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## Good Practices in Social Security

Good practice in operation since: 2018

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### **E-Contribution (*e-Składka*): Changing the rules for payment and settlement of contributions collected by ZUS – Introduction of individual numbers of contribution accounts**

Social Insurance Institution  
Poland

## Summary

*The new rules for payment and settlement of contributions collected by the Social Insurance Institution (Zakład Ubezpieczeń Społecznych – ZUS) have come into force since 1 January 2018. Payers pay all contributions due for all types of insurance and to all funds by means of one payment, using a regular payment document.*

*Payments are marked with the payer's Individual Number of Contribution Account (NRS) and then posted and settled to cover proportionally the contributions due, as indicated by:*

- *the contributions share as shown in the declaration for the relevant settlement period; or*
- *in the absence of the settlement declaration for the account) the universal division of contributions based on current contribution interest rates.*

*The oldest receivables on a given account are covered first.*

*ZUS collects social insurance contributions and contributions for:*

- *the Bridging Pension Fund (BPF),*
- *health insurance,*
- *the Labour Fund and the Guaranteed Employee Benefits Fund (LF and GEBF).*

*Contributions to all funds and types of insurance are settled and distributed after settling payments on payers' accounts based on their settlement documents.*

## The issue or challenge

*What was the issue or challenge addressed by your good practice? Please provide a short description.*

Until 31 December 2017, contribution payments for social insurance, the Bridging Pension Fund (BPF), health insurance as well as the Labour Fund (LF) and the Guaranteed Employee Benefits (GEBF) were paid separately to bank accounts indicated by ZUS, which meant three to four transfers every month instead of a standard transfer.

These payments were automatically identified with the payer's account only if the identification details and the settlement period were correct. Indication of that period determined payment designation. Data errors resulted in unidentifiable payments which, in 2017 alone, numbered to over 271,000 explanatory proceedings or a monthly average of 23,000.

Legislative changes enabled ZUS to simplify the contributions payment and settlement rules as follows:

- using the NRS number for payments identification;
- transferring payments by means of a standard payment document;
- applying the payments to the oldest receivables first.

The NRS number structure (26 characters compliant with IBAN) had to take into account, among others, the distinguishing number of ZUS as the service provider and the number uniquely identifying the contribution payer in the ZUS system.

## ***Addressing the challenge***

*What were the main objectives of the plan or strategy to resolve the issue or challenge? List and briefly describe the main elements of the plan or strategy, focusing especially on their innovative feature(s) and expected or intended effects.*

For the implementation of the e-Contribution project, approval by the ZUS management board was needed to change the ZUS payment and settlement rules, and then by the Ministry supervising ZUS. Seminars and presentations were organized for the decision-makers for this purpose.

The project was implemented in different areas (legislation, IT systems, financial and accounting systems, PR, logistics). Legislative changes became the basis for changes in the ZUS IT system and in banking processes in order to meet the customer expectations in the area of:

- standard payment document for ZUS contributions, such as those used by commercial companies for service charges (media, telecommunications);
- reduced number of monthly payments to ZUS from three or four to one;
- simple payments identification with the payer's account (NRS);
- simplified method to describe payments;
- lower costs to process payments.

The possibility to use the NRS to identify payments was preceded with the assignment to ZUS of a settlement number by the President of the National Bank of Poland (NBP) and by the opening of an NBP contribution account to handle NRS payments.

A system for handling mass payments and for automatic identification, division and settlement of payments on the contribution payers' accounts has been established in ZUS. The NRS number is assigned automatically in the ZUS system after setting up the contribution payer's account. The software allows the handling of information on NRS numbers by sending notifications to contribution payers – on paper and electronically via the Electronic Services Platform (PUE ZUS). Information about the NRS is available on the payer's profile in PUE together with information on payments, their allocation and the settlement balance of the payer's account, also separately for each fund or insurance type.

Considering the scope of the changes to be introduced, an information campaign was launched from 1 January 2017. The e-Contribution project has its own logo. The campaign began with press materials published in January/February 2017. It was intensified in September 2017, during the Entrepreneur's Week (a periodical seminar for contribution payers organized by ZUS).

From October to December 2017, a nationwide information campaign was conducted ("Jan Własny"/John Own) in the press, radio, television and the Internet. Special spots, internet banners and press advertisements were prepared. Information materials about the project were posted on websites of the Polish Government, ministries, banks, the Polish Post and organizations of accounting offices, entrepreneurs, freelancers, religious associations and churches. The "*e-Składka*" (e-Contribution) tab was added to the ZUS website, with information materials, guides, leaflets, electronic trainings and an FAQ section.

Contribution payers were notified of their NRS numbers by:

- mass mailing via the postal operator (ZUS Headquarters - Printing Office);
- individual shipments from ZUS branches level (handling returns, new contribution payers);
- NRS number search engine available on ZUS website;
- information in Customer Service Halls (CSHs) and Telephone Service Centres (TSCs).

Separate activities under the project prepared the ZUS employees. A dedicated group of ZUS employees prepared electronic trainings, workshops, guides, briefings, information materials and case handling scenarios (second half of 2017). These materials and trainings have become a knowledge base for others. Answers from boxes created (and still existing) for asking questions, reporting problems and incidents are available on the intranet for all employees.

Teams for monitoring and handling contribution payers' cases and accounts operate in all 43 ZUS branches. They solve problems and incidents at the unit level. ZUS branches directors are obliged to submit progress reports on a weekly basis on project implementation.

Another task performed at ZUS branch level before the e-Contribution project (second half of 2017) was to check all accounts of active contribution payers with debts for 1999–2012. The debts remission proceedings based on the "Abolition Act" and concluded agreements on relief (debt repayment in instalments) were verified. This covered more than 370,000 payer accounts and cases. Also, if the new contribution settlement system could influence indebted payers' coverage by the voluntary sickness insurance and their entitlement to benefits, the payers concerned were informed (over 136,000 letters ) about the need to repay the debt and the possibility of relief.

## **Targets to be achieved**

*What were the quantitative and/or qualitative targets or key performance indicators that were set for the plan or strategy? Please describe briefly.*

- Reducing the contribution transfers from three (or four) to one.
- Reducing the number of incorrect payments (elimination of explanatory proceedings).
- Preparing the ZUS IT system to accept payments using the NRS.
- Effective notification to contribution payers of NRS numbers.

## **Evaluating the results**

*Has there been an evaluation of the good practice? Please provide data on the impact and outcomes of the good practice by comparing targets vs actual performance, before-and-after indicators, and/or other types of statistics or measurements.*

- Re: reducing the contribution transfers from three (or four) to one – 70, 811,851 payments were submitted to ZUS in 2017. 27,752,380 payments have been received by the end of November 2018. The number of payments in 2018 decreased by nearly 60 per cent compared to the previous year.

- Re: reducing the number of incorrect payments – 246, 316 incorrect payments which did not use the payer’s account were submitted to ZUS in 2017. From the beginning of 2018, only 318 payments with an incorrect NRS number have been received. This means a decrease in the number of incorrect payments in 2018 by 99.9 per cent compared to 2017.
- Re: preparing the ZUS IT system to accept payments using the NRS – From 1 January 2018, ZUS needed a prepared IT system to accept, identify and settle payments using the NRS. Disruption of the implemented process could affect the financial liquidity of the social insurance fund and the flows between the other funds and types of insurance. Additional funds have been secured on the ZUS account in order to minimize the risk of the lack of current settlements of contributions after 1 January 2018.
- Daily bank statements with NRS payments have been received from 2 January. Their receipt, identification of payments and settlement of contribution payer accounts were smooth. 2,349,911 payments were made in January. This is evidence of the readiness of the system and the related procedures, which enabled a quick release of the reserve.
- Re: effective notification to contribution payers of NRS number – Since October 2017, ZUS started sending information on the assigned NRS numbers to contribution payers (to 3,798,957 contribution payers by end-December 2017). Customer service halls (CSHs) served 38,538 customers. The inflows volume from January 2018 indicate that contribution payers have been effectively informed about NRS numbers and had no problems with the new method of payment. Between 01.01.2018 and 30.11.2018, the NRS number was assigned to 270,000 new payers. Over 443,000 letters with NRS notification (first and second) have been sent. 183,000 customers were served in CSHs.

## Lessons learned

*Based on the organization’s experience, name up to three factors which you consider as indispensable to replicate this good practice. Name up to three risks that arose/could arise in implementing this good practice. Please explain these factors and/or risks briefly.*

Factors determining the success of the project:

- Providing adequate *vacatio legis* for project implementation *inter alia* providing tools and preparing the organization for new procedures and the employees for services provided under the new rules.
- Wide media information campaign and direct contact with all stakeholders of the project through meetings, seminars, publications; appointment of counsellors to inform payers about the NRS and about the new rules.
- Good cooperation with the banking sector co-responsible for the project and with the supervising Ministry.

Threats:

- Lack of a contractor to implement changes in IT systems during the *vacation legis*;
- Failure to send letters to stakeholders in absence of current address data;
- Too small cash reserves for unforeseen situations.