

A DEEP DIVE ON PACS.009

February 2021

As part of the migration to ISO 20022, the pacs.009.001.08 (pacs.009) message – or Financial Institution Credit Transfer – is set to replace several Category 2 FIN messages, including the MT202, MT200 and MT205, as well as their cover (COV) versions, where applicable.

The pacs.009 message – as with the MT202 – is sent by a debtor financial institution to a creditor financial institution, directly or through other agents and/or a payment clearing and settlement system.

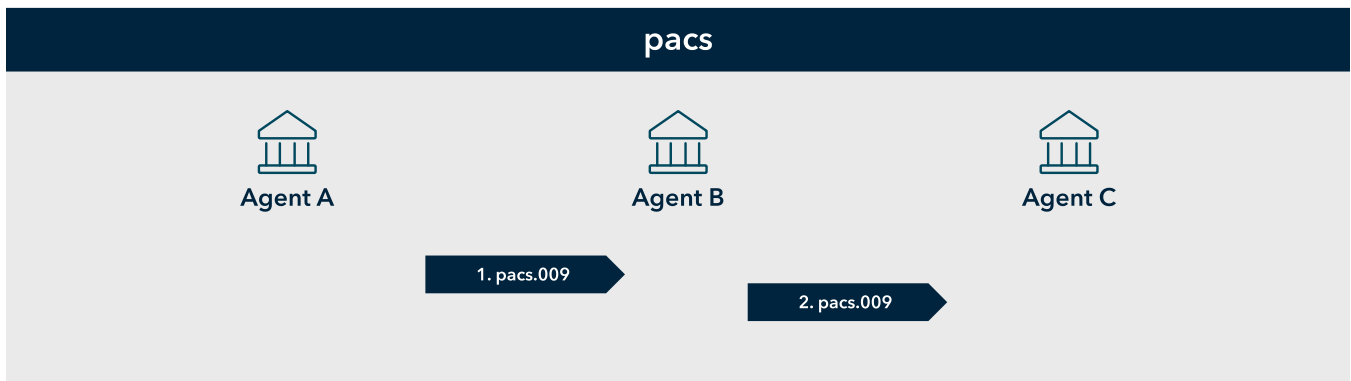
One message, three scenarios

The pacs.009 is one message for three CBPR+ Usage Guidelines:

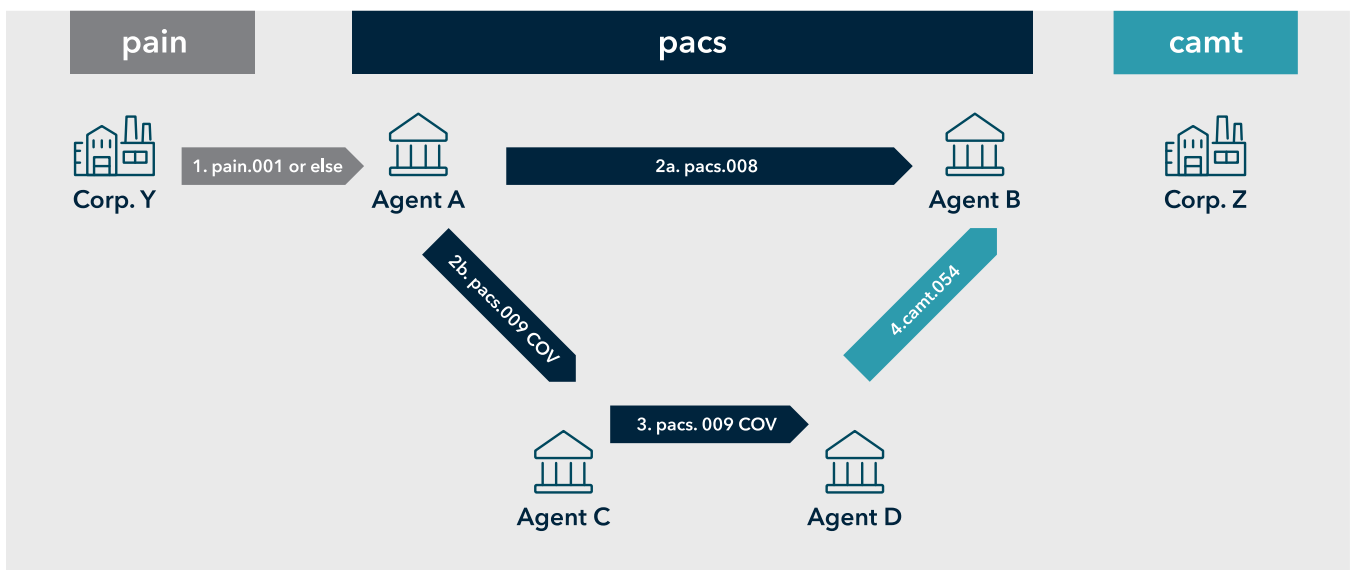
- The **pacs.009 core** is equivalent to the **MT202**, MT 200 and MT 205. It is a Financial Institution Credit Transfer.
- The **pacs.009 COV** is equivalent to the **MT 202 COV** and **MT 205 COV**. The **pacs.009 COV** is the **cover of a pacs.008 message**. It is the same principle currently used in FIN MT, whereby an MT103 message is covered using an MT202 COV to allow the funds to be transmitted to the creditor agent, using Reimbursement Agents
- The **pacs.009 advice (ADV)** is a new concept as defined by the CBPR+ Usage Guidelines. It is used to advise a cover payment using the pacs.009 Core.

Message flows

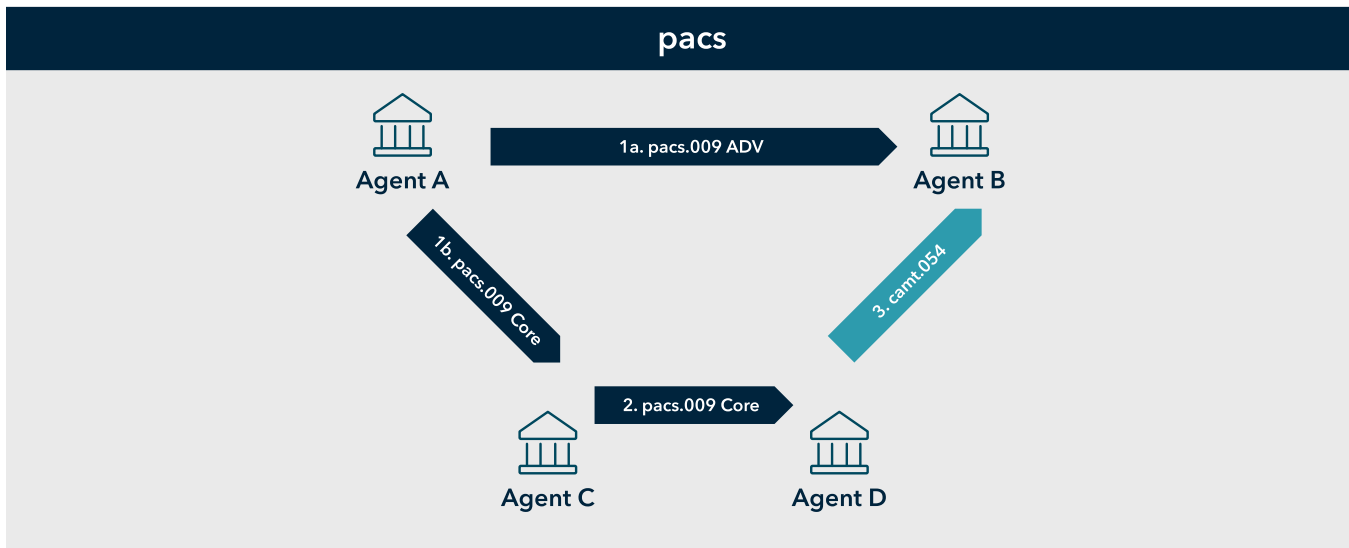
Example Pacs.009 core message flow: This message flow is fairly straightforward. The pacs.009 core is sent sequentially from Agent A to Agent B, and then from Agent B to Agent C – with each party representing a different financial institution. A set of reporting messages – the camt.053 and camt.054 – will support the pacs.009 and will be covered in a future webcast. See Figure 1 for an outline of this message flow.

Figure 1: Pacs.009 core message flow

Example Pacs.009 COV message flow: In this particular case, a corporate begins by initiating a payment instruction. As Agent A and Agent B do not maintain an account in the currency being used for the transaction, reimbursement agents – represented by Agent C and Agent D – are needed to execute the transaction. Once the payment has been initiated, Agent A sends a pacs.008 message to Agent B to notify them that they will receive their funds through the reimbursement agents. Agent A then sends a pacs.009 COV message, which is settled through Agent C and Agent D. This will result in a camt.054 message – the equivalent of the MT910 – being sent to Agent B, which confirms settlement the transaction. See Figure 2 for an outline of this message flow.

Figure 2: Pacs.009 COV message flow

Example Pacs.009 ADV message flow: Agent A sends a pacs.009 ADV message to notify Agent B that they will receive a pacs.009 core message to cover the transaction. In this case, the pacs.009 core is used to cover the transaction instead of the pacs.009 COV, as the pacs.009 COV contains a copy of a customer initiated financial transfer (pacs.008). This means that, if you were to use a pacs.009 COV, you would have to include copies of the elements from the pacs.008 message, which is not being used in this example. By using this method, Agent B is able to receive the funds much faster. See Figure 3 for an outline of this message flow.

Figure 3: Pacs.009 ADV message flow

Breaking down the pacs.009 message

The pacs.009 message is significantly bigger and more structured than the MT202, and breaks down into two main parts:

- Group Header: the set of characteristics shared by all individual transactions included in the message (note: for CPR+ payments, one transaction only per message is allowed).
- Credit Transfer Transaction Information: the set of elements providing information specific to the individual credit transfer

Within the Credit Transfer Transaction Information, there is a further block of information:

- Underlying Customer Credit Transfer: where the elements of the pacs.008 message that you are covering with a pacs.009 COV would be transported. The presence of this Underlying Customer Credit Transfer therefore indicates you are dealing with a pacs.009 COV message, rather than a pacs.009 core.

The Group Header and Credit Transfer Transaction Information contain a number of different elements, with the most important outlined below.

Agents

The pacs.009 message contains a number of different agents:

- The Instructing Agent (refers to the Sender)
- The Instructed Agent (refers to the Receiver)
- Debtor (MT equivalent = Field 52a).
- Ultimate Debtor (refers to the Party on whose behalf the Debtor is instructing the payment). While this field is available in the base pacs.009 message, it is not used for cross-border transactions.
- Debtor Agent: there is no MT equivalent of the Debtor Agent
- Creditor (MT equivalent = Field 58a)

- **Ultimate Creditor:** refers to the Party on whose behalf the Creditor is receiving the payment. Again, while this field is available in the base pacs.009 message, it is not used for cross-border transactions.
- **Creditor Agent (MT equivalent = Field 57a)**
- **Previous Instructing Agent 1, 2 and 3 (MT equivalent = Field 72 /INS/).** In FIN MT the Previous Instructing Agents would be indicated preceded by “/INS/”.
- **Intermediary Agent 1, 2 and 3 (MT equivalent = Field 56a for IntermediaryAgent1)..** The pacs.009 message contains dedicated fields for Intermediary Agent 2 and 3.
- **Instructing Reimbursement Agent (MT equivalent = 53a).** The Instructing Reimbursement Agent is only available in pacs.009 ADV messages.
- **Instructed Reimbursement Agent (MT equivalent = 54a).** The Instructed Reimbursement Agent is only available in pacs.009 ADV messages.

Account Structure

The account structure for ISO messages has been made much richer than the equivalent MT messages – breaking down into five headings, four of which are new to ISO messages (marked in blue):

- **Identification:** the ISO equivalent of Subfield 1, this is a field that transports either an International Bank Account Number (IBAN) or another form of identification, such as the Basic Bank Account Number (BBAN).
- **Type:** indicates whether the account is a current account, savings account etc.
- **Currency:** indicates the currency of the account
- **Name:** allows users to give the account a dedicated name
- **Proxy:** allows users to give the account a proxy

The account component is not available for Ultimate Debtor, Ultimate Creditor, Instructing Agent and Instructed Agent.

Settlement Information/ Settlement Method

This is a new, mandatory element compared to FIN MT that help indicate the correct settlement method:

- **Clearing System/CLRG:** indicates that the settlement will be executed via an RTGS system (for High Value Payment System flows only)
- **Cover Method/COVE:** indicates that the payment instruction will be covered
- **Instructed Agent/INDA:** indicates that the settlement will be executed by the Instructed Agent.
- **Instructing Agent/INGA:** indicates that the settlement will be executed by the Instructing Agent.

Identifications

Unlike the 202 which has only two identification fields (Field 20 and Field 21), the pacs.009 has six identification elements, located under the Group Header and Payment Identification levels.

Group Header:

- **Message Identification:** provides an identification for the whole pacs.009 message.

Payment Identification:

- Instruction Identification (MT equivalent = Field 20). At the beginning of the migration, it will be limited to 16 characters to avoid truncation when translating between MX and MT messages.
- End-to-End Identification (MT equivalent = Field 21 in an MT202 COV message).
- Transaction Identification (a new field that is allocated by the Debtors Agent and must be transported to the Creditor Agent unchanged).
- Unique End-to-End Transaction Reference (UETR) (in Field 121, Block 3 in MT messages). A string of 36 unique characters featured in all payment instruction messages carried over SWIFT.
- Clearing System Reference (exclusively used by RTGS systems)

Payment Type Information

Payment type information is a block of five different components. Three are not used for the pacs.009 message, including the Instruction Priority, Clearing Channel and Category Purpose.

Two of the components can be optionally included in a pacs.009 message:

- **Service Level:** provides the option to include a code from the ISO code list. Most importantly, this is where the gpi service level codes are transported (e.g. G001, G004).
- **Local instrument:** provides the option to include a code from the ISO code list and is used by communities that have a certain service agreement in place.

Those that use either the Service Level or Local Instrument component must include the relevant ISO Codes (since the proprietary field is not in use), which are published on www.iso.org.

Amounts

In FIN MT messages the currency, amount and date are contained in a single field (Field 32a). The ISO equivalent, however, contains two dedicated fields:

- Interbank Settlement Amount/Currency
- Interbank Settlement Date.

In ISO messages there is also an element for the Instructed Amount, which is the ISO equivalent of Field 33B.

Another field present is the Total Interbank Settlement Amount. This is for scenarios in which the pacs.009 message contains multiple transactions. Given that both CBPR+ and HVPS+ only allow for single transactions, this component will not be in use.

Instruction for Agents

ISO introduces two fields that allow instructions to be given to agents:

- Instruction for Creditor Agent (equivalent to Field 23e) contains several embedded codes, including Phone Beneficiary (PHOB) and Telecom (TELB). For example, to indicate a beneficiary telephone number, the code PHOB should be used. Under Instruction Information, you would then provide the telephone number. Unlike the Instruction for Next Agent, this is not a point-to-point element and must be transported to the Creditor Agent.
- Instruction for Next Agent. A dedicated point-to-point field (equivalent to Field 72) in which every receiver in the payment chain will have its own instruction from the sender.

Remittance Information

This is a new ISO component that is optionally available in a pacs.009 message. In an MT202, you do not have remittance that is exchanged between the debtor and the creditor where both are financial institutions.

The Remittance Information component is broken down into just one element – known as the Unstructured Remittance Information – and can contain a maximum of 140 characters.

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