

UNIFI – THE PAYMENT TRAFFIC STANDARD OF THE FUTURE

The new international payment traffic standard increasingly gains significance with the SEPA introduction. A working group of the Payments Committee Switzerland (PaCoS) is developing recommendations for the Swiss financial market based on UNIFI, to be completed by the end of 2008.

The working group, which was jointly initiated by the banks and PostFinance, has as its goal defining binding regulations for the implementation on the basis of the ISO 20022 UNIFI message types. Here, the particular focus is on the customer placing the order with the financial institution (pain.001) and the resulting status reporting (pain.002). According to the current plan, the UNIFI message types for account reporting (camt.052-54) will be dealt with in 2009.

SEPA AS A CATALYST

SEPA was successfully started on 28 January 2008, and has, in addition to providing many advantages and benefits for

the customers and banks, helped UNIFI attain considerable popularity. The use of UNIFI is mandatory for access to a SEPA-compatible processing system, the reason being the dates a SEPA transaction may contain, as determined by the SEPA rulebooks. These dates are in addition to the usual information (account number, amount, etc.) and will allow a payment sender and payment receiver to process debits and credits fully automatically. This could, for instance, refer to an end-to-end identification that is transmitted within the entire payment process, thus allowing clear and unique payment identification for all participating parties.

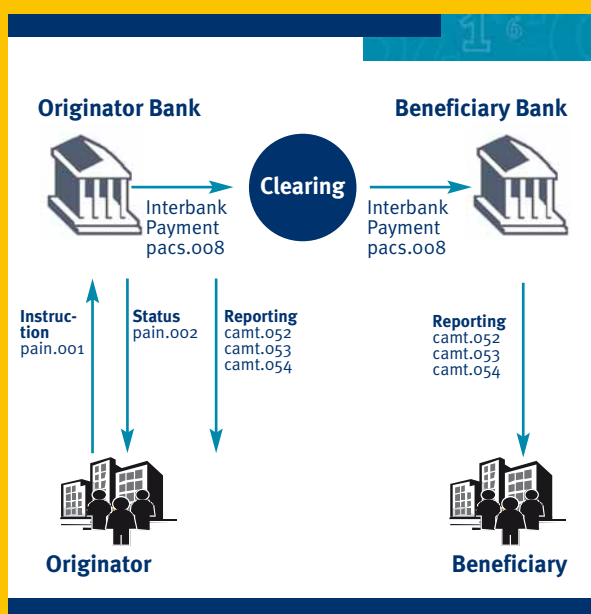
INADEQUACIES OF PREVIOUS FORMATS

The payment traffic formats used to date (SWIFT FIN, DTA, etc.) generally don't have dedicated fields to contain this additional information. This leads to temporary solutions being defined, which usually allow entering the data in the available open text fields. However, this option is limited and won't lead to the increased efficiency potentially possible for the sending and receiving parties through automation. It is therefore sensible and necessary to also use UNIFI in the customer/bank data exchange for an optimal and fully automated process.

THE SOLUTION

The message formats available for order submittal with UNIFI (pain: payment initiation) are matched exactly to the messages used in interbank traffic (pacs: payments clearing and settlement). Thus, contents of a payment initiation can be processed directly and without loss of information. That makes the customer-bank-customer loop complete and closed optimally.

SEPA MESSAGE FLOW



A STANDARD FOR SWITZERLAND

For SEPA transactions, the European Payments Council has already defined the business and mapping rules as well as the implementation guides based on UNIFI. These regulations still need to be developed to meet the Swiss specifics (BESR, Postmandat, etc.). The ultimate goal is to only support one standard for the Swiss market in future. DTA and the PostFinance's EPO (Electronic Payment Order) can thus be completely replaced.

This also provides the opportunity to eliminate any disadvantages inherent in the formats used to date. Case in point: if currently only an implicit building of payment groups is possible, with the new standard, they can be built explicitly. Furthermore, the validation and processing of payment orders can be standardized. This benefits customers, software providers, and banks.

To that end, the PaCoS working group UNFI-CH works closely with software providers pursuing the following goals:

- Developing generally valid business regulations for all transaction types, including the specifics for Switzerland
- Standardizing validation and processing
- Coordinating status messages
- Estimating the costs to migrate to UNIFI for all participants

The working group will present its results to the Swiss Payments Council (SPC), the Swiss financial market governance committee, in the fall of 2008.

Based on the results and recommendations, the SPC will decide on the implementation and the roadmap. According to the current plan, recommendations addressing the parallel operations of the old standards (DTA, EPO) and UNIFI until the end of 2013 should be available next year. ■

UNIFI

The International Organization for Standardization (ISO) has published a library of new message types for the finance industry, called UNIFI (ISO 20022) (UNiversal Financial Industry message scheme) based on the XML syntax. These message types are to replace the MT formats currently used in the SWIFT community.

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HOW FAR DOES THE STANDARDIZATION GO?

