

Differences Between MT799 and MT760 SWIFT Messages

The SWIFT system is widely used by over 8,000 financial institutions to send and receive financial messages and letters. Among the most notable message types in this system are the MT799 and MT760 SWIFT messages. While these two messages share some similarities, they differ significantly in purpose, timing, and financial impact.

Similarities Between MT799 and MT760

1. **Bank-to-Bank Communication:** Both MT799 and MT760 messages are transmitted directly between banks without requiring direct consultation with the client.
2. **Use in Large Transactions:** These messages are typically employed during high-value transactions between parties, ensuring trust and security in financial dealings.

Key Differences Between MT799 and MT760

1. **Purpose and Timing:**
 - **MT799:** Acts as a preliminary communication, serving as a notification or intent message. It is often sent days or weeks before the MT760. Its primary role is to inform the receiving bank about the upcoming transaction, without directly affecting the client's finances.
 - **MT760:** Functions as a confirmation of a bank guarantee or standby letter of credit. This message is issued after the sending bank has reserved or blocked the required funds, thereby solidifying the financial agreement.
2. **Financial Impact:**
 - **MT799:** Has no direct financial impact, as it does not involve freezing or blocking of funds. It simply establishes a line of communication and intent between the banks.
 - **MT760:** Directly affects the client's financial situation by freezing the specified funds in their account. This ensures the funds are reserved for the transaction or agreement.
3. **Procedure:**
 - **MT799:** Sent before any financial commitment is made, indicating preliminary agreement or intent.
 - **MT760:** Sent only after the bank has set aside and secured the required amount of money, providing a formal guarantee for the transaction.

Bank Guarantee and Letter of Credit Procedure

The MT760 message plays a critical role in the SWIFT Class 7 framework, specifically under Procedure 60 for blocked funds. When an MT760 is issued, the client's funds are effectively frozen by the issuing bank, preventing them from being used for any other purpose. This ensures the funds are fully reserved for the agreed transaction, providing security to the receiving party.

Understanding these differences is essential for individuals and institutions engaging in large-scale financial transactions to ensure proper handling and communication between involved parties.