Bank Payment Order (BPO)

Payment order is an international banking term that refers to a directive to a bank or other financial institution from a bank account holder instructing the bank to make a payment or series of payments to a third party. It can be defined as, "Instructions to transfer funds sent via paper and/or electronic means".

Payment orders are post-contract instruments often used to pay fee agreements to agents and usually contain conditions for the payment to be met such as successful completion of contract requirements. *Payment orders* with "conditions" should not be confused with "conditional payment orders." Conditional payment orders are pre-contract instruments consisting of a documented fee agreement between the beneficiary and the payee, proof of ability for the payee to pay which is often issued by Swift MT 799 to the recipient's bank, and occasionally may include bank instructions for the establishment of a payment order following contract execution. Either payment orders or conditional payment orders are assumed to be irrevocable unless otherwise stated. Payment orders with conditions may be established after signing of a contract and posting of a letter of credit or other financial instrument with the paying bank but are never put in place prior to contract execution because of the risk that the contract will not materialize.