

# KBC SWIFT MA-CUG (Member Administered Closed User Group)

## The background

SWIFT is a financial industry-owned co-operative supplying secure connectivity, messaging services and interface software to over 7 800 financial institutions in more than 200 countries. Its message formats set the standard for the vast majority of cross-border transaction-related information flows between financial institutions. SWIFT is also the messaging hub for more than 30 high-value market infrastructures, including payment, securities and foreign exchange settlement systems.

Traditionally, SWIFT's involvement with non-financial institutions has been strictly limited. In 2001, however, SWIFT decided to open the door to corporate customers. Since then, they have had access to SWIFT through a so-called **MA-CUG (Member Administered Closed User Group)**, operated by a bank or financial institution.

## The essentials

KBC Bank, one of the major Belgian banks, was among the first to offer its corporate customers access to the SWIFT network via an MA-CUG.

Already in December 2002, KBC gave the first corporate customers access to the SWIFT network in the Benelux.

To date, exchanging FIN (= FINancial Messaging) is the most commonly used MA-CUG service. More recently, the use of File-Act in the new SWIFTNet network has grown steadily and KBC offers its customers the possibility of exchanging (bulk) messages in a more cost-efficient way, using the File-Act service.

## General concept of an MA-CUG

Corporate customers who want to access their banks via a single SWIFTNet gateway need to become Service Participants in their bank's MA-CUG.

In order to gain access to the SWIFT network, customers need to set up a physical connection (including routers, telecommunication lines, software etc.) that meets SWIFT's technical requirements.

Only banks can create an MA-CUG and they decide which corporate customers are admitted to their MA-CUG and which services are offered. Corporate MA-CUG Service Participants can only exchange messages with the bank of the MA-CUG(s) to which they have been admitted. Service Participants can only communicate via SWIFT with banks, not with other Service Participants.

## 1 Using FIN:

FIN services are SWIFT's core store-and-forward messaging services. FIN enables over 7 800 financial institutions in more than 200 countries to exchange financial data. FIN is a secure, reliable and resilient, access-controlled, structured store-and-forward messaging service. Value-added processing includes message validation to ensure messages are formatted according to SWIFT message standards, delivery monitoring and prioritization, message storage and retrieval. The SWIFT network has full, built-in redundancy to ensure maximum availability.

## 2 Using FileAct:

SWIFTNet FileAct enables the secure and reliable transfer of files and is typically used to exchange batches of structured financial messages and large reports.

SWIFTNet FileAct supports tailored solutions for market infrastructure communities, closed user groups and financial institutions. SWIFTNet FileAct is particularly suitable for bulk payments, securities, value-added information and reporting, and for other purposes, such as central bank reporting and intra-institution reporting.

## KBC's MA-CUG service offering

A KBC MA-CUG Service Participant can exchange the following messages with KBC:

## 1 Using FIN:

- *Sending MT101 (Request for Transfer)* to transmit payment instructions.
- *Receiving MT940 (Customer Statement Message)* to consult detailed information about all entries booked to the account.
- *Receiving MT941 (Balance Report)* to consult balance information, reflecting the situation at the identified time.
- *Receiving MT942 (Interim Transaction Report)* to consult detailed and/or summary information about entries debited or credited to the account since:
  - the last statement or balance report, or
  - the last interim transaction report(sent since the last statement or balance report).

MT941 and MT942 can either be 'pulled' as replies to an MT920 (Request Message) or 'pushed' at certain intervals by the bank(s) where the account(s) is (are) held.

## 2 Using FileAct:

- *Sending MT101 (Request for Transfer)*
- *Sending CIRI01 (Belgian Domestic payments)* used for payment instructions where the account to be debited as well as the beneficiary account has a Belgian 12-digit format.
- *Sending CIRI02 (Belgian Direct Debits a.k.a. DOM80)* used for direct debit instructions where the centralizing account as well as the debit account has a Belgian 12-digit format.
- *Sending CIRI51 (Belgian Cross Border Payments)* used for payment instructions where the account to be debited has a Belgian 12-digit format.
- *Receiving MT940 (Customer Statement Message)*
- *Receiving MT941 (Balance Report)*
- *Receiving MT942 (Interim Transaction Report)*
- *Receiving CIRI05 (CODA = Belgian Coded Statement of Account)* used for Daily Statement Reporting where the reporting account has a Belgian 12-digit format.

## 3 Using the KBC SWIFT Collector and Distributor Functions

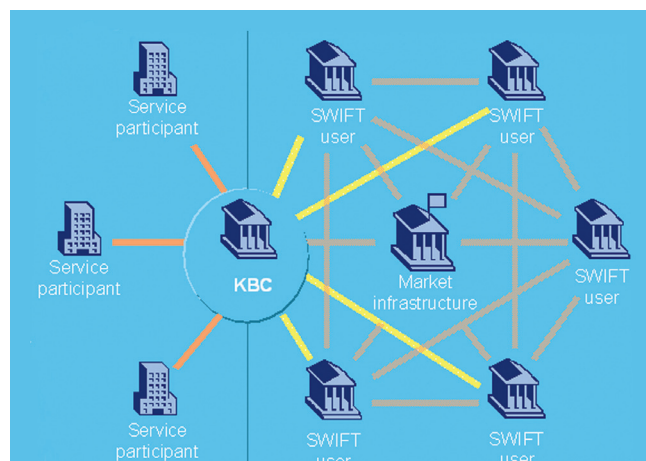
Apart from sending/receiving messages and/or payments to be processed by KBC Bank Belgium, KBC offers the possibility of extending these functionalities to any other bank using the SWIFT network.

Through SWIFT's secure, standardized messaging services, you can reach virtually any bank in the world.

KBC has set up bilateral agreements with over 220 of the most important corporate banks throughout the world with the objective of exchanging MT messages. If a specific bank of an MA-CUG Service Participant does not yet figure on this list, KBC will negotiate an agreement with that bank.

This KBC SWIFT 'Conduit' function has two major components:

- **KBC SWIFT Distributor**  
In the distributor function, an MA-CUG Service Participant can forward payment instructions to KBC Bank (KREDBEBB) even though the account-holding company has an account with another bank.  
KBC Bank, in turn, will forward these messages to the appropriate BIC address of the account-holding bank for execution of the payment instruction.
- **KBC SWIFT Collector**  
In the collector function, an MA-CUG Service Participant can receive account information through KBC Bank (KREDBEBB) even though the account-holding company has an account with another bank. The account-holding company only has to instruct the account-holding bank to send account statements to KBC Bank. KBC Bank, in turn, will forward these messages to the MA-CUG Service Participant, either via SWIFTNet FIN or via FileAct.



## What are the key advantages?

- By implementing an MA-CUG infrastructure with a single connection to SWIFTNet, a multinational company can realize its objective of having a single, standardized gateway with all its banks.
- Corporate customers can benefit from the state-of-the-art security and reliability of the SWIFT Network.
- Corporate customers can reduce the total cost of ownership of the different proprietary bank access gateways, different payment flows and payment operations.
- Corporate customers can increase operational efficiency, by using a SWIFTNet MA-CUG for their payment factory, for statement concentration, etc.
- Corporate customers can use SWIFTNet MA-CUG as a valid alternative for their current platforms, that might be at the end of their lifecycle (e.g. EDIFACT-based solutions).
- By becoming a Service Participant in KBC's MA-CUG and using the KBC SWIFT Distributor/Collector function, a multinational does not need to be admitted to a separate MA-CUG by every banking partner they use.
- Using SWIFTNet offers the possibility to exchange payments and account reporting by using national and international file standards that can easily be integrated into most current ERP systems.

## What can KBC offer?

- On-line and full-STP connection of SWIFTNet services with payment processing systems.
- Implementation of standard SWIFT messages and local standards.
- A dedicated test environment for end-to-end testing with the bank.
- A Product Catalogue to assist the corporate customer's IT team members in interfacing with corporate IT Systems.
- Dedicated specialist support with extensive know-how and expertise in implementing MA-CUG projects.