ISO 20022 Market Practice Guidance: Regulatory Reporting, Purpose of Payment and Category Purpose

PMPG
Payments Market Practice Group

JANUARY 2024

Payments Market Practice Group

The Payments Market Practice Group (PMPG) is an independent body of payments subject matter experts from Asia Pacific, EMEA and North America.

The mission of the PMPG is to:

- Take stock of payments market practices across regions.
- Discuss, explain, and document market practice issues, including possible commercial impact.
- Recommend market practices, covering end-to-end transactions.
- Propose best practice, business responsibilities and rules, message flows, consistent implementation of ISO messaging standards and exception definitions.
- Ensure publication of recommended best practices.
- Recommend payments market practices in response to changing compliance requirements.

The PMPG provides a truly global forum to drive better market practices, which, together with correct use of standards, will help in achieving full straight-through-processing and improved customer service.

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Overview of Use Case

Overview of Use Case

Description of the Use Case

Regulators are increasingly looking for more transparency on the parties involved in a payment and its purpose. End customers are often asked to provide data to satisfy compliance and regulatory reporting obligations, such as for balance of payment statistics, or to simply define the underlying nature of the payment.

Such purpose codes, required in a wide array of different scenarios, are often misinterpreted by the industry or populated in the incorrect element of a payment instruction (e.g., Remittance Information), which results in delays to payments, reduction in straight-through-processing (STP) rates and an increase in Requests for Information (RFI) requesting clarification of the reason for the payment.

There are several instances where the 'purpose' of a payment can be used or required with a payment instruction. These are:

- **Payment Purpose Code** denoting a commercial reason for a payment,

- **Regulatory Reporting** information to comply with Regulatory Authority requirements,

- **Category Purpose** specifying the high-level purpose of the instruction in order to trigger a particular processing by any of the agents in the chain.

In the interest of a fluid, transparent and speedy payment journey, it is important that the industry is able to distinguish between the above purposes of payment and provide such data in the correct field in the payment instruction.

With the introduction of ISO 20022, message sets are equipped with designated elements for each to meet the industry demand for structured data, and this paper serves to guide on how to correctly identify and populate said respective elements in a pacs.008 message.
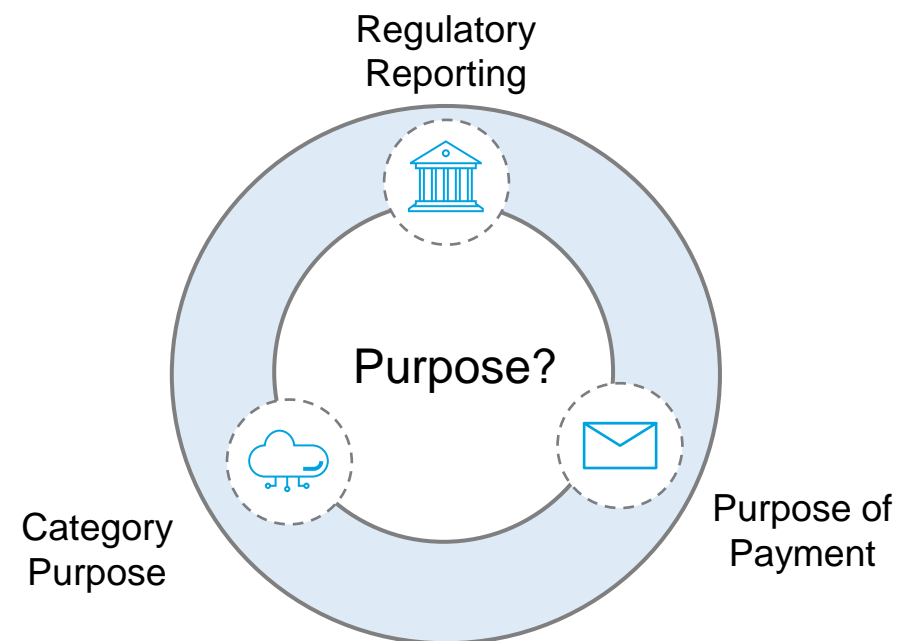
Overview of Use Case

Target Benefits from Market Guidance

As Payment Purpose Codes and Regulatory Reporting information are often misunderstood, a clear definition of each and corresponding examples documented in market guidance will resolve confusion across the industry.

Thanks to the rich structure and data elements of ISO 20022, well-defined guidance educates end customers on where each respective piece of information or code is to be populated in the ISO 20022 message as part of a payment initiation, which in turn serves as an additional advantage for banks to easily identify and process information and carry out more effective screening from a Sanctions and AML perspective.

Bank operational efficiency can therefore grow, reducing costs and avoiding exceptions processes, such as Request for Information (RFI) where payments are held while reporting data is requested, and encouraging higher straight-through-processing (STP) rates. The end result will see payments reaching their destination as part of a quicker, more efficient process.

Simplifying and clarifying the process with effective market guidance could also improve the customer experience, allowing the Debtor to send a payment more easily, and in turn increase the speed at which the Creditor is able to relieve the availability of the funds.

The PMPG aligns with the market guidance provided by CGI-MP (Common Global Implementation – Market Practice) in their Appendix B and Handbook, located in My Standards - Usage Guidelines - CGI-MP Payments pain.001 Customer Credit Transfer (ISO 2019 version)_Update_Sep2023 (swift.com)

The PMPG encourages the industry to make reference to the aforementioned documents when making a payment with regulatory reporting or purpose code requirements.

Challenges in providing Market Guidance for the Use Case

Regulatory Reporting in particular is not standardised – it is very granular in nature and subject to change, with different jurisdictions requiring different information and some requiring multiple instances in the same payment instruction to comply with various regulations on either the debit or credit side, or both.

For this reason, it may be difficult for end customers to locate and identify the required reporting information as there is no centralised, publicly-available repository.

In addition, not all fields are supported by all Market Infrastructures (MIs), particularly in proprietary formats, meaning that some information could be truncated.

Opportunities to be gained from Standardisation

CGI-MP has designed a list of 'Type' codes used to describe the regulatory reporting information provided within the payment instruction, such as **PURP** (Purpose of Payment), **DECL** (Declaration), **CIST** (Citizenship Status), **CRST** (Creditor Status) and **TAXS** (Tax Status). For future message versions, CGI-MP will request the registration of such codes with ISO in an effort to encourage standardisation. The PMPG highly recommends that the industry follows this best practice.

In a similar fashion. Reporting Authorities should consider using standardised ISO 20022 codes, harmonising the global approach and encouraging a simplified, improved and consistent experience.

Standardisation of such data provides greater transparency, a clear understanding of what the data represents and an easily-accessible centralised repository where the definitions can be found.

A recommended default code list or a centralised mapping model could avoid different jurisdictions defining different codes, effectively introducing a global standardised market practice.

Overview of Use Case
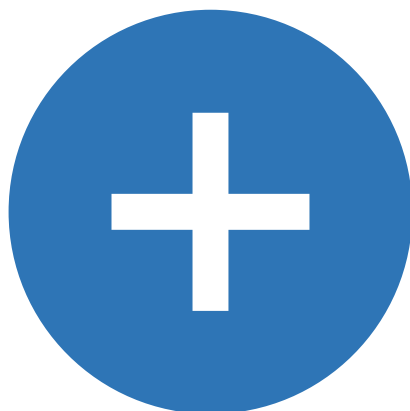
Value-add Recommendations

The PMPG makes the following recommendations in the context of the Use Case:

+ In the interest of standardisation and use of common codes, for future message versions **CGI should formally request the registration with ISO of the various 'Type' codes** (PURP, DECL, CIST, CRST, TAXS) used to identify the different types of Regulatory Reporting

+ The industry should look to provide a **centralised mapping model**, whereby existing payment purpose codes with direct equivalents in Regulatory Reporting could be automatically mapped to improve the customer experience and reduce the complexity of payment initiation

+ When Regulatory Reporting is used, **the following elements must be provided** as a minimum:
- **Debit/Credit Reporting Indicator**
- **Details > Type**
- **Details > Code and/or Information**

+ When Regulatory Reporting is used, the **following element is strongly recommended** to be provided:
- **Authority > Country**

+ A **Change Request should be submitted to create rules in the Usage Guidelines** to enforce correct usage of the Regulatory Reporting elements, which are, as of the date of this document, currently all optional.

Overview of Use Case

Purpose

The **Purpose** element <Purp> captures the reason for the payment transaction and should be transported end to end. The purpose is used to capture the nature of the payment, e.g. IVPT - Invoice Payment, FEES - Payment of Fees, etc. and should <u>not</u> be confused with Regulatory Reporting codes. By definition, this information is typically defined by the Debtor and used by the end Parties. If the standard external purpose code list is used, the purpose should help Agents and the Creditor to understand the reason for the payment. It should also be granular enough to avoid Requests for Information from downstream agents.

Regulatory Reporting

The **Regulatory Reporting** element <RgltryRptg> within the payment instruction (such as pain.001, pain.008, pacs.008) is nested to capture regulatory and statutory information needed to report to the appropriate authority/s. This information is used by Regulatory Authorities and, in many cases, is needed by the Debtor or Creditor Agent.
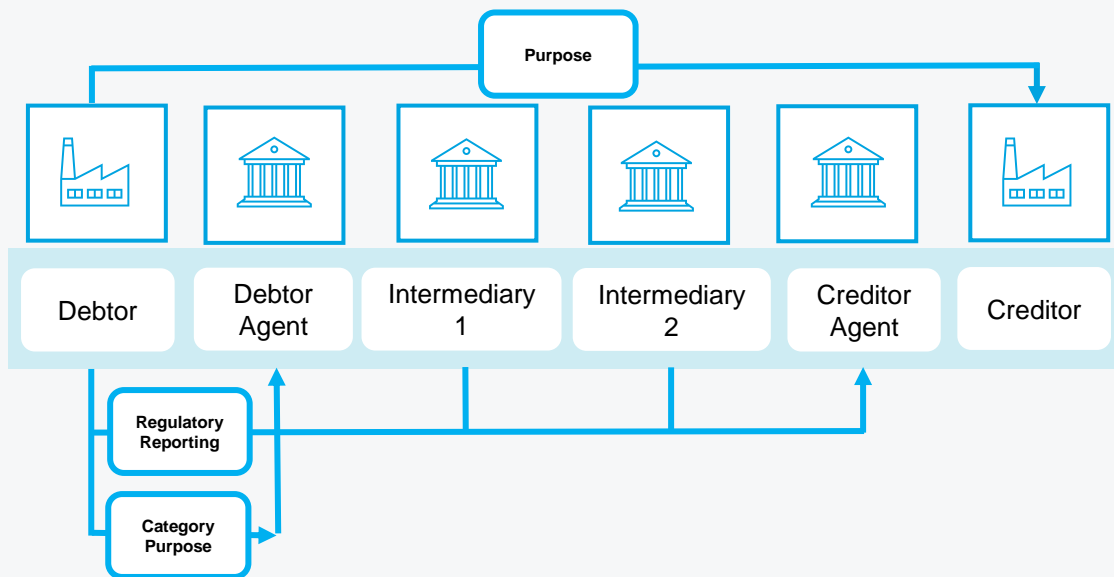
Category Purpose

The **Category Purpose** element <CtgyPurp> is used to identify the category of payment and it used by Agents. For example, a SECU transaction is the payment of securities or SALA is a salary payment. It might trigger special processing and is typically defined by the initiating party for the next agent.

2 Focus on Regulatory Reporting

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Regulatory Reporting

Focus on Regulatory Reporting

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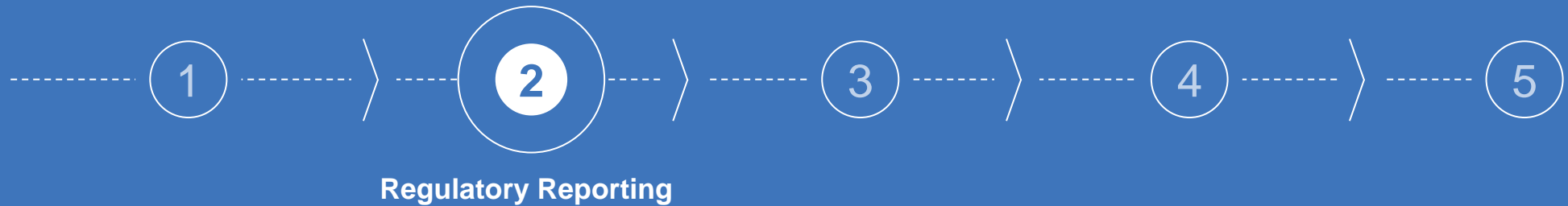
Payments into or out of certain jurisdictions or in certain currencies can be subject to Balance of Payment Statistical Reporting or other bespoke reporting, whereby a domestic bank is responsible for reporting to the local authorities the reason funds are entering or leaving the jurisdiction.

Regulatory Reporting information may be required on the debtor side (i.e., where the funds are moving from) or on the creditor side (i.e., where the funds are moving to), or both. When determining when Regulatory Reporting is required, this is deduced from the country where the debtor or creditor agent is located, not from the debtor/creditor or ultimate debtor/creditor's country of residence.

The initiating party of a payment instruction is responsible for providing complete and accurate information to comply with regulatory requirements on each side of the transaction. Best practice is to obtain such requirements from the debtor/creditor or debtor agent/creditor agent if it is not clear which codes to use.

CGI-MP Appendix B - Usage Guidelines - CGI-MP Payments pain.001 Customer Credit Transfer (ISO 2019 version) Update Sep2023 (swift.com) - provides detailed guidance on 40+ countries for regulatory reporting in and out and serves to show initiating parties where to populate the data in a pain.001.

At times, multiple instances of regulatory reporting could be required on the debtor side, creditor side, or both. ISO 20022 allows for up to 10 occurrences of the Regulatory Reporting elements:

∨ 👥 Regulatory Reporting	0	10
〉 ≔ Debit Credit Reporting Indicator	0	1
〉 👥 Authority	0	1
∨ 👥 Details	0	*
≡ Type	0	1
📅 Date	0	1
〉 ≔ Country	0	1
≡ Code	0	1
〉 🖩 Amount	0	1
≡ Information	0	*

Such reporting codes are non-standardised as they are defined by the authorities of each respective jurisdiction and often vary in length, granularity and purpose;

Regulatory Reporting codes are in some cases available directly from the authorities of each jurisdiction;

Such Regulatory Reporting information is to be provided in **CdtTrfTxInf/RgltryRptg**.

How to populate Regulatory Reporting in the pacs.008

❑ The purpose of payment, as mandated by the Regulatory Authority, is to be provided by the end customer in the pain.001 and transported in the pacs.008 by the agents in the payment chain in the ISO 20022 element **Regulatory Reporting (<RgltryRptg>)**, complemented by populating the below key nested elements as follows.

❑ Please note that not all possible nested elements are listed in the below table (e.g. Date, Amount). The PMPG has focused on the core elements that represent the majority of use cases:

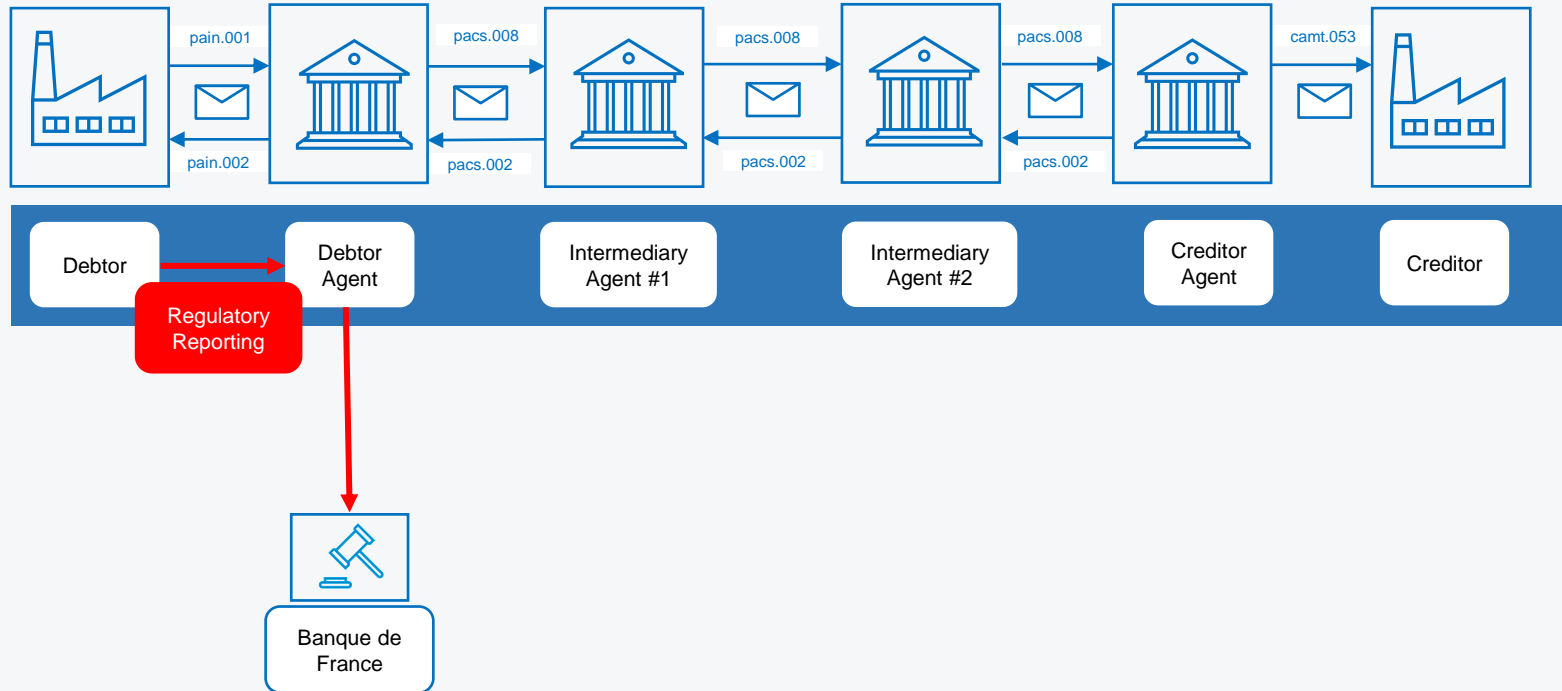| Element	Key Nested Elements		Comments
Regulatory Reporting <RgltryRptg>	Debit Credit Reporting Indicator <DbtCdtRptgInd>		**DEBT** is required if the regulatory information provided relates to the debit side, i.e., requirements in the country where the debiting account is held; **CRED** is required if the regulatory information provided relates to the credit side, i.e., requirements in the country where the crediting account is held; Whilst **BOTH** as a value is allowed in this element, PMPG recommends not to use this, but to instead detail each DEBT and/or CRED regulatory reporting requirement individually for greater transparency
	Authority <Authrty>	Country <Ctry>	It is strongly recommended to populate the **Country** of the entity/regulatory authority requiring the regulatory reporting information
	Details <Dtls> *	Type <Tp>	**Type** must be provided to clearly identify the value in Code and/or Information. It should be populated with one of the CGI codes: **PURP** *(Purpose of Payment)* **DECL** *(Declaration)* **CIST** *(Citizenship Status)* **CRST** *(Creditor Status)* **TAXS** *(Tax Status)* *Note: this <Type> list may evolve and more codes may be added as more countries are evaluated by CGI. This document will be updated to reflect any such changes until these codes are formalized in an External Code List.*
		Code <Cd>	**Code** must be populated with the relevant code obtained from the Regulatory Authority
		AND/OR	
		Information <Inf>	**Information** must be used if a textual description is required by the Regulatory Authority, or the **Code** element length is not sufficient

* the <Details> element is repeatable in a multiple occurrence scenario when related to the same debit/credit side and regulatory authority. Whenever a new requirement is being reported related to a different debit/credit reporting indicator or authority, <RgltryRptg> should be closed and re-opened

Example 1 – Regulatory Reporting: Cross-border Payment from France to Country XY

1 — **Reason for Regulatory Reporting**: Transactions outside the SEPA zone larger than EUR 50,000 (or equivalent) from resident to non-resident accounts require a declaration of an economic code (ECO code, 3 characters) for balance of payment statistics
Mandated by: Banque de France

Source: PMPG

Element	Key Nested Elements		Example
Debtor	Name		La Société S.A.
Debtor Agent	BICFI		ABCDFRPP
Creditor Agent	BICFI		CDEFXYSG
Creditor	Name		International Healthcare Company
Regulatory Reporting	Debit/Credit Reporting Indicator		DEBT *(Debit)*
	Authority	Country	FR (France)
	Details	Type	PURP (Purpose of Payment)
		Code	E01 *(Goods (general merchandise, victualling, tailoring, trade))*

Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

Example 1 – Regulatory Reporting: Cross-border Payment from France to Country XY

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Element	Key Nested Elements		Example
Debtor	Name		La Société S.A.
Debtor Agent	BICFI		ABCDFRPP
Creditor Agent	BICFI		CDEFXYSG
Creditor	Name		International Healthcare Company
Regulatory Reporting	Debit/Credit Reporting Indicator		DEBT *(Debit)*
	Authority	Country	FR (France)
	Details	Type	PURP (Purpose of Payment)
		Code	E01 *(Goods (general merchandise, victualling, tailoring, trade))*

ISO 20022 pacs.008

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</RgltryRptg>
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Example 2 – Regulatory Reporting: Cross-border Payment from Australia to UAE

2 **Reason for Regulatory Reporting**: Cross-border transactions and those between resident and non-resident accounts in all currencies into the UAE require a declaration of purpose of payment for balance of payments statistical reporting
Mandated by: Central Bank of UAE

Source: PMPG

Element	Key Nested Elements		Example
Debtor	Name		Real Estate Investment Pty Ltd
Debtor Agent	BICFI		ABCDAU2S
Creditor Agent	BICFI		GHIJAEAD
Creditor	Name		AD Real Estate LLC
Regulatory Reporting	Debit/Credit Reporting Indicator		CRED *(Credit)*
	Authority	Country	AE *(UAE)*
	Details	Type	PURP (Purpose of Payment)
		Code	PPL *(Purchase of Real Estate in the UAE from Non-Residents)*

Example 2 – Regulatory Reporting: Cross-border Payment from Australia to UAE

Element	Key Nested Elements		Example
Debtor	Name		Real Estate Investment Pty Ltd
Debtor Agent	BICFI		ABCDAU2S
Creditor Agent	BICFI		GHIJAEAD
Creditor	Name		AD Real Estate LLC
Regulatory Reporting	Debit/Credit Reporting Indicator		CRED *(Credit)*
	Authority	Country	AE *(UAE)*
	Details	Type	PURP (Purpose of Payment)
		Code	PPL *(Purchase of Real Estate in the UAE from Non-Residents)*

ISO 20022

pacs.008

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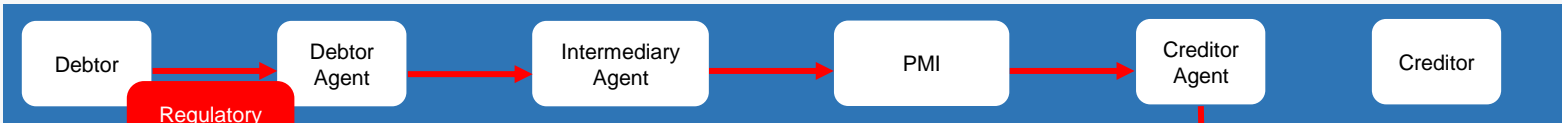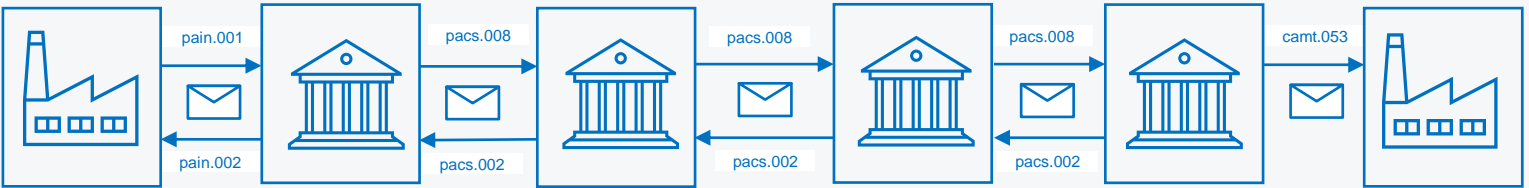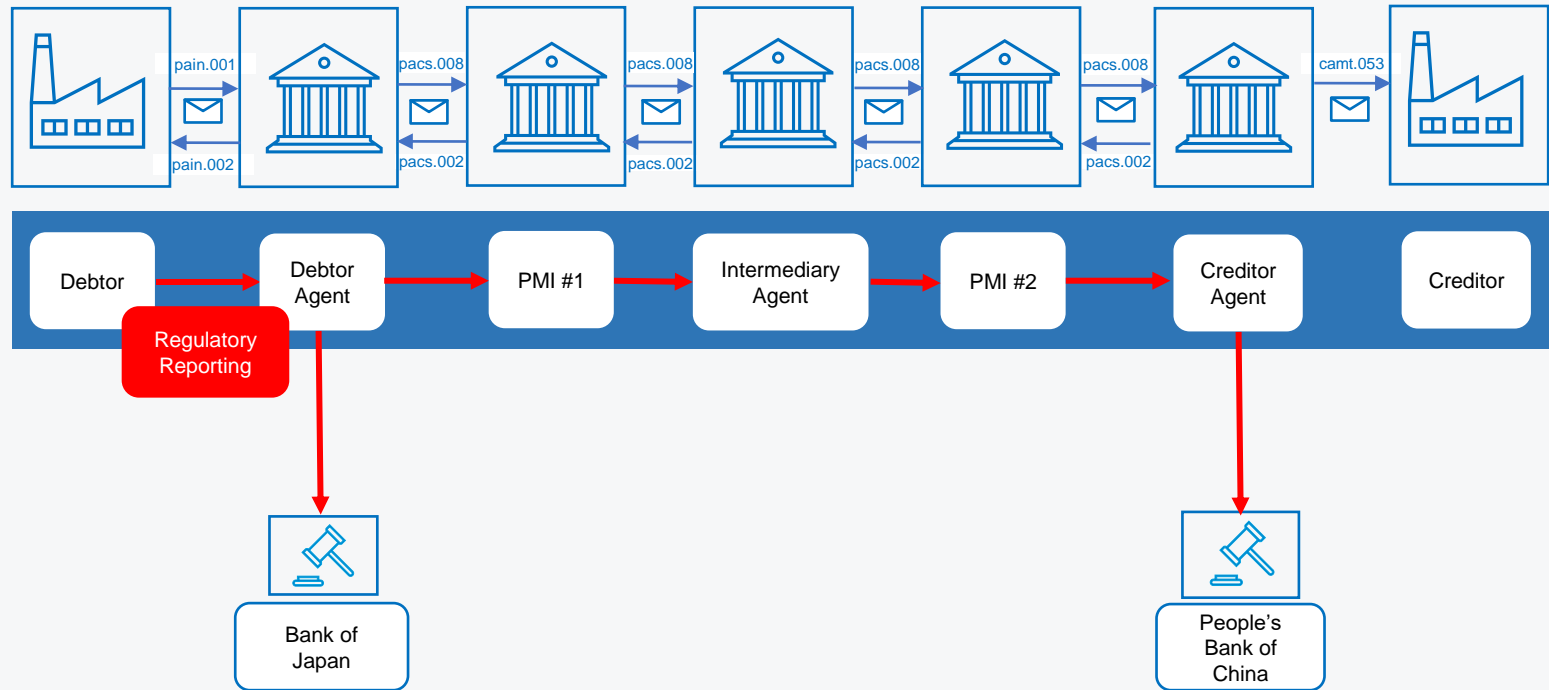
Example 3 – Regulatory Reporting: Multiple Occurrences – Cross-Border Payment from Japan to China

③

Reasons for Regulatory Reporting on DEBIT side:
#1 Declaration required that the payment is not related to North Korea or Iran
#2 Payment Purpose Code required
Mandated by: Bank of Japan

Reason for Regulatory Reporting on CREDIT side:
#3 Payment Purpose Code required
Mandated by: People's Bank of China

Source: PMPG

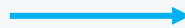| Element	Key Nested Elements		Example
Debtor	Name		Sonic Motor
Debtor Agent	BICFI		ABCDJPJT
Creditor Agent	BICFI		CDEFCNBJ
Creditor	Name		China Construction Corporation
Regulatory Reporting #1	Debit/Credit Reporting Indicator		DEBT (Debit)
	Authority	Country	JP (Japan)
	Details	Type	DECL (Declaration)
		Code	NNKNI (Not related to North Korea or Iran)
Regulatory Reporting #2	Details	Type	PURP (Purpose of Payment)
		Code	011
Regulatory Reporting #3	Debit/Credit Reporting Indicator		CRED (Credit)
	Authority	Country	CN (China)
	Details	Type	PURP (Purpose of Payment)
		Code	COCADR (Current Account incl. dividend payment, profit distribution)

Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

Example 3 – Regulatory Reporting: Multiple Occurrences – Cross-Border Payment from Japan to China

Element	Key Nested Elements		Example
Debtor	Name		Sonic Motor
Debtor Agent	BICFI		ABCDJPJT
Creditor Agent	BICFI		CDEFCNBJ
Creditor	Name		China Construction Corporation
Regulatory Reporting #1	Debit/Credit Reporting Indicator		DEBT (Debit)
	Authority	Country	JP (Japan)
	Details	Type	DECL (Declaration)
		Code	NNKNI (Not related to North Korea or Iran)
Regulatory Reporting #2	Details	Type	PURP (Purpose of Payment)
		Code	011
Regulatory Reporting #3	Debit/Credit Reporting Indicator		CRED (Credit)
	Authority	Country	CN (China)
	Details	Type	PURP (Purpose of Payment)
		Code	COCADR (Current Account incl. dividend payment, profit distribution)

ISO 20022

pacs.008

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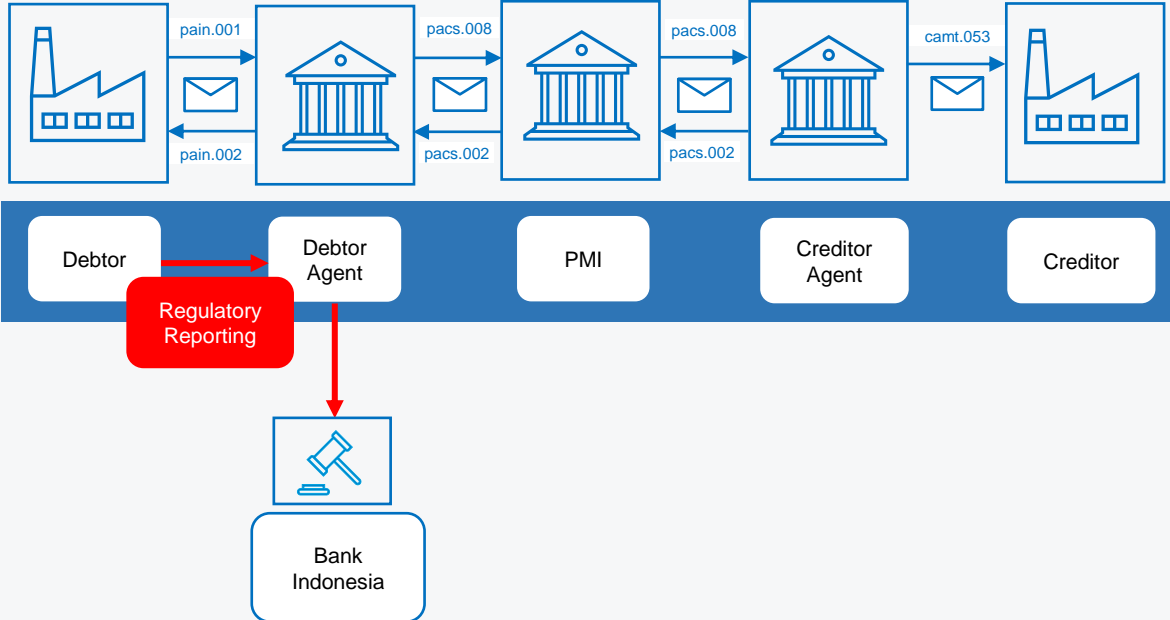
Example 4 – Regulatory Reporting: Indonesia Domestic Payments

4

Reasons for Regulatory Reporting on DEBIT side:
#1 For all domestic payments, declare citizenship status
#2 Declare Creditor status, i.e. beneficiary type
#3 Payment Purpose Code required
Mandated by: Bank Indonesia

Source: PMPG

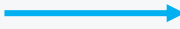| Element	Key Nested Elements		Example
Debtor	Name		Indonesia Tech Ltd
Debtor Agent	BICFI		ABCDIDJA
Creditor Agent	BICFI		CDEFIDJA
Creditor	Name		Jakarta Group Holdings
Regulatory Reporting #1	Debit/Credit Reporting Indicator		DEBT (Debit)
	Authority	Country	ID (Indonesia)
	Details	Type	CIST (Citizenship Status)
		Code	1 (Foreign Entity)
Regulatory Reporting #2	Details	Type	CRST (Beneficiary Type)
		Code	2 (Corporation)
Regulatory Reporting #3	Details	Type	PURP (Purpose of Payment)
		Code	50 (Transfer Between Customer (Non-Govt))

Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

Example 4 – Regulatory Reporting: Indonesia Domestic Payments

Element	Key Nested Elements		Example
Debtor	Name		Indonesia Tech Ltd
Debtor Agent	BICFI		ABCDIDJA
Creditor Agent	BICFI		CDEFIDJA
Creditor	Name		Jakarta Group Holdings
Regulatory Reporting #1	Debit/Credit Reporting Indicator		DEBT (Debit)
	Authority	Country	ID (Indonesia)
	Details	Type	CIST (Citizenship Status)
		Code	1 (Foreign Entity)
Regulatory Reporting #2	Details	Type	CRST (Beneficiary Type)
		Code	2 (Corporation)
Regulatory Reporting #3	Details	Type	PURP (Purpose of Payment)
		Code	50 (Transfer Between Customer (Non-Govt))

ISO 20022 pacs.008

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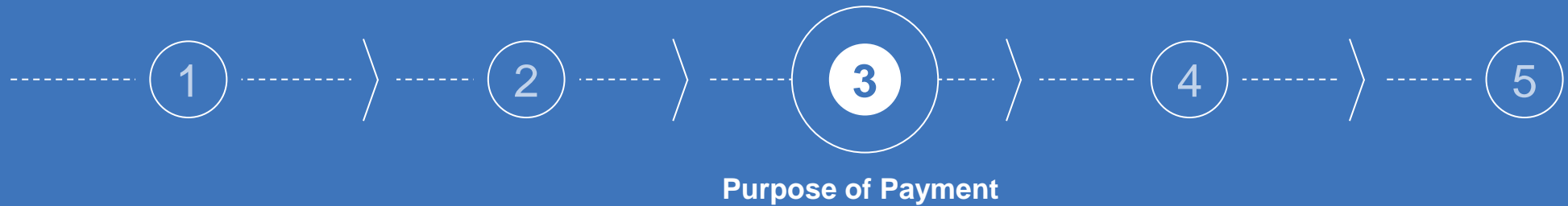
3 Focus on Purpose of Payment

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Purpose of Payment

Focus on Purpose of Payment

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As part of a payment initiation, the end customer (that is, the initiating party, (ultimate) Debtor or (ultimate) Creditor) provides an ISO 20022 Purpose Code to denote the underlying reason for the payment;

The Purpose Code is exchanged between the Debtor and Creditor and travels across the transaction to be reported to the Creditor in a statement, which allows the Creditor to reconcile the payment receipt;

This purpose code is non-regulatory, therefore not processed or utilised by any of the agents in the payment chain for regulatory purposes. It is important that the industry does not use Purpose to provide regulatory reporting information;

Purpose Codes are standardised and form part of a centralised external code list maintained by ISO – here;

Only one occurrence of Purpose Code is allowed in each message:

∨ ⚹ Purpose	0	1
≔ Code	1	1
≡ Proprietary	1	1

Such code is to be provided in the ISO 20022 element **CdtTrfTxInf/Purp/Cd**.

How to populate Purpose of Payment in the pacs.008

▪ The ISO 20022 purpose of payment code is to be provided by the end customer in the pain.001 and transported in the pacs.008 by the agents in the chain in the ISO 20022 element **<Purp><Cd>** or **<Purp><Prtry>**

▪ The preferred option is coded information as per the ISO 20022 external codes list

▪ Proprietary codes, unless bilaterally agreed, should be avoided in order to standardise usage across the industry.

Element	Key Nested Elements	Comments
Purpose <Purp>	Code <Cd>	Populate the underlying reason for the payment transaction as published in the external purpose code list
	Proprietary <Prtry>	Populate the underlying reason for the payment in a proprietary form

Example 5: Purpose of Payment

5 **Context:** Debtor advises Creditor of underlying reason for the payment

Source: PMPG

Element	Key Nested Elements	Example
Debtor	Name	John Smith
Debtor Agent	BICFI	ABCDGB22
Creditor Agent	BICFI	CDEFSGSG
Creditor	Name	International Healthcare Company
Purpose	Code	HLTI (Health Insurance)
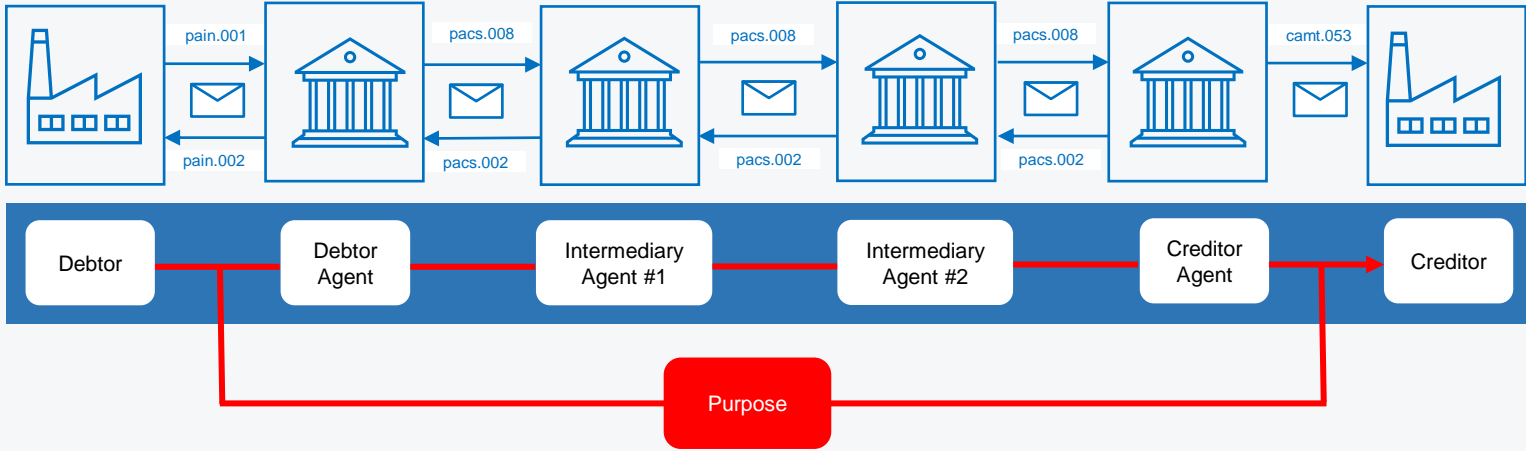
Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

Example 5: Purpose of Payment
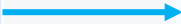
PMPG
Payments Market Practice Group

Element	Key Nested Elements	Example
Debtor	Name	John Smith
Debtor Agent	BICFI	ABCDGB22
Creditor Agent	BICFI	CDEFSGSG
Creditor	Name	International Healthcare Company
Purpose	Code	Health Insurance *(HLTI)*

ISO 20022   pacs.008

```
<FIToFICstmrCdtTrf>
<GrpHdr>
….
<GrpHdr>
<CdtTrfTxInf>
….
            <PmtTpInf>
            </PmtTpInf>
….
            <Dbtr>
            <Nm>John Smith</Nm>
            </Dbtr>
            <DbtrAgt>
            <FinInstnId>
            <BICFI>ABCDGB22</BICFI>
            </FinInstnId>
            </DbtrAgt>
            <Cdtr>
            <Nm>International Healthcare Company</Nm>
            </Cdtr>
…
            <Purp>
            …
            </Purp>
```

<Purp>
<Cd>**HLTI**</Cd>
</Purp>

4

Focus on Regulatory Reporting & Purpose of Payment in the same payment

1 ⟩ 2 ⟩ 3 ⟩ **4** ⟩ 5

**Regulatory Reporting
& Purpose of Payment
in the same payment**

Focus on Regulatory Reporting & Purpose of Payment in the same payment

Purpose of payment codes <u>and</u> Regulatory Reporting information may be required **in the same payment instruction** – the former to denote the underlying reason of the payment to report to the Creditor and the latter to comply with regulatory obligations;

Thanks to the richness of ISO 20022, **both elements can be provided in the same payment message** and are to be populated according to the below guidance.

How to populate Regulatory Reporting and Purpose of Payment in one single pacs.008

- Purpose of Payment code must be populated in the **<Purp>** element of the ISO 20022 message, followed by the population of all the below key nested elements of the **<RgltryRptg>** tag:

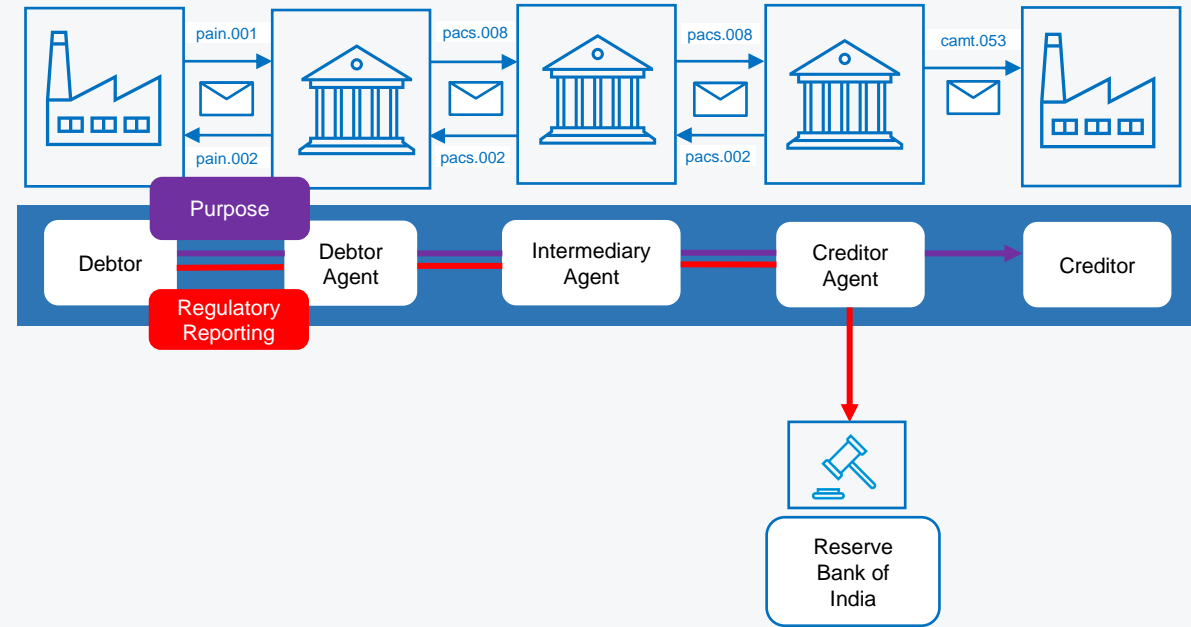| Element	Key Nested Elements		Comments
Purpose <Purp>	Code <Cd>		Populate the underlying reason for the payment transaction as published in the external purpose code list
	Proprietary <Prtry>		Populate the underlying reason for the payment in a proprietary form
Regulatory Reporting <RgltryRptg>	Debit Credit Reporting Indicator <DbtCdtRptgInd>		**DEBT** is required if the regulatory information provided relates to the debit side, i.e., requirements in the country where the debiting account is held; **CRED** is required if the regulatory information provided relates to the credit side, i.e., requirements in the country where the crediting account is held; Whilst **BOTH** as a value is allowed in this element, PMPG recommends <u>not</u> to use this, but to instead detail each DEBT and/or CRED regulatory reporting requirement individually for greater transparency
	Authority <Authrty>	Country <Ctry>	It is <u>strongly recommended</u> to populate the **Country** of the entity/regulatory authority requiring the regulatory reporting information
	Details <Dtls> *	Type <Tp>	**Type** must be provided to clearly identify the value in Code and/or Information. It should be populated with one of the CGI codes: **PURP** *(Purpose of Payment)* **DECL** *(Declaration)* **CIST** *(Citizenship Status)* **CRST** *(Creditor Status)* **TAXS** *(Tax Status)* <u>*Note*</u>: this <Type> list may evolve, and more codes may be added as more countries are evaluated by CGI. This document will be updated to reflect any such changes until these codes are formalized in an External Code List.
		Code <Cd>	**Code** must be populated with the relevant code obtained from the Regulatory Authority
			AND/OR
		Information <Inf>	**Information** must be used if a textual description is required by the Regulatory Authority, <u>or</u> the **Code** element length is not sufficient

Example 6: Focus on Regulatory Reporting & Purpose of Payment in the same payment

6   **Reason for Regulatory Reporting**: For cross-border fund transfers, purpose code must be provided
Mandated by: Reserve Bank of India

Reason for Purpose of Payment: To advise Creditor of underlying reason for the payment

Source: PMPG

Element	Key Nested Elements		Example
Debtor	Name		A. Patel
Debtor Agent	BICFI		ABCDGB22
Creditor Agent	BICFI		EFGHINXX
Creditor	Name		R. Patel
Purpose	Code		SAVG *(Transfer to savings/retirement account)*
Regulatory Reporting	Debit/Credit Reporting Indicator		**CRED *(Credit)***
	Authority	Country	IN *(India)*
	Details	Type	PURP *(Purpose of Payment)*
		Code	P1301 *(Inward remittance from Indian non-residents towards family maintenance and savings)*

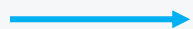*Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents*

Example 6: Focus on Regulatory Reporting and Purpose of Payment in the same payment

PMPG Payments Market Practice Group

Element	Key Nested Elements		Example
Debtor	Name		A. Patel
Debtor Agent	BICFI		ABCDGB22
Creditor Agent	BICFI		EFGHINXX
Creditor	Name		R. Patel
Purpose	Code		SAVG *(Transfer to savings/retirement account)*
Regulatory Reporting	Debit/Credit Reporting Indicator		CRED *(Credit)*
	Authority	Country	IN *(India)*
	Details	Type	PURP *(Purpose of Payment)*
		Code	P1301 *(Inward remittance from Indian non-residents towards family maintenance and savings)*

ISO 20022

pacs.008

```
<FIToFICstmrCdtTrf>
<GrpHdr>
....
<GrpHdr>
<CdtTrfTxInf>
....
<Dbtr>
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</Dbtr>
<DbtrAgt>
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</FinInstnId>
</DbtrAgt>
<Cdtr>
<FinInstnId>
<BICFI>EFGHINXX</BICFI>
</FinInstnId>
</Cdtr>
<Purp>
...
</Purp>
<RgltryRptg>
......
</RgltryRptg>
...
</CdtTrfTxInf>
</FIToFICstmrCdtTrf>
```
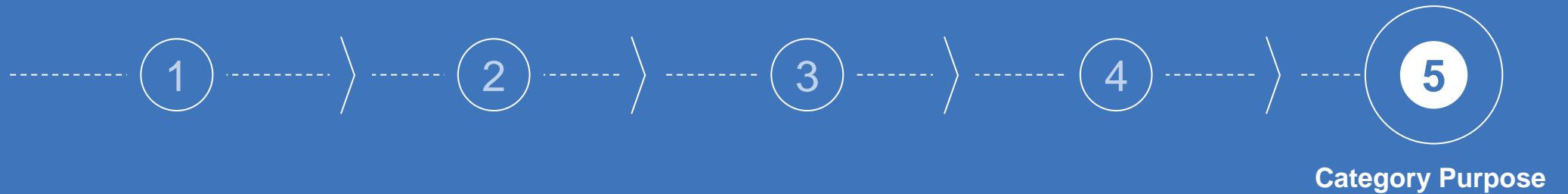
```
<Purp>
<Cd>SAVG</Cd>
</Purp>
<RgltryRptg>
<DbtCdtRptgInd>CRED</DbtCdtRptgInd>
<Authrty>
<Ctry>IN</Ctry>
</Authrty>
<Dtls>
<Tp>PURP</Tp>
<Inf>P1301</Inf>
</Dtls>
</RgltryRptg>
...
```

Focus on Category Purpose

Category Purpose specifies the high-level purpose of the instruction based on a set of pre-defined categories;

It is used by the initiating party to provide information concerning the processing of the payment, which is likely to trigger a special processing by any of the agents in the payment chain;

Whilst Category Purpose can be in coded or proprietary form, the PMPG recommends coded form and the usage of a code from the External Category Purpose Code List;

Only one occurrence of Category Purpose is allowed in each message:

∨ ⛓ Category Purpose	0	1
≔ Code	1	1
≡ Proprietary	1	1

Category Purpose is to be to be provided in the ISO 20022 element **CdtTrfTxInf/PmtTpInf/CtgyPurp.**

How to populate Category Purpose in the pacs.008

- Category Purpose is to be provided by the initiating party and transported in the pacs.008/pacs.009 by the agents in the chain in the ISO 20022 element <CtgyPurp>

- The preferred option is coded information as per the ISO 20022 external codes list published here - External code sets | ISO20022

- Proprietary codes, unless bilaterally agreed, should be avoided in order to standardise usage across the industry

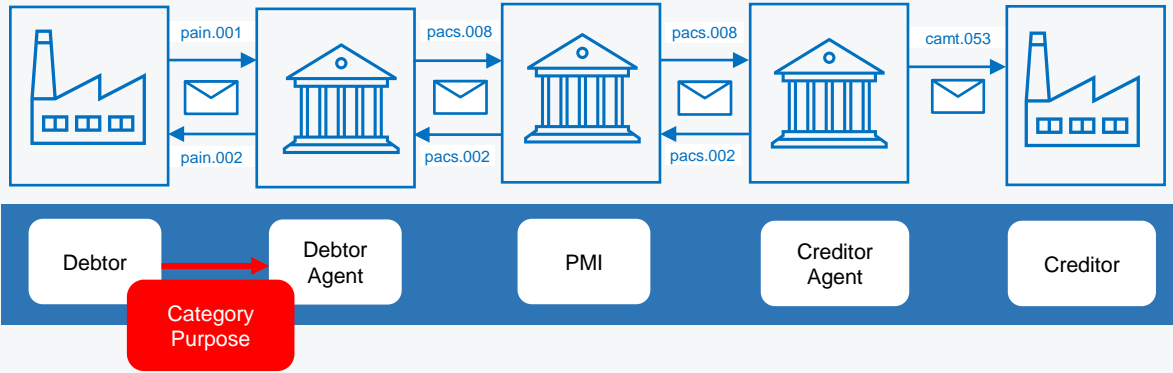| Element	Key Nested Elements	Comments
Category Purpose <CtgyPurp>	Code <Cd>	Populate the category purpose as published in the external category purpose code list
	Propietary <Prtry>	Populate the category purpose in a proprietary form

Example 7 – Category Purpose

7 **Context:** Debtor advises Debtor Agent that the transaction is related to the payment of securities

Source: PMPG

Element	Key Nested Elements	Example
Debtor	Name	XYZ Brokerage
Debtor Agent	BICFI	ABCDGB22
Creditor Agent	BICFI	CDEFSGSG
Creditor	Name	ABC Brokerage
Category Purpose	Code	SECU (Transaction is the payment of securities)

Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

Example 7 – Category Purpose

PMPG Payments Market Practice Group

Element	Key Nested Elements	Example
Debtor	Name	XYZ Brokerage
Debtor Agent	BICFI	ABCDGB22
Creditor Agent	BICFI	CDEFSGSG
Creditor	Name	ABC Brokerage
Category Purpose	Code	SECU (Transaction is the payment of securities)

ISO 20022

pacs.008

```
<FIToFICstmrCdtTrf>
<GrpHdr>
....
<GrpHdr>
<CdtTrfTxInf>
....
            <PmtTpInf>
              <CtgyPurp>
                <Cd>SECU</Cd>
              </CtgyPurp>
            </PmtTpInf>

              ....
            <Dbtr>
              <Nm>XYZ Brokerage</Nm>
            </Dbtr>
            <DbtrAgt>
              <FinInstnId>
                <BICFI>ABCDGB22</BICFI>
              </FinInstnId>
            </DbtrAgt>
            <Cdtr>
            <Nm>ABC Brokerage</Nm>
            </Cdtr>
```

Note that this scenario is simply an example of a payment flow. It could apply to payments with/without a PMI (Payment Market Infrastructure) and/or with/without multiple intermediary agents

To contact the PMPG or provide feedback on the content of this paper, please email info@pmpg.info

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