

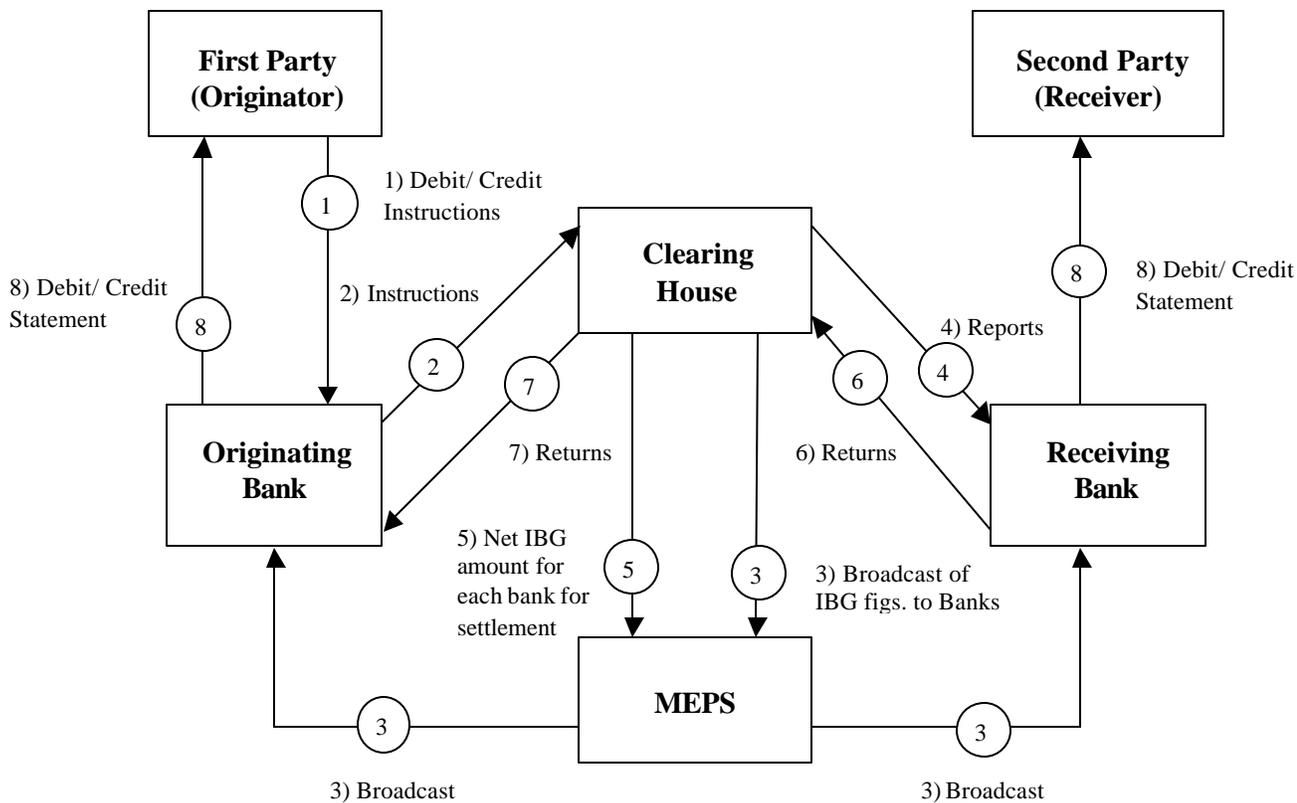
Interbank GIRO (IBG) Procedures*

IBG is a paperless system that allows a customer of a participating bank to transfer funds, through direct debits and credits, to the accounts of customers of any participating bank. In July 2001, the Automated Clearing House (ACH) introduced the eGIRO system, which removes the manual delivery of magnetic tapes between the banks and the ACH by using secured electronic transmission of payment data. Under eGIRO, the entire process of clearing and settlement, including processing of returned and rejected items, can be straight through and automated.

The clearing and settlement process for IBG is as follows:

1. The first party sends the payment instructions to the originating bank.
2. The originating bank checks the credit limit of the first party (if it is a direct credit instruction) and sends the payment instructions to the ACH for clearing.
3. After determining the net settlement amount for each participating bank, the ACH sends the net clearing figures to MAS Electronic Payment System (MEPS) for broadcast and settlement.
4. The ACH forwards the payment instructions to receiving banks for the credit/debit of the second party's account.
5. If the payment instruction is rejected, receiving banks will return the rejected instruction to the originating bank through the ACH the next day. The ACH will adjust the settlement amount for both banks before forwarding the rejected instruction to the originating bank.
6. If the collection (payment) is successful, a credit (debit) statement is generated for the first party and a debit (credit) statement for the second party.

The flowchart that follows summarises the clearing and settlement process of IBG.



There is one clearing and settlement session for IBG payment instructions on weekdays and one on Saturdays. Participants are required to send payment instructions to the ACH by a specific cut-off time on weekdays and on Saturdays. The ACH will send multilateral net settlement positions to MEPS** for settlement by the end of the day.

* Extracted from the Bank of International Settlements (BIS) Publication: "Payment Systems in Singapore", prepared by the Monetary Authority of Singapore (MAS) & The Committee on Payment and Settlement Systems of the central banks of the Group of Ten countries.

** MEPS is an inter-bank settlement system operated by the Monetary Authority of Singapore