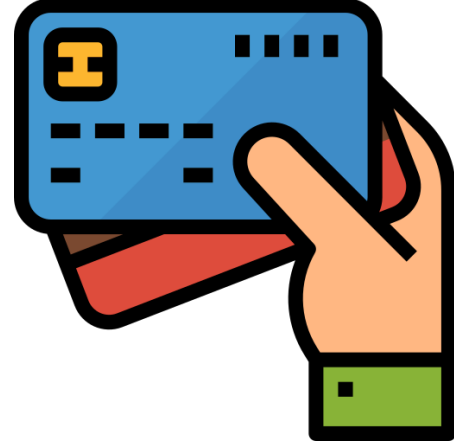


CHARGING OPTIONS

IN MT 103 - Part 2



What are Transaction Charges?

All charges related to the processing of the transaction, imposed by any FI involved in the transaction, from and including the Ordering customer's FI up to and including the beneficiary's FI.

- In MT 103, transaction charges are to be paid by either the Ordering Customer, or the Beneficiary Customer, or both.
- More the parties used in the payment chain, when using the Serial method, the higher the charges will be for the Ordering or Beneficiary customer since each FI in the payment chain will claim their charges.
- The impact of charges can be minimised by using the Cover method since transaction charges only apply to the MT 103 and not to the MT 202 COV.

Important Fields related to charges

- **Field 71A** (Details of Charges) - Mandatory field specifying which party should pay the charges. It can take one of the following codes:
 - ✓ **BEN** - All transaction charges are to be paid by the Beneficiary Customer
 - ✓ **OUR** - All transaction charges are to be paid by the Ordering Customer
 - ✓ **SHA** - Transaction charges on the Sender's side are to be paid by the Ordering Customer and Transaction charges on the Receiver's side are to be paid by the Beneficiary Customer.

While using the BEN or SHA option, banks can deduct their charging fees from the Interbank Settled Amount (Field 32A). For Clarity, two **optional fields** can also be used in the MT 103 to indicate the amount of charges

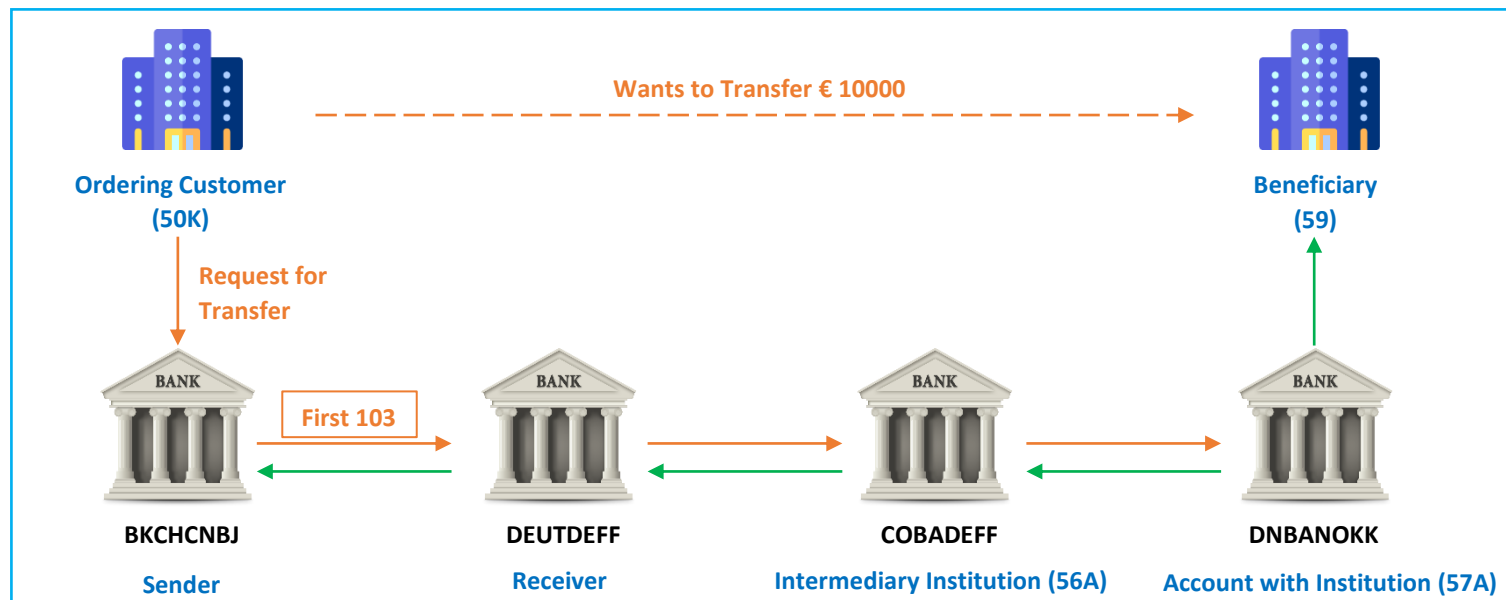
- **Field 71F (Sender's charges)** - Indicates the amount deducted from the Interbank Settled Amount (Field 32A)
- **Field 71G (Receiver's charges)** - Indicates the known Receiving Bank's Transaction Charges and added to the Interbank Settled Amount (Field 32A)
- **Field 32A** (Interbank Settled Amount)
- **Field 33B** (Currency/Instructed Amount) - Before any amount is deducted from the Settlement Amount, banks must specify the original amount in the Currency/Instructed Amount (Field 33B). This field is used for information purposes to the beneficiary customer to know what the original/instructed amount was before any charges were deducted. Field 33B, if present in a message, has to be forwarded unchanged to the next party in the transaction chain.

Transaction Charges in MT 103 - Example with BEN option (1/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Debit from Ordering Customer's Account	Bank of China's Charges (71F)	Interbank Settled Amount (32A)
BEN	€ 10000	€ 10000	€ 5	€ 10000 - € 5 = € 9995

MT 103 MESSAGE

BKCHCNBJ
103
DEUTDEFF

:20: REFERENCE123
:23B: CRED
:32A: 220203EUR9995,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:56A: COBADEFF
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: BEN
:71F: EUR5,00

EXPLANATION

Beneficiary customer bears all the transaction charges.
Therefore, only € 10000 is debited from Customer's account.

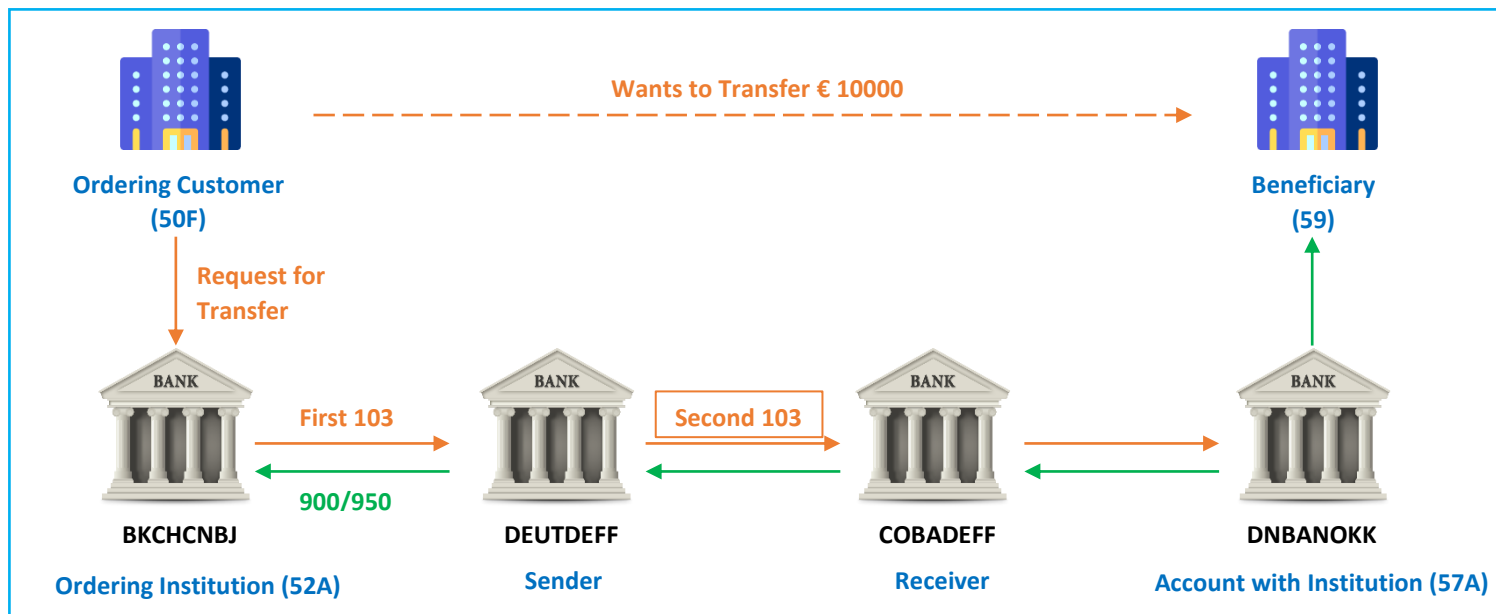
Bank of China deducts its charges (€ 5) from € 10000 and transfers € 10000 - € 5 = € 9995 to Deutsche Bank.

Transaction Charges in MT 103 - Example with BEN option (2/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Interbank Settled Amount (32A)
BEN	€ 10000	€ 5	€ 10	€ 9995 - € 10 = € 9985

MT 103 MESSAGE

DEUTDEFF
103
COBADEFF

:20: REFERENCE456
:23B: CRED
:32A: 220203EUR9985,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: BEN
:71F: EUR5,00
:71F: EUR10,00

EXPLANATION

Beneficiary customer bears all the transaction charges.

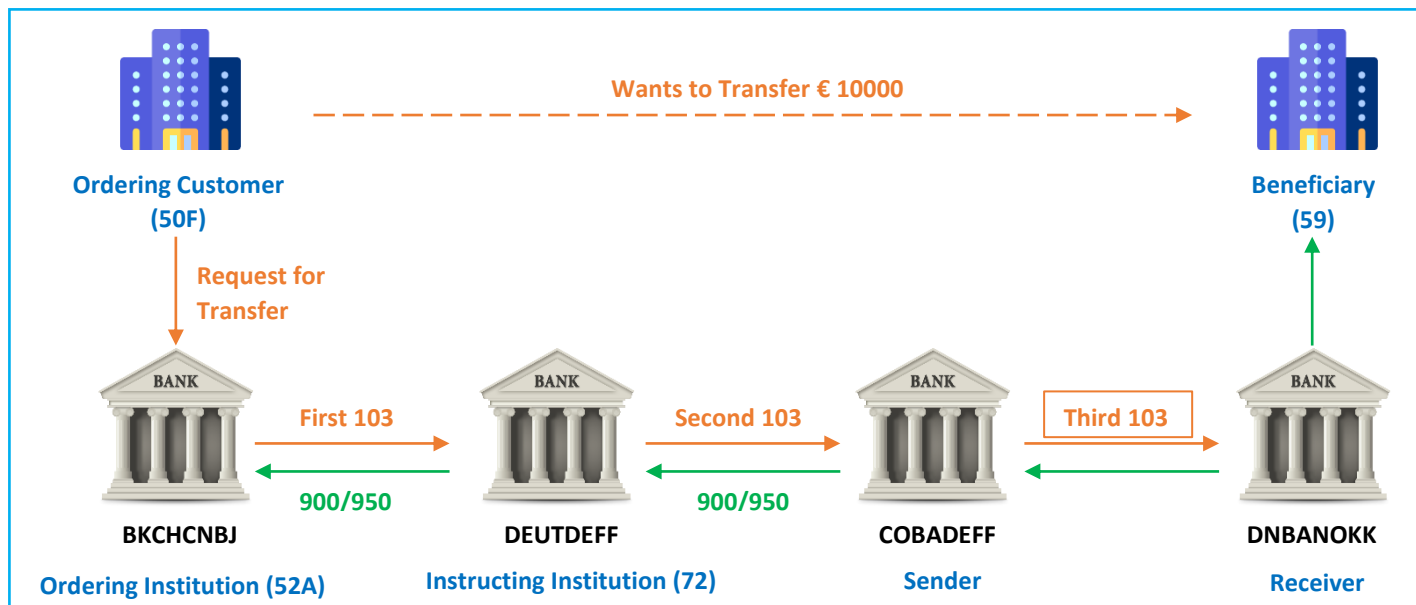
Deutsche Bank deducts its charges (€ 10) from € 9995 received from Bank of China and transfers € 9995 - € 10 = € 9985 to Commerzbank.

Transaction Charges in MT 103 - Example with BEN option (3/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/ Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Commerzbank's Charges (71F)	Interbank Settled Amount (32A)	DNB Bank's Charges	Credit to the Beneficiary's Account
BEN	€ 10000	€ 5	€ 10	€ 15	€ 9985 - € 15 = € 9970	€ 20	€ 9970 - € 20 = € 9950

MT 103 MESSAGE

COBADEFF
103
DNBANOKK

:20: REFERENCE789
:23B: CRED
:32A: 220203EUR9970,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: BEN
:71F: EUR5,00
:71F: EUR10,00
:71F: EUR15,00
:72: /INS/DEUTDEFF

EXPLANATION

Beneficiary customer bears all the transaction charges.

Commerzbank deducts its charges (€ 15) from € 9985 received from Deutsche Bank and transfers € 9985 - € 15 = € 9970 to DNB Bank.

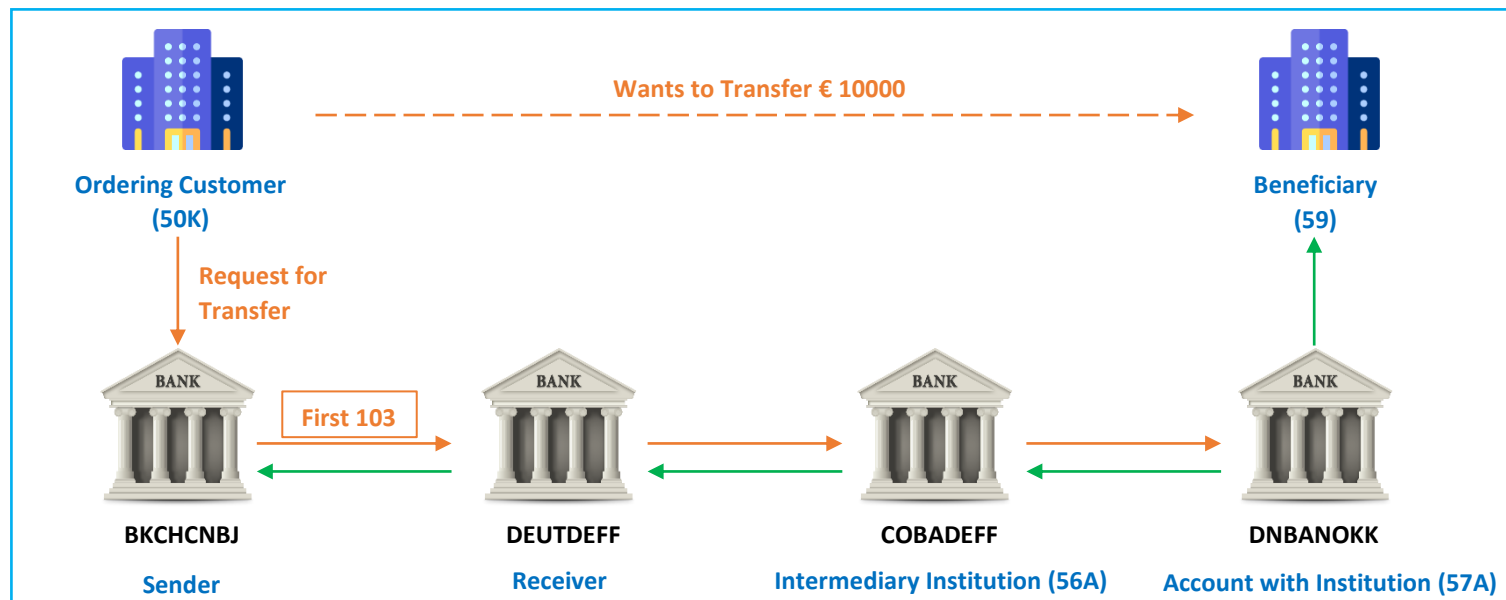
Finally, DNB bank deducts its charges (€ 20) from € 9970 received from Commerzbank and transfers € 9970 - € 20 = € 9950 to the Beneficiary customer.

Transaction Charges in MT 103 - Example with OUR option (1/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ ??) and DNB Bank (€ ??).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Debit from Ordering Customer's Account	Bank of China's Charges (71F)	Interbank Settled Amount (32A)
OUR	€ 10000	€ 10000 + € 5 + € 10 = € 10015	€ 5	€ 10015 - € 5 = € 10010

MT 103 MESSAGE

BKCHCNBJ
103
DEUTDEFF

:20: REFERENCE123
:23B: CRED
:32A: 220203EUR1010,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:56A: COBADEFF
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: OUR
:71F: EUR10,00

EXPLANATION

Ordering customer bears all the transaction charges.

Bank of China knows that its Euro correspondent, Deutsche Bank's charges € 5. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

Therefore, only € 10000 + € 5 + € 10 = € 10015 is debited from Customer's account.

The PMPG guideline is that Commerzbank and DNB Bank should claim for their charges separately and not debit the Interbank settled amount.

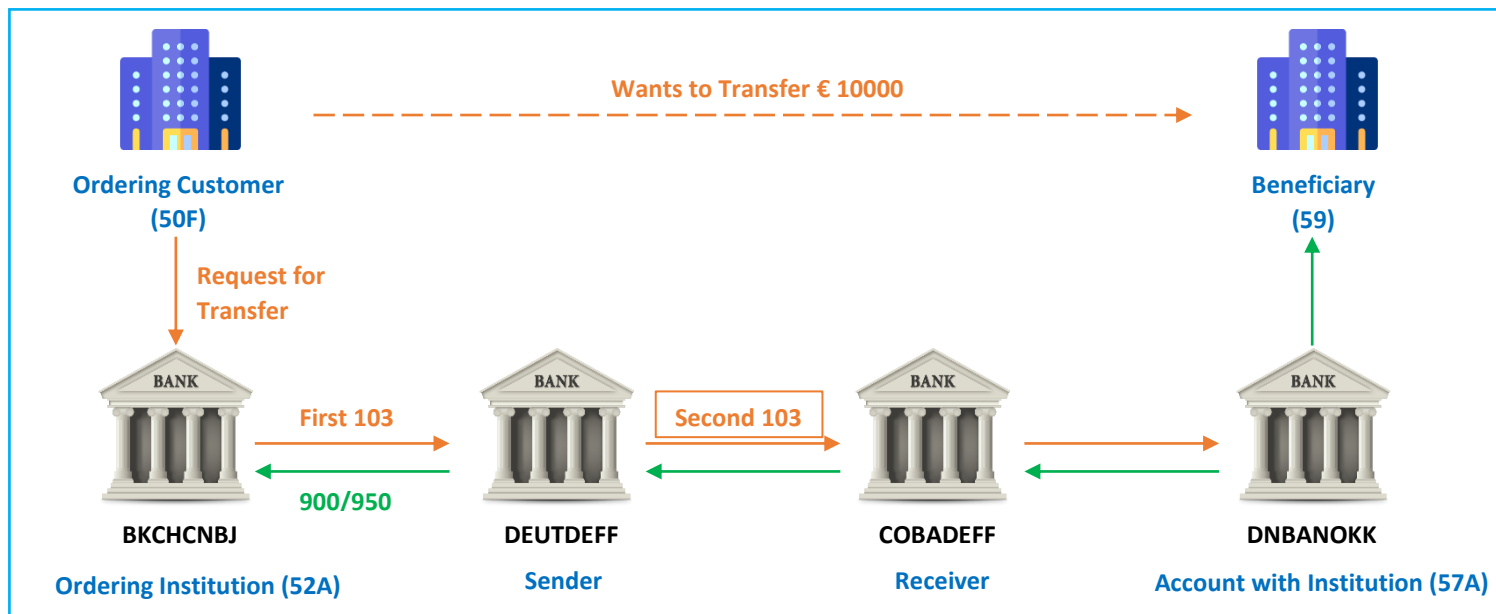
Bank of China deducts its charges (€ 5) from € 10015 and transfers € 10015 - € 5 = € 1010 to Deutsche Bank.

Transaction Charges in MT 103 - Example with OUR option (2/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ ??) and DNB Bank (€ ??).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Interbank Settled Amount (32A)
OUR	€ 10000	€ 5	€ 10	€ 10010 - € 10 = € 10000

MT 103 MESSAGE

DEUTDEFF
103
COBADEFF

:20: REFERENCE456
:23B: CRED
:32A: 220203EUR10000,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: OUR

EXPLANATION

Ordering customer bears all the transaction charges.

Bank of China knows that its Euro correspondent, Deutsche Bank's charges € 5. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

The PMPG guideline is that Commerzbank and DNB Bank should claim their charges separately and not debit the Interbank settled amount.

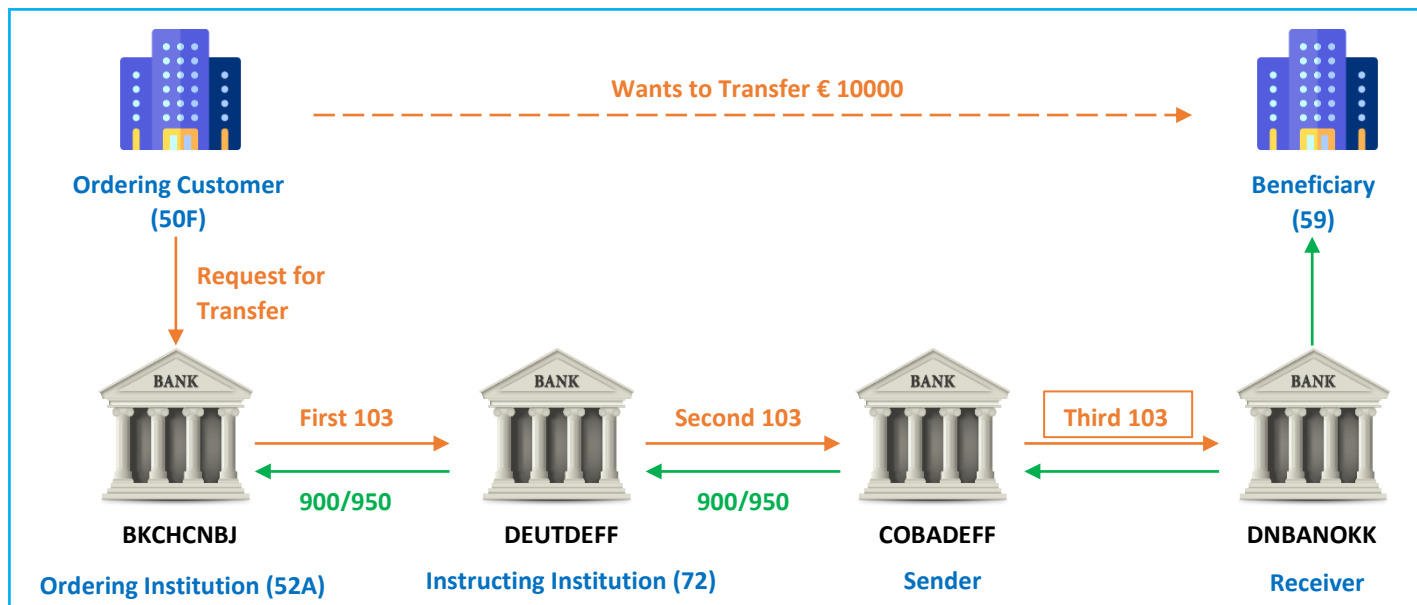
Deutsche Bank deducts its charges (€ 10) from € 10010 received from Bank of China and transfers € 10010 - € 10 = € 10000 to Commerzbank.

Transaction Charges in MT 103 - Example with OUR option (3/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ ??) and DNB Bank (€ ??).



Details of Charges (71A)	Currency/ Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Commerzbank's Charges (71F)	Interbank Settled Amount (32A)	DNB Bank's Charges	Credit to the Beneficiary's Account
OUR	€ 10000	€ 5	€ 10	Unknown	€ 10000	Unknown	€ 10000

MT 103 MESSAGE

COBADEFF
103
DNBANOKK

:20: REFERENCE789
:23B: CRED
:32A: 220203EUR10000,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: OUR
:72: /INS/DEUTDEFF

EXPLANATION

Ordering customer bears all the transaction charges.

Bank of China knows that its Euro correspondent, Deutsche Bank's charges € 5. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

The PMPG guideline is that Commerzbank and DNB Bank should claim their charges separately and not debit the Interbank settled amount.

Commerzbank does not deduct its charges from € 10000 received from Deutsche Bank and transfers the entire € 10000 to DNB Bank.

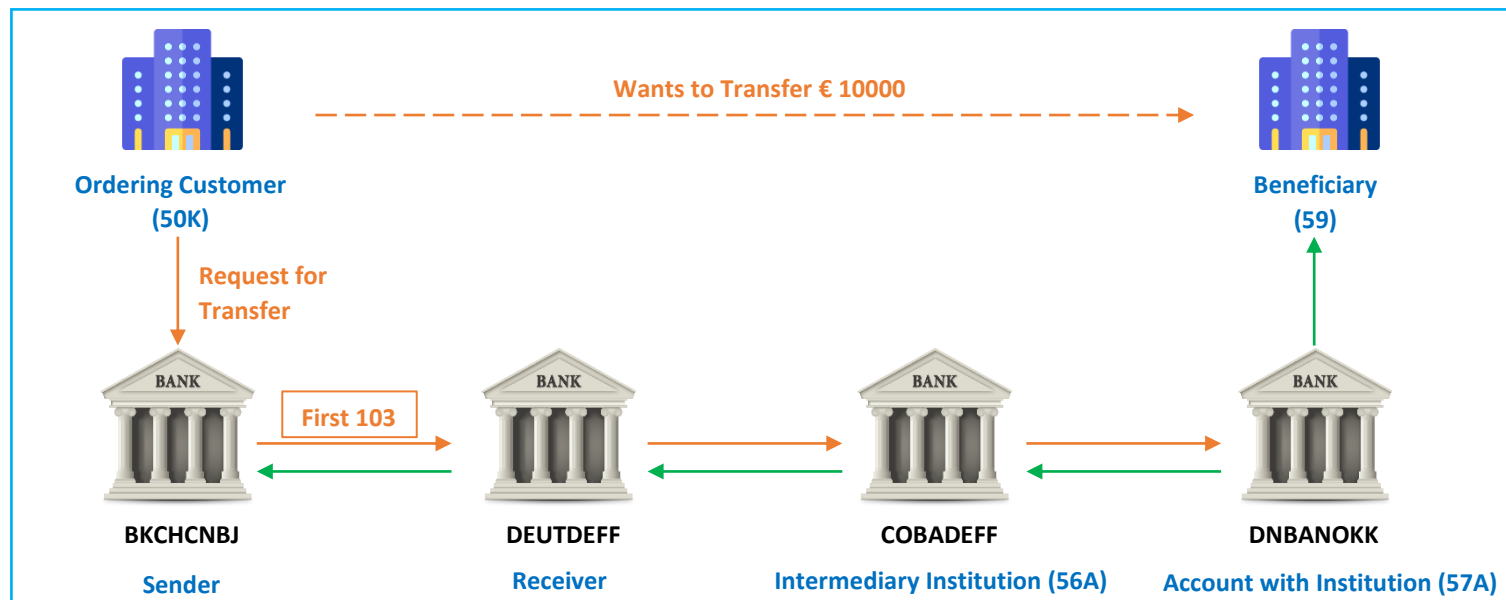
DNB bank does not deduct its charges from € 10000 received from Commerzbank and transfers the entire € 10000 to the Beneficiary customer.

Transaction Charges in MT 103 - Example with SHA option (1/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Bank of China's Charges (71F)	Debit from Ordering Customer's Account	Interbank Settled Amount (32A)
SHA	€ 10000	€ 5	€ 10000 + € 5 = € 10005	€ 10005 - € 5 = € 10000

MT 103 MESSAGE

BKCHCNBJ
103
DEUTDEFF

:20: REFERENCE123
:23B: CRED
:32A: 220203EUR10000,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:56A: COBADEFF
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: SHA

EXPLANATION

The **Shared** charging option works well only when two banks are involved. In many cases, when more than two banks are involved, the SHA option turns into a BEN option since the Receiver, Intermediary institution and Account with Institution will mostly likely deduct their charges from the Interbank Settled Amount.

Bank of China knows that its Euro correspondent, Deutsche Bank charges € 10. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

Ordering customer bears only the transaction charges of Bank of China while the charges of other banks in the chain are borne by Beneficiary.

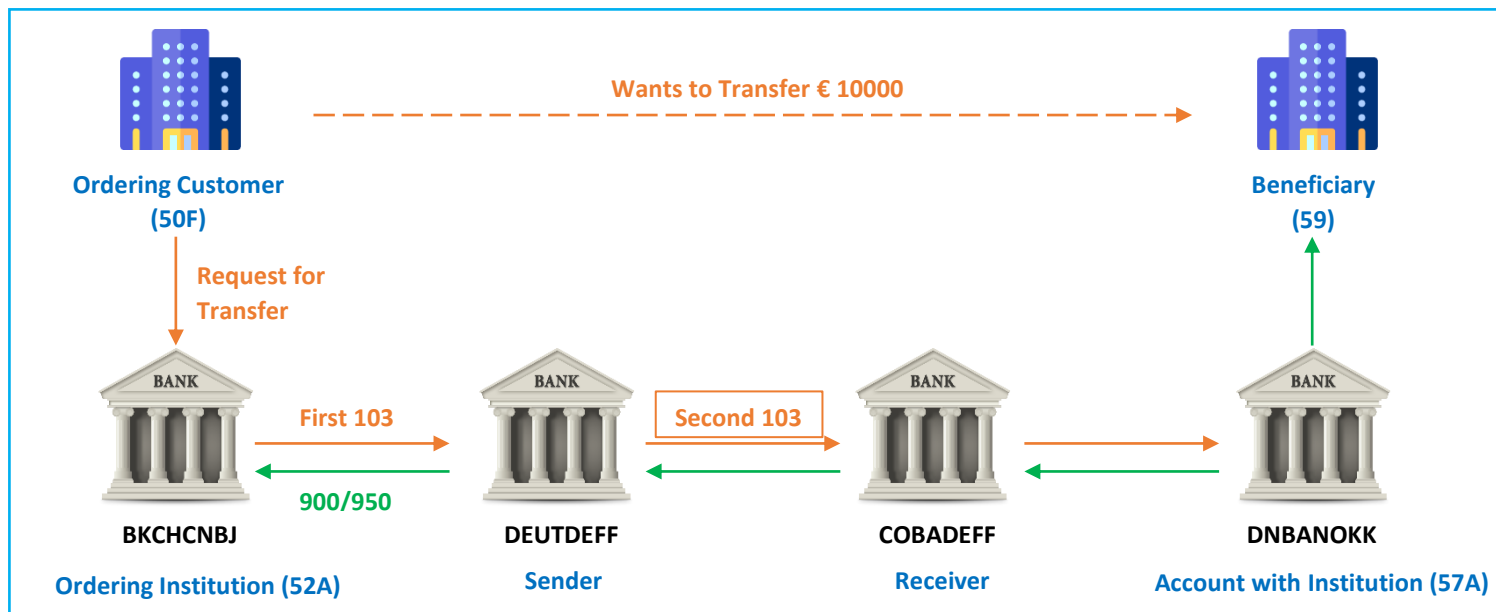
Therefore, only € 10000 + € 5 = € 10005 is debited from Customer's account. Bank of China deducts its charges (€ 5) from € 10000 and transfers € 10000 - € 5 = € 10000 to Deutsche Bank.

Transaction Charges in MT 103 - Example with SHA option (2/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Interbank Settled Amount (32A)
SHA	€ 10000	€ 5	€ 10	€ 10000 - € 10 = € 9990

MT 103 MESSAGE

DEUTDEFF
103
COBADEFF

:20: REFERENCE456
:23B: CRED
:32A: 220203EUR9990,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:57A: DNBANOKK
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: BEN
:71F: EUR10,00

EXPLANATION

The **Shared** charging option works well only when two banks are involved. In many cases, when more than two banks are involved, the SHA option turns into a BEN option since the Receiver, Intermediary institution and Account with Institution will mostly likely deduct their charges from the Interbank Settled Amount.

Bank of China knows that its Euro correspondent, Deutsche Bank charges € 10. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

Ordering customer bears only the transaction charges of Bank of China while the charges of other banks in the chain are borne by Beneficiary.

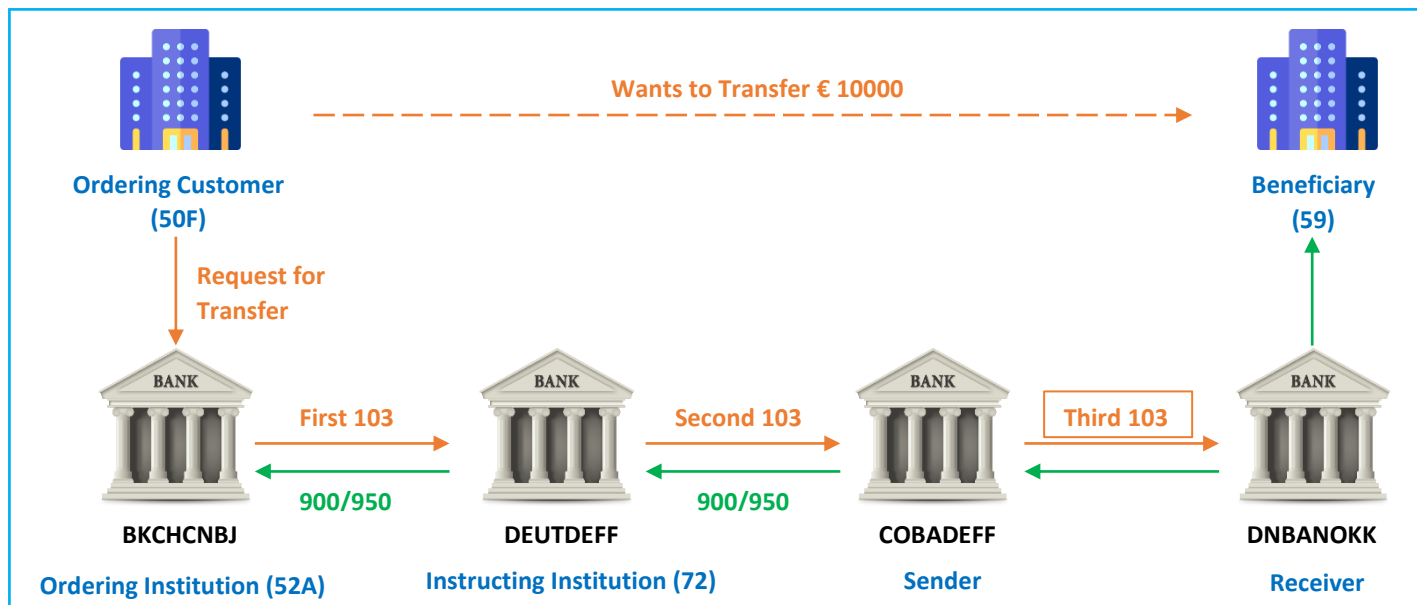
Deutsche Bank deducts its charges (€ 10) from € 10000 received from Bank of China and transfers € 10000 - € 10 = € 9990 to Commerzbank.

Transaction Charges in MT 103 - Example with SHA option (3/3)

By order of one of their customers, Bank of China needs to pay € 10000 to a beneficiary customer in Norway, who has an account with DNB Bank.

- Bank of China uses Deutsche Bank as its Euro correspondent
- DNB Bank uses Commerzbank as its Euro correspondent.

Charges are as follows: Bank of China (€ 5), Deutsche Bank (€ 10), Commerzbank (€ 15) and DNB Bank (€ 20).



Details of Charges (71A)	Currency/ Instructed Amount (33B)	Bank of China's Charges (71F)	Deutsche Bank's Charges (71F)	Commerzbank's Charges (71F)	Interbank Settled Amount (32A)	DNB Bank's Charges	Credit to the Beneficiary's Account
SHA	€ 10000	€ 5	€ 10	€ 15	€ 9990 - € 15 = € 9975	€ 20	€ 9975 - € 20 = € 9955

MT 103 MESSAGE

COBADEFF
103
DNBANOKK

:20: REFERENCE789
:23B: CRED
:32A: 220203EUR9975,00
:33B: EUR10000,00
:50K: /234354556
XIAOMI EXPORTS 980
BEIJING, CHINA
:52A: BKCHCNBJ
:59: /7645679900097600
PEACEFUL MINDS
OSLO, NORWAY
:70: /INV/ABC123
:71A: BEN
:71F: EUR10,00
:71F: EUR15,00
:72: /INS/DEUTDEFF

EXPLANATION

The **Shared** charging option works well only when two banks are involved. In many cases, when more than two banks are involved, the SHA option turns into a BEN option since the Receiver, Intermediary institution and Account with Institution will mostly likely deduct their charges from the Interbank Settled Amount.

Bank of China knows that its Euro correspondent, Deutsche Bank charges € 10. However, it is not very likely that Bank of China would know charging fees of Commerzbank and DNB Bank.

Ordering customer bears only the transaction charges of Bank of China while the charges of other banks in the chain are borne by Beneficiary.

Commerzbank deducts its charges (€ 15) from € 9990 received from Deutsche Bank and transfers € 9990 - € 15 = € 9975 to DNB Bank. Finally, DNB bank deducts its charges (€ 20) from € 9975 received from Commerzbank and transfers € 9975 - € 20 = € 9955 to the Beneficiary