



THE  
EUROPEAN  
ASSOCIATION  
OF  
CORPORATE  
TREASURERS

# Briefing

## Verification of Payee



Enabling global identity  
Protecting digital trust

# Introduction

**Paying the right amount to the right beneficiary**

**has become an important issue in Europe**

In the digital age, the pace of business transactions has accelerated dramatically. Instant payments have emerged as a revolutionary force, transforming the way businesses operate and interact financially. Fraud, data inconsistencies, and verification challenges threaten the integrity of global transactions, making secure, error-free payments a top priority for corporate treasurers.

Recognizing these risks, the EU has been at the forefront of these developments, from the inception of the SEPA area twenty years ago to the latest EU Instant Payments Regulation. By 9 October 2025, all Eurozone payment service providers must verify a payee's name against their IBAN before processing transactions.

## Where does the fraud come from?

### Fraud origins



#### Origine externe

Digitizing processes beyond the enterprise



#### Human factor

Eliminate manual errors when verifying the identity of third parties



#### Sophistication of techniques

Identify the ever more sophisticated methods of fraudsters



72% of frauds do not come from within the company



Central element in the validation of the company's third-party data



Multiple techniques  
Social Engineering, infiltration into the computer system

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Having the right IBAN is thought to be sufficient. However, the growing number of fraud cases shows that paying into an existing, valid account is no guarantee of paying the right beneficiary. This is where the Legal Entity Identifier (LEI)—a universal, unambiguous identifier based on ISO 17442—becomes essential.

With LEIs, businesses can process real-time payments with greater trust and efficiency. Regulators worldwide are recognizing their importance. Initiatives such as the G20's cross-border payments roadmap highlight the significant role of the LEI in improving and standardizing financial data, particularly for uniquely identifying counterparties to financial transactions across borders. For corporate treasurers, LEIs streamline verification, reduce fraud risks, and ensure secure transactions—paving the way for a more transparent and resilient financial system.



# Voice from the industry

“Blocking payments of all kinds by requiring validation of the beneficiary's matching with its bank account is an absolute necessity if we are to eradicate the fraud that has become the most common and unfortunately the most penalizing for European businesses.”

**François Masquelier**  
Chair of EACT

“Instant payment will only be successful in Europe if it is not limited to domestic payments, and if the originator can be guaranteed to pay the beneficiary he intended to credit. The competitiveness of our businesses also depends on the efficiency, security and diversity of payment methods.”

**Fabrizio Dicembre**  
Vice Chair of ATEL

“Checking the beneficiary of a bank account already existed successfully in some countries. But it was time to extend this type of control, which will one day become an international standard, to cross-border payments in the European Union.”

**Karen Van den Driessche**  
Head of Treasury, LIPTON

“The LEI is already familiar to treasurers, who use it as part of EMIR. Why not extend it to other uses, including payments?”

**Kirsty Craig**  
SwissTreasurer

“What’s the best way to be sure when you onboard a new supplier that the account is effectively theirs? Before IBAN name-check via LEI, there was nothing 100% bulletproof or effective, despite all the efforts made by treasurers.”

**Guillermo De la Fuente**  
SwissTreasurer

# Point of departure: EU Instant Payments Regulation (IPR)

## Publication and Deadlines

The EU Instant Payments Regulation (IPR) was published on 19 March 2023 in the Official Journal of the EU (OJEU). Key deadlines include:

- Eurozone payment service providers must support the payee verification (IBAN-name check) by 9 October 2025.
- Non-Eurozone payment service providers must comply by 9 July 2027.

## Goals of IPR

The primary goals of the IPR are:

- Modernize and enhance the payment landscape across the EU by making instant payments the standard.
- Ensure real-time money transfers across the EU for individuals and businesses, fostering a more competitive, inclusive, and efficient financial ecosystem.
- Mitigate the risks of fraud associated with faster transactions.

## Fraud Mitigation

Payment service providers (PSPs) are required to implement robust and up-to-date fraud detection and prevention measures. The rules, practices, and standards for verifying Payment Account Numbers and Names of Payment Counterparties (IBAN-name check) are outlined in the EPC’s Verification of Payee Scheme Rulebook.

## Customer Verification

The IPR introduces the use of the Legal Entity Identifier (LEI) as part of the customer verification process for legal entities. The idea is also to extend to all payments in EUR (and, likely, to all other types of payments across EU)\*.

This is a significant opportunity for B2B and C2B payments.

## Example of global standard identifier (LEI) versus national ID numbers

LEI Code	Local Source	Local Identifier
254900EQKZZWEXWUGA80	Sirene (Institut National de la Statistique et des Études Économiques) - France	983 556 630
894500NRBFLZ6VKJ9239	Handelsregister (Kamer van Koophandel) - The Netherlands Chamber of Commerce	24425518
636700FQ107WSXUCKF48	Handelsregister (Amtsgericht München), Germany	HRB 117221
9845004004TC369A0C35	Registro Delle Imprese (Infocamere (La Società di Informatica delle Camere di Commercio Italiana))	01874830506

LEIs provide a unified, cross-border reference for businesses: While national identifiers are assigned by local registration authorities, they vary in format, structure, and applicability, making cross-border transactions and regulatory compliance more complex. The LEI serves as a standardized global identifier, ensuring that entities are uniquely and consistently recognized across jurisdictions. Unlike national identifiers, which are often limited to domestic use, the LEI provides a universally accepted and digitally accessible reference, reducing errors and enhancing trust in instant payments.

By linking local identifiers to the LEI system, businesses and regulators can achieve greater accuracy, efficiency, and interoperability in global financial transactions and supply chain operations.

\*There are bullet-proof domestic solutions in several countries (e.g. NL, IT...) based on national identification numbers (for legal entities and natural persons). However, it doesn't work for cross-border payments. Because of the absence of standardization of these national ID numbers and because of confidentiality (Data protection) it cannot be applied in cross-border B2C / C2C payments.

# Transforming Business

## with Enhanced Security through Legal Entity Identifiers (LEIs)

Instant payments refer to the ability to transfer funds between bank accounts in real-time, regardless of the time or day. This capability has become a cornerstone of modern financial operations, driven by the demands for greater efficiency and liquidity. Businesses can now manage cash flow more effectively, respond to market demands swiftly, and enhance their relationships with both suppliers and customers through prompt payments.

The adoption of instant payment systems is growing globally, with various countries and regions implementing their own frameworks. For instance, the Single Euro Payments Area (SEPA) Instant Credit Transfer in Europe, the Faster Payments Service (FPS) in the United Kingdom, and The Clearing House's Real-Time Payments (RTP) network in the United States are prominent examples. These systems enable businesses to perform transactions that are not only faster but also more transparent and traceable.

### Why "Close Matches" Cause Delays and Undermine Instant Payments

In the context of instant payments, corporate treasurers rely on fast, accurate, and automated payee verification to ensure seamless transactions. The LEI enables straight-through processing by allowing the beneficiary bank or payment service provider to unambiguously conduct the payee match verification and inform the corporate treasurer of Match/No Match results. Matching verification based on name often results in "close matches." Close matches mean manual processing for corporate treasurers and payments that are not really "instant". Manual processes are prone to errors and delays and open the door to fraudsters implementing the same techniques that are used today – suggesting names and IBAN numbers that are close to that of the fraud victim. When the LEI is used for payee verification, the corporate treasurer is assured of instant straight-through processing in the case of an exact match or an important fraud alert in the case of a "no match" result.

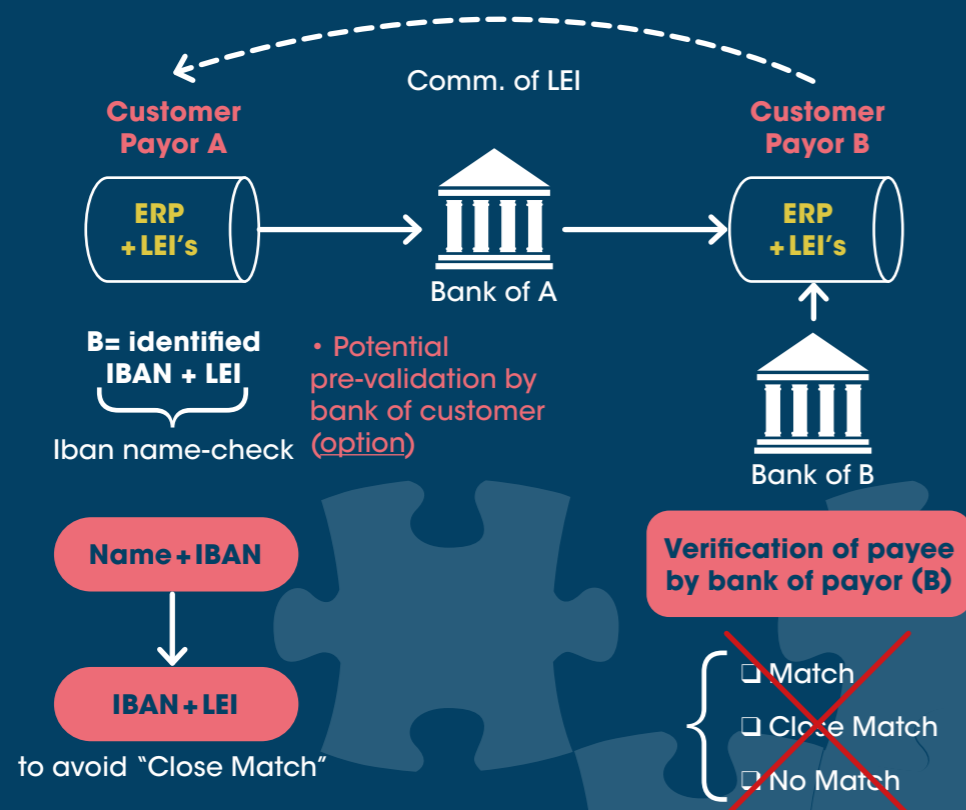
### How the LEI Eliminates "Close Matches"

The LEI provides an exact, unique identifier for each entity, eliminating the issue of close matches. With LEI + IBAN matching, there are only two possible outcomes:

**Match** ✓ The payment is executed instantly, as the payee is correctly identified.

**No Match** ✗ This is a strong fraud warning because every entity has only one LEI, which never changes. If the provided LEI does not match the expected entity, the treasurer must immediately investigate before proceeding with the payment.

### Effective Verification of Payee / Elimination of "Close Match"



## CALL TO ACTION

### Unlock the potential of instant payments

By engaging their banks, ERP providers, and TMS solution providers to push for LEI integration in payment processes, treasurers can unlock the potential of instant payments. Here's a step-by-step guide on obtaining, integrating, and maximizing the LEI, and the potential it holds for instant payments.

### How to Obtain an LEI: Ensuring Your Business and Suppliers Are Verified

To fully leverage the LEI in payments, corporate treasurers must ensure that their organization and suppliers have a valid LEI.

- [Get an LEI](#): Ask your financial institution to provide your organization an LEI
- [Ensure your suppliers have an LEI](#)

### How to Integrate the LEI into Instant Payments

- [Ask your bank](#) how the LEI can be communicated in the payment message to ensure secure, fraud-proof transactions and how your bank will use the LEI in the verification of payee process
- [Engage IT providers](#) to integrate the LEI into treasury and ERP systems for automated verification

### What are the cost savings for the treasurer?

- [No manual intervention is required](#) – payments flow automatically when the LEI matches
- [Fraud detection is strengthened](#)
- [Operational efficiency improves](#) – treasurers no longer waste time resolving close matches
- [Regulatory compliance is enhanced](#) – since the LEI is increasingly being recognized as a standard for secure financial transactions

# Definition of the Legal Entity Identifier

## What is the LEI?

The Legal Entity Identifier (LEI) is a globally recognized ISO standard used to uniquely identify legal entities participating in financial transactions. It was established as part of the global effort to improve the transparency of financial systems following the 2008 financial crisis.

## LEI connects to key reference information about an entity, including:

**Name:** Official name of the legal entity.

**Address:** Registered address of the entity.

**Country:** Jurisdiction of incorporation or registration.

**Ownership Structure:** Information about the entity's parent or ultimate parent, if applicable.

**Data Provenance:** where was the legal entity data collected from and when was it last validated

Every LEI links to a verified company identity record held in the [Global LEI Index](#), a data pool that anyone, anywhere can access free of charge.

## LEI Format

The LEI consists of 20 alphanumeric characters with 2 check digits as described in the ISO 17442 standard:

**Example of an LEI**  
HB7FFAZI00MZ8PP8OE26  
26: Check digits.

LEIs are mandatory for entities involved in regulated financial transactions, such as derivative trading, securities issuance, and regulatory reporting. They are valid for one year and must be renewed annually.

## BENEFITS

The use of a Legal Entity Identifier (LEI) in conjunction with an International Bank Account Number (IBAN) or any other account format offers several benefits for securing and verifying the matching between the beneficiary and the IBAN account.

### 1. Streamlined Payment Processing

Using LEIs eliminates the possibility of having a "close match" result in the validation of payee. Close matches require costly manual intervention by corporate treasurers to contact suppliers and reconcile differences in the supplier's name and bank account information.

### 2. Enhanced Transparency

An LEI uniquely identifies legal entities involved in financial transactions, reducing ambiguity about the entity's identity. When combined with an IBAN, it ensures a clear and precise match between the account holder and their financial institution.

### 3. Fraud Prevention

By verifying the LEI and IBAN association, financial institutions can identify discrepancies and flag potentially fraudulent transactions. This added layer of validation deters unauthorized or fraudulent payments. Since COVID, there has been a resurgence in fraud cases, with IBAN fraud being the most frequent.

### 4. Regulatory Compliance

Many jurisdictions and standards, such as the EU's Payment Services Directive 2 (PSD2), encourage transparency and risk management in financial transactions. The LEI-IBAN pairing supports compliance with these regulations by providing robust entity verification.

### 5. Support for Automation

The integration of LEI and IBAN in digital and

e-payment ecosystems enables automation of validation processes. Automated checks reduce manual intervention, enhance efficiency, and lower operational costs.

### 6. Global Standardization

LEIs are internationally recognized identifiers governed by the Global Legal Entity Identifier Foundation (GLEIF). Their use facilitates seamless cross-border transactions and improves consistency across different financial systems.

### 7. Improved Risk Management

For corporate treasurers and financial institutions, LEI enhances risk management by providing certainty about the entities involved in transactions and enabling aggregation of information about suppliers across different business transactions. This mitigates counterparty risk and supports better decision-making.

### 8. Audit and Traceability

The LEI provides a comprehensive audit trail by linking the entity to its financial transactions. This traceability is valuable for internal audits and external reporting. The LEI could even be used for other purposes, such as KYC.

### 9. Facilitation of Bank Identifier Code (BIC) Validation

GLEIF and SWIFT collaborate to produce an open-source relationship file that matches a BIC code to its LEI. BICs and LEIs are complementary identification standards, ensuring the beneficiary's banking institution and routing information is accurately identified in addition to the account information. Incorporating LEIs into the verification of payee process is becoming a "best practice" in corporate treasury and financial operations, improving security, efficiency, and compliance in global payments.



# GLEIF Interview

**Clare Rowley,**  
Head of Business Operations  
at the Global Legal Entity Identifier  
Foundation (GLEIF)



## Instant Payments & The LEI

# A Game-Changer for Secure Transactions

**Instant payments are transforming corporate treasury but also introducing increased fraud risks. What are the treasurers' biggest concerns?**

While instant payments improve cash flow and efficiency, they also increase exposure to fraud, particularly IBAN fraud and business email compromise (BEC). With payments being irrevocable, verifying payee identity before execution is more critical than ever.

**How does the LEI help treasurers prevent fraud and ensure secure transactions?**

The LEI provides a unique, standardized identifier for legal entities. When used for beneficiary (payee) identification, the LEI

eliminates the risk of misdirected payments due to incorrect IBANs or fraudulent invoices. Thanks to the LEI, the beneficiary legal entity can be precisely, instantly, and automatically identified across borders. By confirming the payee LEI, the beneficiary bank provides the corporate treasurer absolute assurance that the information provided by the corporate treasurer in the payment message is an exact match to the payee details on the file bank. This is an important enhancement in transaction security and a reduction in the risk of payment fraud.

**What immediate steps should corporate treasurers take to support LEI adoption?**

By spearheading the integration of LEI into payment processes, treasurers can empower their organizations by strengthening fraud prevention, improving efficiency, and future-proofing their treasury operations. To fully leverage the LEI in payments, corporate treasurers must ensure that their organization and their suppliers have a valid LEI.

Video: [Tackling Payment Fraud: Using the LEI in Instant Payments for Payee Validation](#)



# Take- away

## LEI and vLEI: The Future of Secure and Verifiable Payments

The Legal Entity Identifier (LEI) is the missing piece in reducing the risk of "IBAN fraud" in Europe. This new standardization initiative is a crucial step toward mitigating fraud risks and is likely to extend beyond the EU, much like the IBAN standard. In a world where technology (paradoxically) increases fraud risks, initiatives that enhance security must be encouraged. The LEI will mark an important step in the protection of companies in Europe with the introduction of verification of payee.

The Legal Entity Identifier (LEI) is more than a solution for today—it is a forward-looking tool shaping the future of secure and verifiable transactions. GLEIF is pioneering the next generation of entity verification through the verifiable LEI (vLEI), strengthening trust and transparency in an increasingly digital world. Future financial transactions will rely on digitally verifiable organizational identities and cryptographic binding of entities to individuals acting on their behalf through verifiable credentials.

In the context of this paper, vLEI will also enable a cryptographically secure link between an IBAN and its account owner—whether corporate or retail—eliminating ambiguity and reducing fraud. By integrating vLEI into payment ecosystems, businesses and financial institutions can enable instant, automated, and tamper-proof payee verification. This advancement will enhance efficiency, strengthen global transaction security, and support regulatory compliance while facilitating seamless cross-border payments. As financial systems evolve, LEI and vLEI will remain foundational to fostering trust and integrity in the digital economy.



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**EACT head office**

3 rue d'Edimbourg  
CS 40011  
F-75008 Paris  
Email: [secretary@eact.eu](mailto:secretary@eact.eu)  
Telephone: +33 1 42 81 53 98

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