



Fixed Fee for Messaging - January 2008

New pricing model for large volume customers

Increase your usage of SWIFT
by 50% at no additional cost

- Major price reduction for additional volumes
- Optional subscription
- Predictable costs

SWIFT is introducing a new approach to pricing. The Fixed Fee for Messaging is an option for customers in Global Tier 5 and above. Institutions choosing this scheme will pay a fixed fee for all their SWIFT messaging for three years and will be able to increase their usage by 50% in value, at no additional cost.

How does it work?

- You pay a yearly fixed fee for 3 years based on 95% of your last 12 months traffic cost, excluding rebates.
- Each year, you receive a free traffic entitlement worth 50% of the fixed fee.
- All messaging services are included.
- You can opt in or out of the scheme easily.
- No limits: If your traffic value exceeds your entitlement, additional usage will be charged at 50% of the latest list price.
- 'Soft-landing renewal': you will be entitled to a new fixed fee calculated as the average between the current fixed fee and the actual usage of the last 12 months valued at the standard list price (see example in table overleaf).

- The contract renewal at the end of the 3-year period will be dependent on achieving 75% usage of the free entitlement in year 3.

What are the key benefits to you?

- Major price reduction for additional growth
- Predictable costs make budgeting and planning easier
- A flexible and optional programme
- A formula that is easy to explain within your institution

In addition to these benefits, price reductions and the global tier reward continue.

Future price reductions will raise the volume represented by the entitlement, lower the overrun costs, and positively affect the fee at renewal.



in MEUR	First contract			Renewed contract		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Yearly fixed fee	4	4	4	5	5	5
Entitlement	2	2	2	2.5	2.5	2.5
Total usage covered	6	6	6	7.5	7.5	7.5
Actual volume valued at list price	4.5	5	6	7	7.5	8
Excess usage charges (50% list price)	0	0	0	0	0	0.25
SWIFT bill	4	4	4	5	5	5.25
Benefits	0.5	1	2	2	2.5	2.75

3.5 MEUR
10.75 MEUR

Example

As illustrated in the table above, a customer with a yearly fixed fee of 4 MEUR will benefit from a total usage covered up to 6 MEUR each year in the first period. In this example, the accumulated benefit will amount to 3.5 MEUR in the first three years and up to 10.75 MEUR after 6 years.

After the first contract, if the institution consumed at least 75% of the free entitlement in Year 3, and if the decision is to renew the contract, the fixed fee will be set at the average value (5 MEUR) between the previous fixed fee (4 MEUR) and the actual usage valued at the latest list price during the last year (6 MEUR).

In this example, the customer will exceed its usage by 0.5 MEUR in Year 6 (actual usage worth 8 MEUR with a 7.5 MEUR total usage covered) but would pay only 0.25 MEUR (50%) for this additional traffic, thereby getting another benefit out of the Fixed Fee for Messaging model.

Fixed Fee for Messaging: practical implementation

- Available as of January 2008
- Contract can be started at the beginning of any quarter
- Customers with Global Tier 5 and above (yearly Network Based Invoice of 1.2 MEUR and above) are eligible for this programme.
- The model applies at the financial institution level (that is all affiliated users grouped for traffic aggregation purposes).
- Early termination is possible on the contract anniversary date. In this case, the institution reverts to the standard list price at its global tier. The early termination fee is equal to 10% of the annual fixed fee after year 1, and 5% after year 2.
- The fixed fee is invoiced on a monthly basis; the invoice will continue to show the actual usage valued at the standard list price, to allow cost allocations.
- In case of a major structural change, such as a merger, the fixed fee contract will be adjusted if the impact on Network Based Invoice represents more than 5% of the fixed fee.
- The global tier will remain determined by the actual usage valued at the standard list price.

More information and personalised simulations

Please contact your SWIFT account manager, who can provide you with more detailed information, including personalised simulations based on your working assumptions, or visit www.swift.com.

