital services including the collection/analysis of government-related data, offers tangible value for taxpayers.

HM Government has recognised the need for transformation by developing two key strategies. The Government Digital Strategy published by the Cabinet Office promises to deliver more efficient online government services to citizens and to move the UK public sector toward its mantra – ‘digital by default’. The Information Economy Strategy published by the Department of Business, Innovation and Skills recognises that the UK must change the way it delivers business and education services, designs buildings and cities and manufactures engines and cars. Yet while these strategies give clear direction on improving digital skills and growth for citizens, and for driving economic growth, they only barely recognise the change needed within one critical area – the government back-office.

Inefficiencies within the UK public sector are costing the economy billions annually across fraud, duplicate and overpayment, manual processes and multiple systems & processes. The drive for a more efficient public sector started with the Gershon Review and has undoubtedly seen some successes, but at this time the UK is now lagging behind its counterparts.

In Brazil, Portugal and Mexico the tax authorities have mandated the use of electronic invoicing for all (high value) business transactions. This is driven by the need to capture tax revenues from ‘grey economies’ and has delivered a step-change in how these governments manage their economies. In the Nordics, Denmark has mandated electronic invoicing for different reasons, purely to capture efficiencies in the public and private sectors and to provide real-time visibility into the health of their economy. Across Europe, the EU has mandated the use of public sector electronic procurement and invoicing within all member states by 2016.

Public sector efficiency and the collection of economic data is now a priority for all governments. The introduction of PAYE with Real-Time Information (RTI) was a first step in the full introduction of the Universal Credit scheme. ‘Richer Data’ (RD) is an extension of this initiative to enhance payment data with information that is relevant to Government, including extended references of the data involved and remittances. It is one example of how existing solutions and networks within the private sector can work with government to implement digital solutions that benefit the taxpayer.

Richer Data comes at a time where the Payments Industry is facing significant reform. The European Union is modernising its Payment Services Directive to reduce interchange fees, establish a modern legal framework and to increase competition.

For the banking and private sectors, RD represents a straightforward and logical expansion of the payment process. A lack of comprehensive remittance data for electronic payments has challenged the payments industry for some time, however the problem has been ignored and left to corporates and SMEs to resolve the challenges arising from an incomplete process. The advancement of technology, investment in infrastructure and recent improved collaboration across government, banking and the private sector has led to a much-needed refresh on UK Plc's approach to electronic payments.

The existing high-level requirements define further data under RD as tax submissions, PAYE (under RTI), self-assessment, share distributions, royalty payments, interest payments, and welfare, child-care and rental payments. By meeting the Richer Data requirements in a pragmatic manner and by re-using existing infrastructure/networks, HM Government has an opportunity to seed a national data framework that is future-proofed and re-usable across payments, universal credits, healthcare and trade (import/export).

Business-to-business networks (inclusive of e-procurement, e-invoicing, electronic data interchange, payments, etc) are ideally positioned to enable RD within the parameters of the existing payments infrastructure. Most of these networks have a remittance solution in place where a unique reference is applied to the payment that can be reconciled to the invoice(s) that are related. This is achievable as the network 'owns' the invoice data and maintains a relationship with the payer and therefore is uniquely positioned to provide reconciliation as a value-add to supplier and buyer.

- B2B Networks have existing payment reconciliation solutions
- 18 Char remittance fields can work, but 140 Char is better
- B2B Networks have existing relationships between suppliers and buyers
- B2B Networks use innovate technologies and can adapt to government requirements quickly
- Little impact on the Banking sector

Inclusion of e-invoicing within RD

Whilst the UK has some way to go in matching the most efficient countries in the use of e-invoicing in the public sector, the challenges are not insurmountable if the political will exists. The recent Parliamentary inquiry on electronic invoicing in the public sector recognised that by fully adopting this simple business practise HM Government could save the taxpayer between £2-4bn annually.

These significant potential savings are generated by more efficient and accurate processes, improved compliance and leveraging the buying power of the public sector, which could be redeployed to protect front line services and increased investments throughout the UK public sector.

If all public bodies insisted on inbound invoices being electronic this would set a precedent. The public sector has the opportunity to stimulate growth throughout the wider community by adopting digital processes with productivity gains throughout the economy.

HMRC alone would derive significant benefits if there were a level-playing field on how VAT transactions were reported. Big data analysis would allow efficient and real-time reporting and tax management.

- e-Invoicing as part of RD can provide real-time VAT monitoring and reporting
- Real-time economic monitoring and modelling
- Reduces VAT fraud and errors
- Potential to simplify VAT collection in real-time

By including electronic invoicing within Richer Data, HM Government will be able to report on the value and frequency of all invoices within the public sector, it will also be able to monitor VAT across the UK and analyse order-to-cash payment lifecycles. In the long term, there is an opportunity to collect VAT in real-time, greatly simplifying the process and reducing HMRC costs, if all companies in the UK are mandated to use e-invoicing.

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