**Establishment and Use of Electronic Banking Systems**

1. This policy is established in accordance with the ICT Enterprise Solutions guidelines, please refer to [Electronic Funds Transfer Standards](https://popp.undp.org/node/2821) for more details.
2. The Electronic Funds Transfer (EFT) process is a widely used solution by organizations to transmit payment instructions to financial institutions for the benefit of staff, companies and other entities. UNDP utilizes the Quantum Suppliers and Accounts Payable/payroll/ Expense modules and Treasury Management System (TMS) to process payments and create EFT Files. UNDP promotes the use of EFT in order to reduce costs and improve payment processing security and efficiency. This document establishes the framework for EFT processes, standards and guidelines for UNDP Information and Communications Technologies (ICT) resources and data.

Note: EFT is an Electronic Funds Transfer method implemented with certain banks using a) ISO2022 standard, b) and any other electronic method using ICT approved security standards.

1. The UNDP Straight Through Processing (STP) interface with various banks using a computer software program, attendant electronic transmission, authentication/confirmation protocols and business processes that converts and communicates a file of payment instructions produced by UNDP’S Quantum to a format (ISO 20022 pain V3 payment file or Universal Flat File – UFF) that is compatible with and can be processed in Banks’ processing environment.

The Interface also sends back and facilitates the collection of bank statements from UNDP’S banks which are then processed by UNDP server for automatic uploads into Quantum facilitating the auto B2B process.

Electronic Funds Transfer (EFT) payment files are produced only after successful completion of Global Payroll/ Payment Process Request (PPR) from Quantum and Treasury Transactions from TMS. Please refer to the [E- Banking with Quantum Design and Implementation Guidelines](https://popp.undp.org/node/3206) issued by UNDP OIMT and Treasury for further information.

1. The purpose of the Interface is to facilitate the routing of payments to UNDP’S disbursing banks and collection of bank statements from UNDP’S reporting banks.

It should be noted that Quantum PPR run for each bank account is set up in accordance with the selected interface, and therefore will create a file that is specific only to the method. A country office may be utilizing multiple processes. Each one of them will require a distinct Quantum PPR.

1. Of the various payment formats in Quantum (Manual Checks, Wire, System Checks and EFT), only EFT (Electronic Funds Transfer) payment format is processed by the Interface. EFT is the preferred mode of payment whenever possible as it is cheaper, more efficient and eliminates cheque usage. In Quantum, EFT is configured for 2 formats, UFF, EFT. The UFF format is used by country offices for interfaces with local banks which uses EFT terminology on the method of payment.
2. EFT payments must be documented and approved subject to the ICF. Offices must document a written SOP where an EFT solution is established using e-banking web application with the local bank. Only the UNDP Treasurer or designated officials shall grant the authority to the CO Representative to establish an EFT local interface at CO level. Treasury prescribed template of the SOP is available on the procedural section.
3. Suppliers’ Profiles/Staff profiles and banking information in those profiles must be accurately set up in Quantum so that EFT payments may be successfully completed. Inaccurate banking information will result in returned or delayed payments.