

SWISS STP-RESOLUTION – THE SWISS FINANCIAL CENTER MOVES TO THE IBAN

At its meeting in October 2007, in conjunction with its acceptance of the Swiss STP-Resolution, the Swiss Payments Council (SPC) decided to introduce incentives as of January 1, 2010, to support introduction of IBAN use for national and international payment traffic. The main focus is on applying a substantial transaction surcharge for CHF and EUR transfers that don't meet the STP definitions.

The SPC decided in the fall of 2004 on a plan for the introduction of the IBAN in Switzerland and at that time discussed possible incentives, such as transaction rejections and surcharges for non-STP transfers. A working group of the Payments Committee Switzerland (PaCoS) has since worked out the details and presented a pricing proposal for these transactions.

STP TRANSACTION DEFINITION ACCORDING TO THE SWISS STP-RESOLUTION

A payment is an STP transaction if – after generating and forwarding through all involved payment systems can be delivered to the beneficiary's financial institution meeting the following condition and definitions:

- Account reference meets one of the following:
 - a) IBAN (field 41 or 45)
 - b) 27 digit ES (payment deposit slip) reference number (field 45E)
 - c) 9 digit Post account number (field 41C or 45C)
 - d) ESR participant number (field 45D)
- No field specifications 54 (instructed payment amount) and 55 (expense option and amounts)
- No field specifications 53 (bank-to-bank information) in MT A11 with the exception of SEPA payments = value "/SEPA/"
- Field 59 (notification code) in MT A11 with code „9“ (reverse payment) independent of criteria above



FOREGOING REJECTS

Rejects of non-STP transactions are not being considered anymore, since payments without IBAN could potentially still occur (e.g., payments to domestic correspondence banks for forwarding to non-IBAN countries or payments without an account number, such as multi-client payments). Both in Switzerland and abroad, there are banks not issuing any IBANs (there are no requirements to issue IBANs). Furthermore, there is a legal responsibility to credit a transfer, even if there is no IBAN listed but the payment recipient can be clearly identified.

GOOD EXPERIENCES WITH euroSIC

Since the beginning of 2006, a fee is levied for euroSIC cross-border payments not meeting the STP definition. Consequently, the share of non-STP transactions sank to approximately 5% to date. With its acceptance of the incentive fee on non-STP transactions, the SPC expects that to have the same effect on domestic payment traffic starting in 2010. Today, the share of transactions processed by the SIC system and not meeting the STP definitions hovers around 80%.

TRANSPARENCY

The pricing is envisioned as a surcharge to both the payment recipient's financial institution and the payor's financial institution. These measures are intended to encourage financial institutions to insist that both their payors and their recipients provide accurate and appropriate reference data – particularly the IBAN – in their invoices and transfers. The amount of the surcharge hasn't been determined yet. It is anticipated that it will be considerable; i.e., in the one-digit CHF/EUR area. It will be defined in the fall of 2009 by the Swiss Interbank Clearing Board. To support and motivate the participants to convert to STP transactions and the IBAN, Swiss Interbank Clearing will provide monthly statistics to each financial institution with their respective shares of non-STP transactions starting in fall of 2008. ■

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