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## **EBF INPUT TO THE EUROPEAN COMMISSION CONSULTATION ON THE FINAL REPORT OF THE EXPERT GROUP ON E-INVOICING**

The European Banking Federation (EBF) welcomes the opportunity to comment on the final report of the European Commission expert group on e-Invoicing who identified business requirements and responsibilities for the execution of a European e-Invoicing Framework (EEIF) as a set of practical recommendations designed to promote the uptake of e-Invoicing.

As mentioned in its answer to the mid-report of the expert group, the EBF considers that e-Invoicing could potentially be the essential part of an efficient financial supply chain and that this initiative together with the ongoing creation of the Single Euro Payment Area (SEPA) offers a good foundation for that.

The EBF views therefore in a positive light the progress made by the expert group and its efforts to help the market move decisively into e-Invoicing.

The EBF noticed in particular positively that bankers played a key role in the work of the expert group on e-Invoicing and that the findings of the final report are sensitive to the potential role of banks and the opportunity represented by e-Invoicing as a new service proposition linked to payments and supply chain finance.

The EBF is convinced that the implementation of the EEIF will lead to greater efficiency of the underlying business processes straight through processing enabled by digitization and automation. The mutations will in the long run be a key factor of the competitiveness not only of banks but of all stakeholders. An efficient e-Invoicing eco-system will also improve the banks' customers experience be they sellers or buyers.

Finally EBF is fully supporting the e-Invoicing initiative as it is contributing to reduce the use of natural resources and hence the carbon print of invoices.

### **General assessment**

The EBF noticed positively that the recommendations of the representatives of European financial sector were taken into consideration in the final report and can only welcome its outcome.

The EBF supports the EG's aim to making e-Invoicing in Europe a success through mass adoption by the widespread use of e-Invoicing by SMEs in their relation to other SMEs as well as to the consumers.

As there is already an existing e-Invoicing offer in the European Market, EBF welcomes the recommendation to set up a European forum as well as exchange platforms in the Member States which should coordinate the different actions derived from the recommendations made by the EG. These bodies are indeed a prerequisite to move within the timeframe of 5 to 8 years to an open and interoperable European e-Invoicing Area. The EBF stresses the need of the presence of all the stakeholders' representation in these bodies and is of course willing to join in the European Forum and contribute to the various work streams. .

### **Business requirements (Section 3 of the report)**

The report rightly points out that, although they are separately managed, the SEPA and e-Invoicing initiatives can bring benefits to each other. In particular e-Invoicing can benefit from the availability of standardised electronic payment instruments. The banking industry may respond to the growth of e-Invoicing by offering services and building added value onto the SEPA services.

The EBF welcomes the call for meeting the needs of SMEs. We believe that concentrating on a common invoice standard which should be kept as simple as possible while offering some flexibility to ease the mass-adoption of e-Invoicing, and proposing solutions which bring about savings in time and money as well as legal and fiscal clarity and communication of good practices and a trusted market place for services and solutions will definitely help meeting the challenges of this priority.

The EBF wants to stress that the new standard must be broadly promoted and its use must be encouraged to avoid a fragmented e-Invoicing market which will not lead to the expected benefits. EBF is not opposed to a regulatory approach in this domain.

The EBF understands that the EEIF is not to promote any given payment method. However the use of existing payment systems and especially the new SEPA payment instruments designed for the European integrated market as well as of existing and proven delivery channels set-up by the banks over the last years will allow to reach the goals set by the EG.

The EBF would like to point out the need to clarify legal framework of electronic archiving – a key element of the e-Invoicing chain – at European level. Currently there is no harmonized legal framework in the European Union. The outcome of this clarification is of a great importance to all the businesses in Europe as it will allow improving the various business processes by a total dematerialization of documents to be created, processed, exchanged and stored.

### **Legal and regulatory aspects (Section 4 of the report)**

The EBF shares the view that the vision of a harmonized, simplified and clear legal framework for e-Invoicing can only help to reduce the existing barriers and give more clarity

and simplification in this area. In this respect, amendments to the VAT Directive appear to be a positive step forward driven by Member States' tax authorities.

The EBF fully supports one of the key recommendations of the expert group namely the Equality of Treatment principle between e-Invoices and paper based invoices. Therefore EBF welcomes the EG's recommendation for Member States to adopt the proposed revision of Directive 2006/112/EC and especially articles 233-237 thereof. In the future there should be no legislative or other requirements imposed on e-Invoices above those that exist for paper invoices today.

Closely linked to the e-Invoicing is the archiving function. As stated above, the EBF stresses the need of legal clarity in this domain. Of greatest importance is that a harmonized legislation is put into force at least at the EU/EEA level granting electronically archived e-invoices the reversal of the burden of proof. Thus e-invoices archived accordingly to this legislation have to be accepted by courts throughout the EU/EEA without any appreciation.

The EBF agrees with 11 core principles of the Code of Practice as they take into account the needs of businesses of all sizes and especially those of SMEs which will allow the mass-adoption of e-invoices as well as the requirements of tax administrations.

The Code of Practice and common official websites are the first requirement for success. They will help all parties (e-invoice sender, receiver and tax authorities) and contribute to more clarity and transparency.

### **Interoperability (Section 5 of the report)**

The e-Invoicing eco-system presented by the expert group is meant to provide maximum interoperability, and reach. The EBF confirms that it would be useful to use recognised technical standards and good practice guidelines, to support various business models and the importance of addressing and routing, all based on an appropriate mixture of collaboration and competition.

Due to its active support of SEPA payment schemes and the experience gained, the EBF is convinced that efforts have to be made in the domain of reachability of the various participants in e-Invoicing networks.

The interoperability space should be organized in a cooperative and in a similar way to what has been achieved in SEPA. Flexible but still elaborated standards are a prerequisite to a well functioning e-Invoicing Area in Europe. The proposed UN/CEFACT CII v.2 standard, which the EBF believes to contain all the relevant data needed to exchange and execute payment orders, should be used as quickly as possible and actively promoted. The provision of a timeline defining the phasing out of existing inadequate and non harmonized standards by regulators in cooperation with e-Invoicing stakeholders should be considered as an option to meet the timeframe set by the EG.

## Content standards (Section 6)

The EBF is supporting an integration of the e-Invoice message data to other chains such as the payment processes. By doing so, payments be they credit transfers or direct debits (?) may be executed in a fully end-to-end STP mode. The EG's conclusions are in line with the EBF's opinion, i.e. a match between the UN/CEFACT CII standard and the commonly used ISO 20022 standards is not only possible but should become mandatory. The EBF therefore supports the translation of the UN/CEFACT Cross-Industry Invoice (CII) v.2, as the common reference semantic data model, into the ISO20022 content standard.

The EBF considers the UN/CEFACT CII being a good standard which contains all data elements needed for companies to process the invoice and banks to process the payment. However, with its 10.000 data elements it is aimed at corporate companies and thus may not be suited for SMEs, not speaking of consumers.

The Core Invoice on the contrary may be too limited in a lot of circumstances. Therefore clear implementation guidelines especially for SMEs and the accounting software providers will be essential in order for them to know which elements are to be used in what circumstances.

Considering the multiple standards in place, the definition of a "core invoice" could be best achieved by a comprehensive regulation taking into account the intimate connection between invoicing, taxes and tax deduction. A harmonized European legislation on this matter with realistic implementation timeframes could avoid lengthy market definition of such a core e-invoice.

The EBF stresses the need for a support on this standard to be provided by an organization to be designated which also will have to answer questions from all those parties.

The EBF is also aware of the fact that in some European Countries the B2B customers already use national e-invoice standards. Enacting the UN/CEFACT CII as future cross-industry and pan-European standard should not force these customers to invest immediately in the new standard. A clearly defined transition period for such domestic e-invoices (start and end dates) should be allowed during which existing standards may still be used in a first step. In a second step mapping tools between existing standards and the future CII standard should be allowed to minimize the investments needed for the CII adoption or to stretch the investments during time. Similar to the SEPA payments instruments, there should be in the long run only one standard to be used for domestic and cross-border e-Invoices.

At this point the EBF wants to underline the links between SEPA and e-Invoicing as described in the EEIF. The e-Invoicing mechanisms should ideally be capable of interoperating with the SEPA payment schemes as building blocks of the European Internal Market.

However, the EBF recommends ensuring that e-Invoicing developments take a global, multi-currency outlook and do not become euro, European and SEPA-centric only.

### Implementation of the Framework (Section 7 of the report)

The EBF understands the need for the establishment of an organisational process for the implementation of the EEIF at Member States and EU level for the final purpose of the establishment of a European-level stakeholder forum.

As already mentioned under “general assessment”, the EBF is open to a direct participation in the Pan-European e-Invoicing Forum recommended by the EG.

The mission and task assigned are only those required to bring e-Invoicing forward in a coordinated manner and at a fast pace. The proposed structures avoid overlapping activities with existing working bodies such as standardization bodies or financial sector bodies such as EPC.

Finally, communicating the key messages of the report can only help the implementation of the framework. The EBF welcomes therefore the proposed communication plan, which contains a practical and an objective driven approach. Therefore the EBF will give its support to such a plan when it will be implemented.

### Specific aspects for SMEs and e-Invoicing

The EBF believes that specific needs of SMEs are taken into account at all levels, be it the business case, the legal framework, the standards and the underlying models of using e-Invoicing services domestically or throughout Europe. By avoiding unnecessary legal and other technical barriers, by using tailored to the need standards and by the implication of software providers that implement the new standards and processes into their solutions, SME may quite easily and at reasonable cost access e-Invoicing services.

### Conclusion

The EBF would like to confirm that the recommendations of the Expert Group are compatible with the efforts of European banks to develop services for e-Invoicing. The report of the expert group on e-Invoicing encourages stakeholders to realize that the opportunity is mature enough to warrant pro-active engagement for e-Invoicing.

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