Bulk Payments

Harmonising bulk payment practices across communities

Lower your costs by automating your bulk payments

Benefits

- Reduced costs
- Increased automation
- Highly secure and resilient messaging
- Common rulebook and practices
- Support of existing proprietary formats and UNIFI (ISO 20022) standards
- Competitive pricing

Banks, their correspondents, and their Automated Clearing Houses (ACHs) are increasingly seeking to standardise the processing of bulk payments clearing and to harmonise the use of their messaging platforms. SWIFT's Bulk Payments solution enables further automation and re-use of existing messaging infrastructures.

Bulk payments are typically low-value, non-urgent payments batched together for efficiency. They can be centrally processed by Automated Clearing Houses (ACHs) or they can be exchanged and cleared bilaterally between banks. Credit transfers and direct debits are the most commonly used instruments.
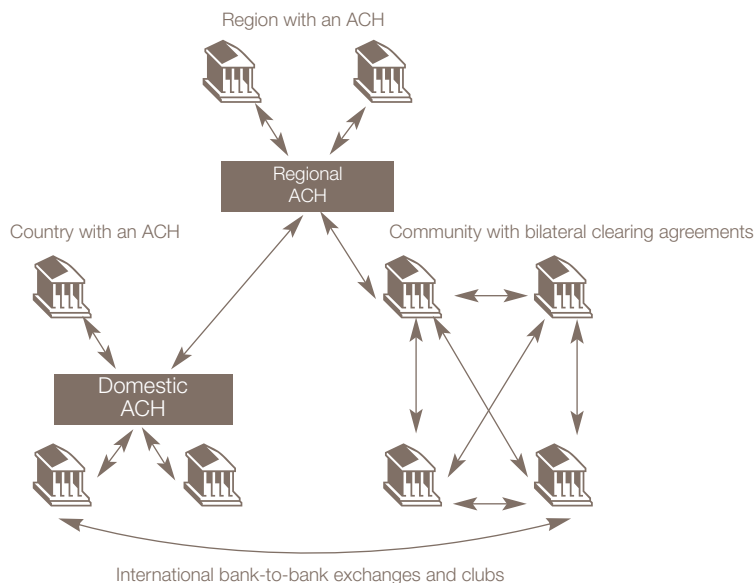
Standardised environment: a market requirement

In domestic environments, ACHs and banks use proprietary standards and communications technology to clear low-value payments. For cross-border payments, correspondents have implemented a variety of file-transfer solutions, which include private lines, networks, and sometimes physical storage media.

The use of SWIFT's FileAct messaging service is becoming increasingly widespread, and its interoperability provides compelling reasons to replace the above-mentioned technologies. The variety of payment formats that correspondents use to clear cross-border bulk payments hampers industry-wide straight-through processing and generates high end-to-end transaction costs. Hence the need for further harmonisation and standardisation.

Given the complexity of the low-value payments market, standardisation can only take place gradually. Bulk Payments enables you to standardise at your own pace.

Bulk Payments provides a harmonised platform to transfer bulk payments across national and regional communities, to achieve the following:

— Reduced costs:
   a common platform generates savings and enables you to benefit from specific bulk payments pricing;

— Automation and straight-through processing:
   through enhanced standardisation and harmonised practices, in particular by implementing UNIFI (ISO 20022) standards;

— Removal of national barriers:
   for processing bulk payments and enabling interoperability between communities of users.

Region with an ACH

Regional
ACH

Country with an ACH

Community with bilateral clearing agreements

Domestic
ACH

International bank-to-bank exchanges and clubs

⌃ SWIFTNet provides a common technical platform

A common technical platform

The power of SWIFT's secure IP network, SWIFTNet, is that it provides a common technical platform to support multiple business communication needs in a secure, reliable and cost-effective way:

— between banks and domestic ACHs for such payments as salaries, expenses, and pensions;

— between banks and regional ACHs;

— between ACHs to ensure interoperability between domestic or regional payments systems;

— between banks and their correspondents on a bilateral basis at domestic and cross-border levels, such as for cross-border pension payments;

— between banks and their correspondents on a multilateral basis at domestic and cross-border levels, such as the Eurogiro network.

In the Bulk Payments solution, FileAct is used as the main messaging service, allowing the transfer of payments files in a secure and resilient way. FileAct has recently been enhanced to further support the low-value payments market. Enhancements include the possibility of adding business information in the header of the file, and of copying this information to a third-party for further processing or authorisation.

FileAct is complemented by InterAct whenever there is a need to deal with urgent payments, for instance just before cut-off time. Bulk Payments is implemented in a series of closed user groups administered by SWIFT or by market infrastructures. It supports all clearing and settlement strategies of low-value payments as described above.

Harmonised practices and rulebook

Harmonising the way customers use FileAct is essential to decrease development costs and facilitate interoperability between payments systems.

The Bulk Payments rulebook provides rules and guidelines for all Bulk Payments customers. It also defines agreed market practices and a minimum set of rules that SWIFT has established in conjunction with the industry.

The main goals of the rulebook are:

— to ensure the value of Bulk Payments as a whole to the industry by defining a minimum level of service that users undertake to support;

— to facilitate the establishment of bilateral or multilateral agreements between users of the service;

— to document and share best practices and recommendations that SWIFT has gathered in co-operation with pilot users and early adopters of the solution.

Support of existing domestic formats and UNIFI (ISO 20022) standards

Message standards are another component of Bulk Payments, and each service will mandate a standard. To promote interoperability, UNIFI (ISO 20022) SWIFT MX message standards are available for use on all Bulk Payments services.

SWIFT has based its MX messages on a new methodology and has adopted a new process to design and develop financial message standards beyond the existing set of FIN messages (known as MTs). The new approach uses XML technology and syntax, and provides new tools for application developers.

The European Payments Council has selected UNIFI (ISO 20022) standards for the exchange of SEPA credit transfers and direct debits.

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"Bulk Payments supports all clearing and settlement strategies for low-value payments"

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Competitive pricing

Bulk Payments includes a competitive pricing compared to alternative offerings. It is based on a price per payment, which is well adapted to the actual business model, and rewards wide market adoption through a tier approach.

The pricing of Bulk Payments applies to UNIFI (ISO 20022) standards as well as to all proprietary formats, without making distinctions between pricing levels. It is independent of the compression level and payment length, and supports the move to multiple settlement cycles throughout the day, as the price is independent of the file size.

You can deploy Bulk Payments easily and securely through your single connection to SWIFTNet. The solution will lower your cost of exchanging low-value payments files by re-using your existing infrastructure in a harmonised way. Costs associated with proprietary connections and related security administration will also be substantially reduced.

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