



# INTRODUCTION OF THE GLOBAL STRUCTURED CREDITOR REFERENCE (RF) IN FINNISH COMPANIES

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Note! As from 19 November 2023, it is no longer necessary to use a Finnish creditor reference as the basis for generating an RF Creditor Reference. RF Creditor References may be freely formed in compliance with the ISO 11649 rules.

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## 1 Use of creditor references in invoicing

Finnish companies have long used creditor references based on a Finnish standard to identify invoices in domestic invoicing. The use of creditor references enables companies to automate various financial administration processes.

The invoicer receives the data on a payment with a creditor reference from the bank as incoming reference payment data, and the invoicer's accounts receivable ledger is automatically updated on the basis of the data. The system uses the creditor reference to reconcile the payment with an outstanding invoice in the ledger, and the invoice is acknowledged as paid. Creditor references are commonly based on customer or invoice numbers or other comparable information which identifies the invoice.

The description of the Finnish standard is available on Finance Finland's website at [www.finanssiala.fi](http://www.finanssiala.fi).

When a creditor reference is used:

- The creditor (payment beneficiary) includes the creditor reference on the invoice or credit transfer form sent to the payer.
- The invoice may be either in printed or electronic format.
- The creditor reference is standardised and includes check digits as provided in the guideline on creditor reference structure, allowing validation of its plausibility.
- The payer or the payer's bank validates the creditor reference when capturing the invoice data.
- The payer's bank transmits the creditor reference to the beneficiary's bank as part of the remittance information.
- The creditor's bank may provide the data on received reference payments to the creditor as agreed, either as a separate file or on an account statement.
- The creditor automatically reconciles the payments with a creditor reference with outstanding invoices in the ledger.
- The use of the creditor reference in credit notes also allows automated reconciliation of a payment which settles the credit note.

Following the introduction of a global structured creditor reference (RF Creditor Reference), the benefits offered by creditor references were made available also in cross-border payments. The structure of the reference was standardised by the International Organisation for Standardization (ISO) with the ISO 11649 standard. RF Creditor Reference may be used in both domestic and international invoices, and it is especially useful in SEPA payments. No decision has been made on whether the use of the Finnish creditor reference will be discontinued.

### 1.1 Factors affecting the use of the RF Creditor Reference

When planning upgrades to financial administration systems due to the introduction of the RF Creditor Reference, or when deciding on the most appropriate introduction schedule, companies should consider the various aspects of the financial administration processes (including invoicing and reconciliation of incoming payments) to ensure that their automated reconciliation processes will not be negatively affected and that the transition to the RF Creditor Reference will be smooth.

### International business operations

Companies with large volumes of cross-border invoices, particularly in the SEPA area, will benefit from the introduction of the RF Creditor Reference, provided that their international business partners also use the RF Creditor Reference when making payments. In domestic invoicing, the introduction of the RF Creditor Reference will not increase the level of automation concerning the reconciliation of incoming payments in the creditor's system, compared with the use of the Finnish creditor reference.

### Account reporting

The introduction of the RF Creditor Reference can be scheduled to occur at the same time as the adoption of ISO 20022 XML account reporting (B2C), as the new RF Creditor Reference will be forwarded unchanged to XML account reports.

## 1.2 **Benefits and advantages to the creditor**

From the perspective of the company, use of the RF Creditor Reference is as efficient as the use of the Finnish reference. However, since the international RF Creditor Reference may be used in cross-border invoicing, this allows creditors to utilise its benefits more fully.

### Benefits in invoicing

- Applicable to both business-to-business and business-to-consumer invoicing
- May be used in domestic and cross-border invoicing
- May be used with almost all invoice formats: e-invoices, paper invoices and credit transfer forms, credit notes, SEPA direct debiting, online payments, QR codes

### Benefits in invoice collection

- Efficient monitoring and reconciliation of payments
- Incoming payments may be automatically reconciled with outstanding invoices in the accounts receivable ledger
- Fewer errors in the processing of incoming payments
- Facilitates payment reconciliation also in cross-border invoicing
- Brings cost savings

### Benefits in ledger management

- Supports an automated invoicing process
- Improves the predictability of liquidity
- Benefits in sales
- Faster release of sales limits

## 1.3 **Benefits and advantages to the payer**

The use of the RF Creditor Reference also provides benefits to the payer. It improves the efficiency of payment processes:

- In addition to the creditor reference, no other invoice specification is required
- Reduces errors
- Reduces the need for investigations as well as unnecessary reminders
- References may also be used with cross-border invoices, particularly in the SEPA area.

## 2 Implementation at the creditor

### 2.1 Structured creditor reference on the invoice form and credit transfer form

The introduction of the RF Creditor Reference does not necessitate changes to invoice forms or credit transfer forms. The credit transfer form complies with the current standard. The RF Creditor Reference is printed in the same fields on the invoice and the credit transfer form as the Finnish creditor reference. However, note that unlike the creditor reference complying with the Finnish standard, the RF Creditor Reference is printed in groups of four digits from left to right.

Instructions and an example of the credit transfer form, jointly standardised by banks operating in Finland, are available on Finance Finland's website at [www.finanssiala.fi](http://www.finanssiala.fi).

If the credit transfer form includes a bar code, version 5 of the bar code standard must be adopted at the same time with the introduction of the RF Creditor Reference. Version 5 includes both the IBAN and RF Creditor Reference. The description is available on Finance Finland's website at [www.finanssiala.fi](http://www.finanssiala.fi).

### 2.2 Creating the structured creditor reference

Since the adoption of the ISO standard, the Finnish practice has been to form the RF Creditor Reference from a creditor reference created according to the current Finnish standard. As from 19 November 2023, this is no longer necessary. The creditor may still use the Finnish creditor reference as the basis for the RF Creditor Reference, but it may also freely form the RF Creditor Reference in compliance with the ISO 11649 rules.

Structure of the RF Creditor Reference:

- Begins with the capital letters RF
- Two check digits calculated using the algorithm specified in the ISO standard. The check digit algorithm is the same as the algorithm used for calculating the check digit for the IBAN account transfer.
- Maximum length 21 alphanumeric characters

It is advisable to keep the creditor reference as short as possible as this will make entering the payment easier.

Examples:

RF54 1234  
RF98 REF1 234

### 2.3 E-invoicing

The RF Creditor Reference may be used with e-invoices complying with the Finvoice standard. If the RF Creditor Reference is used, it is included in the EpiRemittanceInfoIdentifier field as provided in the Finvoice description (see [www.finvoice.info](http://www.finvoice.info)).

### 2.4 SEPA Direct Debit

The RF Creditor Reference may be used in SEPA Direct Debit.

### 2.5 Online payments

The use of the RF Creditor Reference in connection with payments made in online stores using the online payment button depends on the bank. Contact your own bank for more information.

### 2.6 Incoming payments reporting

In ISO 20022 XML account and transaction reporting (B2C), the RF Creditor Reference is displayed in full in the CreditorReferenceInformation field, provided that the payer entered the reference in RF format.

Further information on the contents of XML account and transaction reporting can be found in the ISO20022 Transaction Reporting Guide available on Finance Finland's website at [www.finanssiala.fi](http://www.finanssiala.fi).

If the RF Creditor Reference is derived from the Finnish creditor reference, and transaction reporting is made using the Electronic Account Statement and Incoming Reference Payments services that adhere to the Finnish standard, the field reserved for reference information is not long enough for the RF Creditor Reference. The reference information can be abbreviated by omitting the first four (4) characters of the RF Creditor Reference. Where the creditor has created the RF Creditor Reference on the basis of the Finnish creditor reference, this abbreviated creditor reference is identical with the current Finnish creditor reference.

Depending on the account reporting method, the RF Creditor Reference of an incoming SEPA payment is forwarded to the beneficiary either in full (XML reporting) or as abbreviated (Electronic Account Statement and Incoming Reference Payments), when the creditor has formed the RF Creditor Reference from a Finnish creditor reference. The reference is transferred as a creditor reference to the creditor when the payment message received from another bank contains the reference in the appropriate field.

As concerns incoming cross-border payments, the RF Creditor Reference is reported to the creditor in the reference information field in account and transaction reporting, provided that the original payment message sent by the foreign bank contains the RF Creditor Reference in an identifiable format.

## 2.7 Usage as allocation information in the accounts receivable ledger

The RF Creditor Reference may be adopted in invoicing even if the accounts receivable ledger is not immediately updated. This is possible if the creditor has formed the RF Creditor Reference from a Finnish creditor reference.

If the accounts receivable ledger does not support the RF Creditor Reference:

- It is possible to use the Incoming Reference Payments service
- When XML-based account and transaction reporting is used, the first four (4) characters of the RF Creditor Reference should be omitted for the purpose of payment reconciliation.

If the accounts receivable ledger supports the RF Creditor Reference:

- It is possible to use the XML-based account and transaction reporting where the reference is in the structured format (RF)
- When Incoming Reference Payments or Electronic Account Statement services are used, an RF Creditor Reference may be created on the basis of the Finnish creditor reference using the IBAN algorithm.

## 3 Implementation at the payer

During the period in which the Finnish creditor reference and the RF Creditor Reference are used in parallel, a payer in Finland may receive invoices with different types of creditor references, namely:

1. domestic invoices with a Finnish creditor reference
2. domestic invoices with an RF Creditor Reference
3. cross-border invoices with an RF Creditor Reference

**The payer must not convert the Finnish creditor reference on the invoice into an RF Creditor Reference or an RF Creditor Reference into a Finnish creditor reference. Automated reconciliation of incoming payments at the creditor is based on the creditor reference shown on the invoice.**

### 3.1 Entering the invoice data in the accounts payable ledger

It is recommended that when entering the invoice data, the payer should validate the data, including validation of the RF Creditor Reference in accordance with the RF Creditor algorithm, to prevent errors when capturing the invoice data.

1. If the invoice contains a Finnish creditor reference, the accounts payable ledger system validates the reference using the Finnish check digit algorithm.
2. If the invoice contains an RF Creditor Reference, the accounts payable ledger system validates the reference using the RF Creditor Reference check digit algorithm.

### **3.2 Initiating payments from the accounts payable ledger**

The ISO 20022 payment data format (C2B XML) supports both the RF Creditor Reference and the Finnish creditor reference. When creating C2B XML payment data, the RF Creditor Reference is entered in the CreditorReferenceInformation field in accordance with the application guidelines.

### **3.3 Use of the RF Creditor Reference with payments made via the banks' other payment channels**

In other payment channels (online and mobile banks, PSD2 APIs, payment ATMs, branch offices or payment services) the payer may enter the RF Creditor Reference as part of the payment data in the same way as the Finnish creditor reference.

### **3.4 Implementation at the payer's bank during the period in which the different creditor references are used in parallel**

Banks approve and validate both RF Creditor References and Finnish creditor references in all payment channels where the payer or the bank's employee may manually enter payments. Thus any typing mistakes may be corrected at once.

Banks validate the Finnish creditor reference according to the Finnish creditor reference algorithm and the RF Creditor Reference according to ISO/IEC 7064 (MOD 97-10).

If the payment is transferred as a cross-border payment, we recommend that you contact your own bank for information on how the creditor reference field should be used in MT/XML messages.



## APPENDIX

### Structure of the RF Creditor Reference (ISO 11649)

Sellers can identify each sales invoice by issuing it a reference number. Payments identified with reference numbers are transmitted to sellers' accounts in the agreed manner.

The Finnish reference number (see Finance Finland's guidelines Forming a Finnish Reference Number at [www.finanssiala.fi](http://www.finanssiala.fi)) is used in domestic payments. The international RF Creditor Reference (ISO 11649, RF Creditor Reference) is used in cross-border invoices but can also be used for domestic invoices within Finland.

Structure of the RF Creditor Reference is as follows:

**RFXXccc...c**, in which

- **RF** is the identifier
- **XX** are the two check digits. The check digit algorithm is the same as the algorithm used for calculating the check digit for the IBAN account transfer.
- **ccc...c** are a maximum of 21 alphanumeric characters, which can be freely formed by the creditor.

Examples:

RF54 1234  
RF98 REF1 234

To prevent typing errors, it is best to keep creditor references as short as possible. The purpose of the check digits is to ensure that the manually input reference is correct.

**Four-digit groups, no leading zeros:** The RF Creditor Reference is printed in the reference number field on the credit transfer form. It is printed from left to right, in groups of four digits separated by a blank space. The RF Creditor Reference must be repeated in the possible invoice information.

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