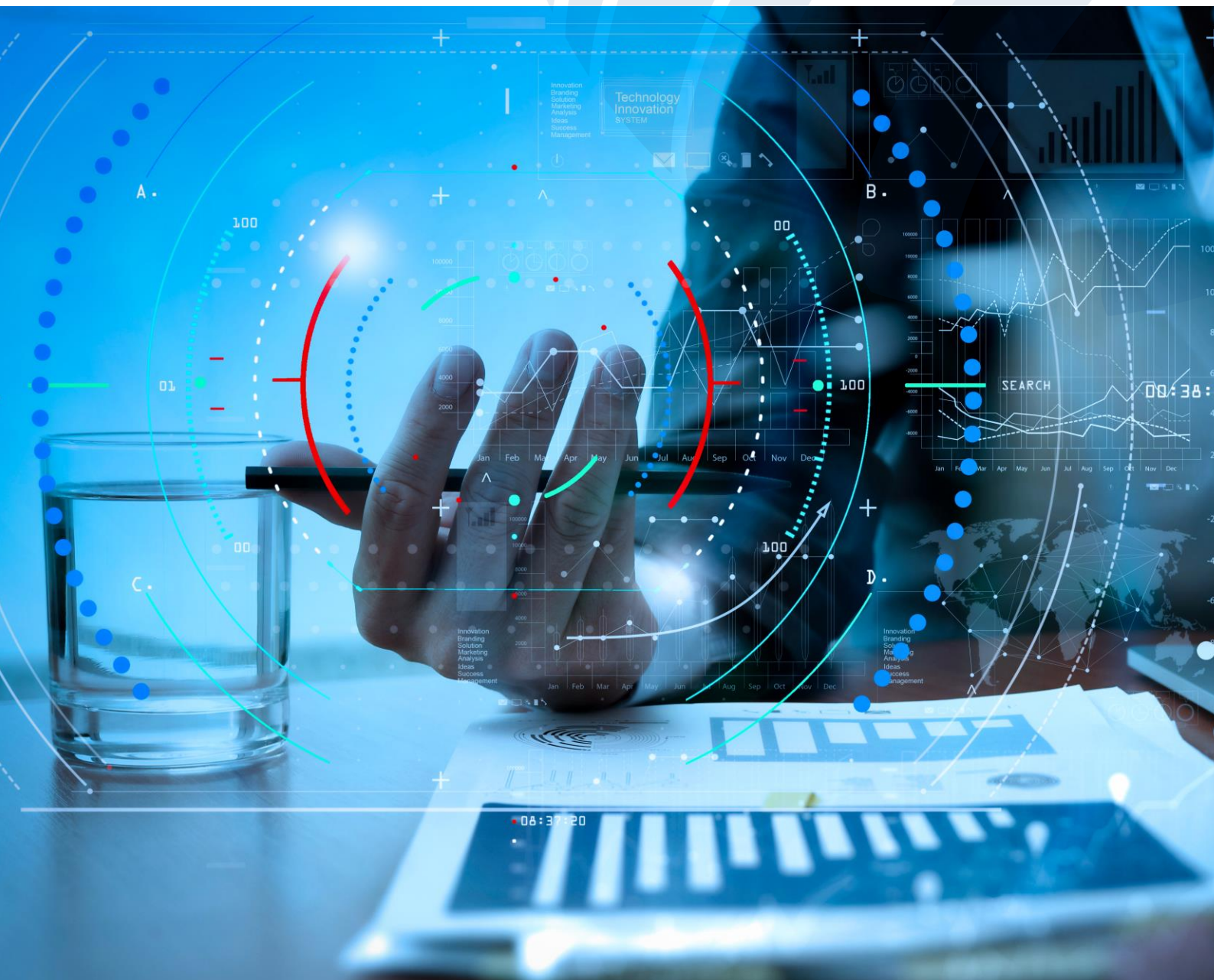# NPC CONFIRMATION OF PAYEE CLARIFICATION PAPER ON THE MATCHING PROCESS

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Public

Abstract

This document addresses operational issues regarding the matching process arising from the implementation of the Nordic Payments Council Confirmation of Payee scheme rulebook.

Reason for Issue

This document has been created to avoid a fragmented approach in the way the NPC Confirmation of Payee scheme rulebooks is implemented.

Version History

Version	Date	Edited by	Comments
0.1	2024-06-05	NPC	First draft finalized and sent out to CoP WG for the first time
0.2	2024-06-13	NPC	Second draft finalized and sent out to CoP WG for the first time
0.3	2024-08-20	NPC	CoP WG revisions
0.4	2024-08-26	NPC	Created for discussion with Bits
0.5	2024-09-11	NPC	Further improvements
0.6	2024-09-30	NPC	Amendments after CoP WG meeting 2024-09-25
0.7	2024-10-09	NPC	Further improvements
0.99	2024-11-01	NPC	Final version as per email agreement instead of CoP WG meeting 2024-10-29
1.0	2024-11-25	NPC	Decided version at the Scheme Management Committee (SMC) 20th of November 2024

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1 Introduction

This document has been created to avoid a fragmented approach in the way the NPC Confirmation of Payee scheme rulebook (NPC050-01 2024 v1.0) is implemented.

In this clarification paper the Nordic Payments Council (NPC) provides guidance and, where feasible, recommendations to NPC CoP scheme participants (and thus any parties they might choose to outsource obligations under the scheme to) on how to handle situations that are not as such described in the NPC Confirmation of Payee rulebook and corresponding implementation guidelines.

This document is referred to in section 3.2.3 of the rulebook will be updated from time to time by the NPC based upon market feedback and once new questions and issues arise and need clarification.

It is stated in the NPC Confirmation of Payee scheme rulebook that the CAR and CPR requests will be responded to the Payer PSP by the Payee PSP with a Match, Close Match or No Match response. The Payee PSP is responsible for the delivery and correctness of the response and therefore free to do it in any way it sees appropriate – this clarification paper provides only guidance and examples and does not constitute a binding part of the rulebook or the implementation guidelines. Yet it is the wish of the NPC that NPC CoP scheme participants take it into consideration in the spirit of preventing unnecessary market fragmentation.

With regards to the above, in this document NPC provides recommendations to the Payee PSP (or any party the Participant might choose to outsource some scheme obligations to) how they might decide the outcome of the matching process. It is vital for a confirmation of payee solution to deliver the benefits of the scheme and therefore aim for user-friendliness as well as reliability of the responses by striving to, to the extent possible, avoid false negative "No Match" responses that lead to friction at the payment initiation stage.

These recommendations are developed upon request from the market and will be updated and maintained by the NPC on best effort basis.

2 Guidance on the matching process for Payee Name

These recommendations apply when a Payer send a CPR request where they input Payee name in an unstructured string, regardless if the Payee is a natural or a legal person.

2.1 Before the matching: data preparation and clean-up

In a CPR request, as preparation for the matching of the IBAN against the Name on the record, the Payee PSP simplifies the data by performing a set of actions:

- Ignore any upper or lower cases;

- If the Payee PSP cannot handle certain diacritics or accents, they are replaced by regular Latin characters (e.g., ü = u; ê = e; â = a; à = a; ö = o = ø = oe ; ä = a = æ = ae ; å = a = aa ; é = e = ee)

- Remove non-alphabetic characters (e.g, ` ~ @ # $ % ^ & * - + = | \ { } [ ] : ; " '<>,.?)

- Remove honorifics and titles (e.g., Dr., Mr., Ms)

- Remove spaces before and after the Name and Last Name (if any)

2.2 Match

The Payee name as given by the Payer and as registered by Payee's PSP are said to match if there is an exact match of the first name and the last name (in the unstructured name string). The same rule is to be applied for legal persons names ("Match" response applies when the Payer's input is identical to the Payee PSP's records). However, there are certain scenarios that might look like deviations but are to be considered as identical and not prevent a scheme participant from determining a match:

- If the full name in the string has the comma format: "Name1, Name2 Name3" then Name1 is regarded as last name and Name2 is regarded as first name.
- If the Payee account has two or more account holders, a without deviation match on one of their names is enough.
- The legal and trade names of a Payee who is a legal person can be used interchangeably by the Payer and the Payee PSP should apply best effort to verify those against both own records and reputable external sources, not to deliver a No Match answer in such cases.
- AB, Aps, AS or other abbreviation indicating company structure is missing from a legal person name

2.3 Close Match

The purpose of a "close match" is that the Payer, who knows the Payee by Name, should not receive the answer "no match" if there is only a small deviation between the name given by Payer and the name registered by the Payee PSP. In such cases the response should be "close match".

The close match algorithm is to ensure user-friendliness hence the aim will be to ensure not too many unnecessary "no match". Therefore, it will need constant development and optimisation to obtain a balance between a close match only confirming a name and too many "no match".

The below mentioned examples may occur twice or may be combined with one other example giving a result that is still regarded as "small deviation".

The list is not exhaustive and are only for clarification purposes:

- A letter is added or omitted
- Two letters appear in the wrong order
- Among First and Middle names one or more is missing, but name string is still more than 8 characters
- First, Middle Names, Last Name (or parts of the legal or trade name for corporate payees) do not appear in the right order
- A letter (or 2) is replaced by another (or 2) with same phonetics
- A first or middle name is replaced by same Name as spelt in another language (like Jacob and Jakup)
- A name has been truncated but remaining part is still more than 5 characters (and total Name string > 8)
- A name has been abbreviated but remaining part is still more than 5 characters (and total Name string > 8)
- Initials used instead of one or more of First and Middle names

These scenarios apply to accounts held by a natural person, more than one nautal person or a legal entity. The Payee PSP can at their own discretion apply stricter or different rules to natural vs legal persons names or vice versa. In case of suspected misspellings, the rule of thumb for deciding whether the response should be a Close Match, the NPC suggests counting Levenshtein Distance as one of the possible tools.

A situation where two or more of these scenarios happen at the same time (e.g. a letter is omitted, name is replaced with a well-known informal nickname and the middle name is missing) should still lead to a Close Match. Overall, the spelling mistakes level acceptable in a natural or legal person's name is to be set by the Payee PSP, especially taking into consideration exceptionally short Payee names like "Bo", "Ann", "ABB" or "St1".

3 No match

Consequently a "No match" is to be applied when the Response is not a "match" nor a "close match".

4 Guidance on the matching process for Payee unique ID

If the Payer sends a CPR request with a unique Id instead of Name of the Payee there is no possibility of Close Match as identification codes follow a set structure that is either correct or incorrect. For more guidance on what unique Id/identification code means and examples of it, see AT-24 in the NPC CoP scheme rulebook.

4.1 Match

The Match response on the combination unique Id and IBAN can only be provided if there is no deviation at all between the input provided by the Payer and the identification code of the Payee as stored by Payee PSP. It is recommended that the Payee PSP verifies the correctness of the identification code against own records and/or trustworthy public sources like e.g. local markets register of companies (the body incorporating and dissolving legal entities).

4.2 No Match

No Match response applies when the matching result does not meet the Match criteria.