

Case study

ABP, Europe's largest pension fund, adopts SWIFTNet FileAct to automate and standardise its domestic pension payments transfer



About ABP

With an invested capital of EUR 169 billion, Stichting Pensioenfonds ABP is Europe's largest pension fund. It serves employees in the Dutch government and in the educational sector and has 2.4 million customers. Main offices are in Amsterdam, the Netherlands and New York, USA. For more information, please contact paymentfactory@abp.nl or visit www.abp.nl.

Business challenges

- Single transfer solution
- Fully automated processing
- State-of-the-art technology

Benefits to ABP

- Reliable file transfer
- Information confidentiality
- Low-cost integration
- Return on investment

"The large amount of monthly pension payments we have to process within a very limited timeframe requires a reliable and cost-effective solution. SWIFTNet FileAct is undeniably a highly standardised option in the market for transferring bulk payments and receipts in a multi-bank environment."

G.J.M. van den Kerkhof, Director Concern Control, ABP

Business challenges

ABP's domestic pension payments were traditionally transferred to its banks on magnetic tapes. However, in today's world, tape transfers are outdated and expensive. They are also error prone compared to electronic transfer and can easily be corrupted or damaged.

ABP decided to stop using magnetic tapes and started looking at other alternatives. "We wanted a secure, reliable and cost-effective infrastructure for all types of payments and automated receivables that could be reused with all our banks," says Mr van den Kerkhof.

ABP had been a SWIFT user for many years, exchanging domestic high-value payments with the Dutch Central Bank. Reusing the SWIFTNet infrastructure made a lot of sense.

Reliability and availability of the communication channel were also key decision factors that disqualified the option of a proprietary link.

In addition, bandwidth was important, given that ABP's pension volumes represent an average of 25 Mbs monthly requiring a bandwidth upgrade to 256 Kbps. "Pension payments require hundreds of thousands of payments to be transferred within a few hours once a month. Being able to rely on the infrastructure was a must," says Mr van den Kerkhof.

For the banks, the main issue was the process changes that might be required in order to route the files properly.

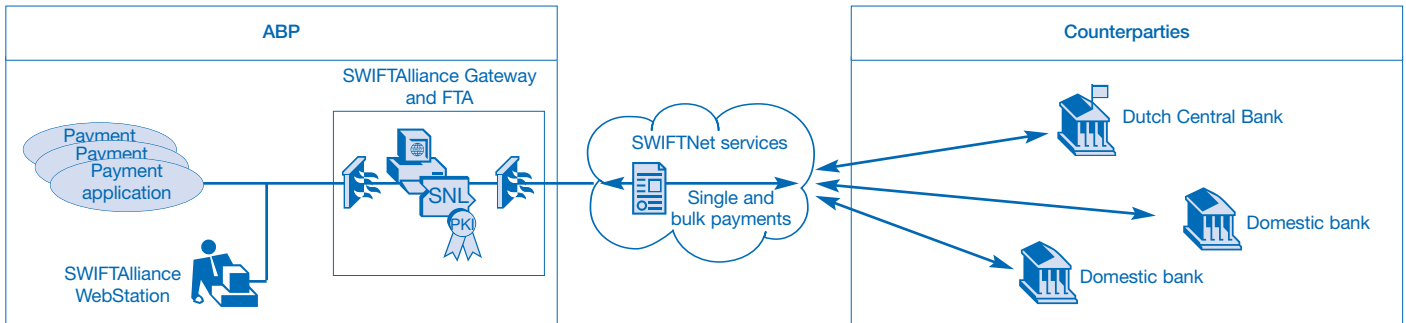
Benefits for ABP

Following their successful migration in 2003 to SWIFTNet FIN, both ABP and its banks had the infrastructure in place for accessing other SWIFTNet-based services, including SWIFTNet FileAct. FileAct allows file transfer in various proprietary and domestic formats. "Using FileAct was a straightforward business decision as no additional investment was required for the integration with our existing applications. We managed to deploy the solution within less than six months," says Mr van den Kerkhof.

Three key factors translate into major benefits for ABP. First, SWIFTNet FileAct is perfectly suited for the transmission of large volumes of critical data within a limited timeframe. Second, by using SWIFTNet FileAct, ABP can continue to exchange any message formats with no impact on its present payments applications. Third, in terms of security, ABP benefits from the non-repudiation support service which provides proof of the file transfer in case of dispute.

"The process is fully automated and is much more reliable than before. It takes no longer than about an hour a month, while in the past, the activity of recording tapes and delivering them to the banks cost us several man/days per month and was prone to error."





SWIFTNet FIN and FileAct solution as implemented at ABP, the Netherlands

Solution overview

ABP opted for a single file transfer infrastructure for all its banks rather than implementing a different communication channel per bank.

ABP selected the SWIFTNet FileAct service within private Closed User Groups to be administered by its partner banks.

FileAct offers non-repudiation support. In case of dispute, SWIFT, as a neutral third party, provides customers with proof that a file has been sent or received, and at what time.

In terms of integration, ABP reused the SWIFTAlliance Gateway it had already deployed for SWIFTNet FIN. File transfer is automated using the File Transfer Agent. Payments applications just have to make the file available within the environment of the SWIFTAlliance Gateway. The File Transfer Agent detects the file presence and initiates the transfer on behalf of the payments application.

File transfers can be monitored in real time, and detailed status information can be provided on request, using the SWIFTAlliance WebStation File Transfer GUI monitoring module.

Next steps

Following the successful implementation, ABP plans to further rationalise its payment applications processing over SWIFTNet.

ABP will also migrate all salary payments and SAP payments from proprietary solutions to SWIFTNet FileAct.

ABP will reuse its SWIFTNet environment to access its banks' CLS third-party services in order to process its treasury transactions.

Solution overview

- SWIFTNet FileAct with non-repudiation support service
- SWIFTAlliance Gateway with the File Transfer Agent
- SWIFTAlliance WebStation File Transfer GUI monitoring module

About SWIFT

SWIFT is the industry-owned co-operative supplying secure, standardised messaging services and interface software to over 7,800 financial institutions in more than 200 countries.

Contact us

For more information please contact andre.casterman@swift.com or visit our website www.swift.com.

For more information on SWIFTNet FileAct on www.swift.com go to: Products & Services > SWIFTSolutions > SWIFTNet Bulk Payments.

