Trade for Corporates
Exchanging trade data over SWIFT

SWIFT

A single channel for exchanging standardised corporate to bank trade data

Benefits

- > responds to needs of banks and corporates for exchanging trade data
- > provides a single channel and communication standard
- > improves straight-through processing
- > leverages investment in SWIFT for corporate to bank messaging
- > enables a centralised view of trade transactions worldwide, increasingly important for compliance

Despite an overall trend towards trading on open account terms, traditional trade instruments remain a key component of a bank's finance offering. This is especially true for high value goods and those sourced from a new supplier, and also in jurisdictions requiring transactions on a Letter of Credit (L/C) basis. SWIFT is supporting banks' finance offerings with standardised corporate to bank trade messaging.

The challenge

— Corporates require a broader range of financing services.

— Banks must enhance their service offerings while recognising that customers are multi-banked.

— Corporates need a single channel and communication standard to all the banks they use for trade finance.

— Banks want to streamline their data exchange channels to contain costs and speed up workflows.

The response
Interest in SWIFT trade services has greatly increased since the introduction of the Trade Services Utility and the Corporate Access model SCORE (Standardised CORporate Environment) in 2007. Much of this interest is directed at the use of documentary credit and guarantee messages for corporate to bank communication.

Two ways of exchanging corporate to bank trade data over SWIFT are now available: using FIN (MT 798) or FileAct with formalised trade request types.

A corporate can for example, apply to its bank for an L/C or Guarantee and receive an Advice of L/C from its bank. Its bank can notify the Issuance of an L/C or Guarantee, or notify an amendment.

FIN - Using the 'Trade Envelope' MT 798

SWIFT FIN MT 798 - the 'Trade Envelope' provides the most immediate comprehensive solution for corporates for their trade needs. The message caters for Import Letters of Credit, Export Letters of Credit and Guarantees/Standby Letters of Credit.

Example: Import Documentary Credit transactions
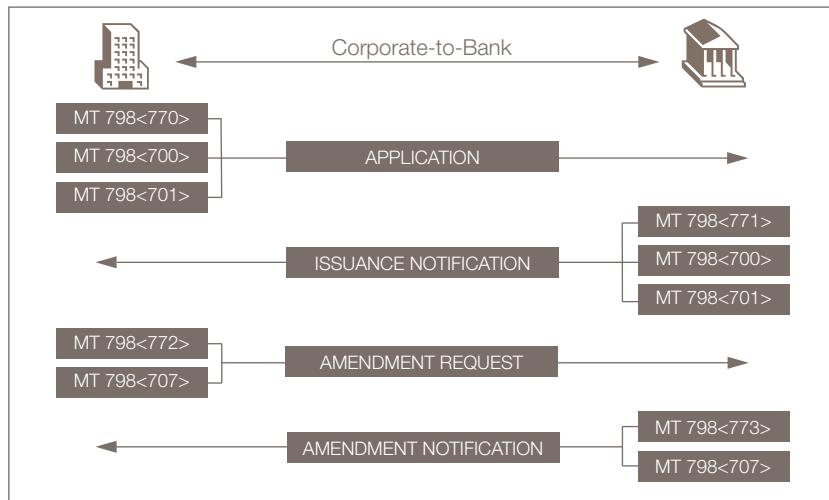
A corporate applies for an 'Import Documentary Credit' by using two or more MT 798s. The first uses submessage number 770. This envelope holds corporate to bank information not catered for in existing MTs. The second uses the 700 submessage, the envelope containing the same fields as a bank to bank MT 700 message. Additional MT 798s may be used to carry extension messages with submessage 701 and the 701 fields.

For the other steps in the transaction MT 798s will be used in same way, as shown.

FileAct

For some types of trade data exchange, the FileAct messaging service may be more appropriate. Specific trade request types enable banks and corporates to identify files in a formal manner. Trade documents and images can be sent over SWIFT, and FIN messages for one transaction can be grouped together. Transparency, classification, routing and processing are all improved.

Example: Trade request types

Trade request type	For files containing…
tsrv.xxx.lettersofcredit	Items relating to L/Cs in any agreed format: SWIFTStandards, EDIFACT, XML, scanned images… etc
tsrv.xxx.gteesstandbys	Items relating to Guarantees/Standbys in any agreed format: SWIFTStandards, EDIFACT, XML, scanned images… etc
tsmt.xxx.tradedocuments	trade documents: invoices, certificates of origin, Bills of Lading… etc
tsrv.fin.mt7xx.lettersofcredit	Items pertaining to L/Cs in FIN format
tsrv.fin.mt7xx.gteesstandbys	Items pertaining to Guarantees/Standbys in FIN format

Training
The SWIFT Training course *Collections and Documentary Credits* and the eTraining version cover the key traditional trade instruments. Updated on a regular basis, they include the latest information on Trade for Corporates.

Partners
SWIFT Partners play an essential role in the implementation of the MT 798 and the FileAct messaging service, both for banks and corporates. See the list of accredited vendors for banking applications on swift.com.

For more information please contact your SWIFT account manager or visit swift.com.