



SWIFT gpi: transformational change in cross-border payments

Janssen Marianna, SWIFT Markets Initiatives, EMEA

26th of January 2018, Geneva

WHAT IS SWIFT gpi TRYING TO SOLVE?



SPOTLIGHT ON CROSS-BORDER PAYMENT CHALLENGES



Martin Schlageter
Head of Treasury Operations
Roche

Speed

“Critical business requires faster payment execution”



Peter Claus-Landi
Director banking initiatives
General Electric

Transparency

“Many times we don’t have visibility on the fees lifted along the way”



Brooke Tilton
Vice President, Treasury Operations
Viacom

Tracking

“I’m not able to tell when the money hits the beneficiary’s bank account”



Michel Verholen
Director, Global Treasury Center
Zoetis

Remittance information

“We miss information regarding the invoice and the payer for timely reconciliation”

SURVEY: CHALLENGES AND PRIORITIES IN CROSS BORDER PAYMENTS



Survey period: May - Jun 2017



Audience

+3K corporates EuroFinance network

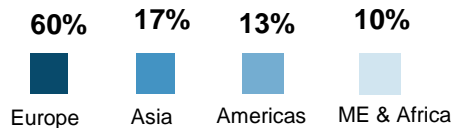
1,5K SWIFT corporates

300 participants

60% Connected

150 requested more info

Regional distribution



Profile

18 industries

Treasury	69%
CFO/Finance director	14%
Other	17%



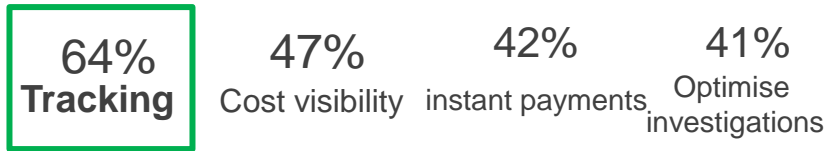
Corporate event_Geneva_January2018

Pressing issues in cross-border payments marked as extremely challenging

- ✓ Traceability (54%)
- ✓ Inconsistency across payment processes (53%)
- ✓ Predictability of total cost (47%)
- ✓ Instructed vs. credited - even OUR payments (44%)
- ✓ Remittance information (42%)

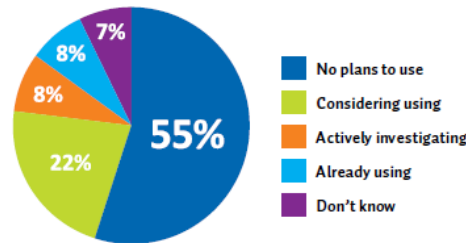
SWIFT gpi addresses the main challenges. However, banks not respecting “OUR payments” make it to the top 5

Corporate priorities for enhanced cross-border payments



Tracking is the highest priority for corporates

Only 8% are using alternative payment providers. However, 30% are considering or investigating



Priorities for selecting a provider
 - Standardisation,
 - Compliance and regulation
 - Security

86% of participants have heard of SWIFT gpi. However, from this number only 21% are very familiar with the proposition and 22% are not familiar at all.

ACTION Needed:
 increase value proposition awareness (promotion, testimonials & case studies)

CORPORATE EXPECTATIONS VS. CROSS-BORDER BANK SERVICES



Uncertainty after payment initiation

Predictability of the payment reaching the beneficiary account



Inconsistencies between amount sent and received

Fee **transparency**, including FX costs and deducts



Cumbersome handling of exceptions and investigation

Payment **traceability** and automation (STP)

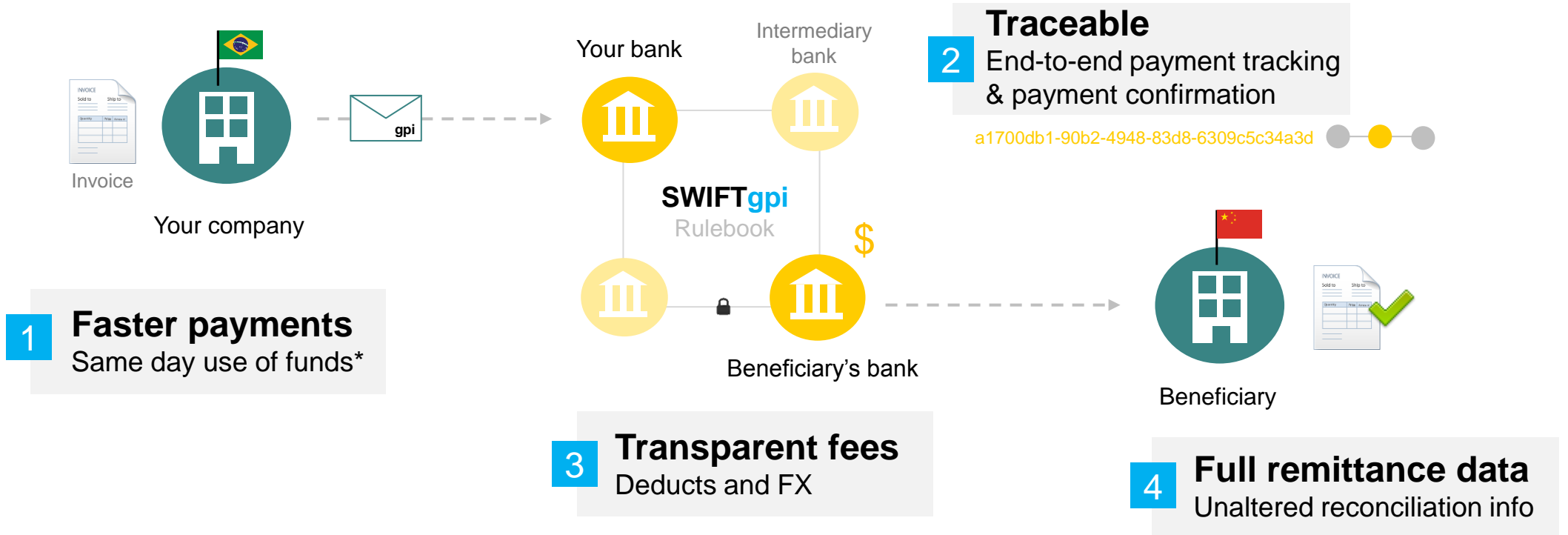


Incomplete or missing remittance information

Simple **reconciliation** of invoices and payments



SWIFT GPI: SECURE, FASTER, TRACEABLE & TRANSPARENT CROSS-BORDER PAYMENTS



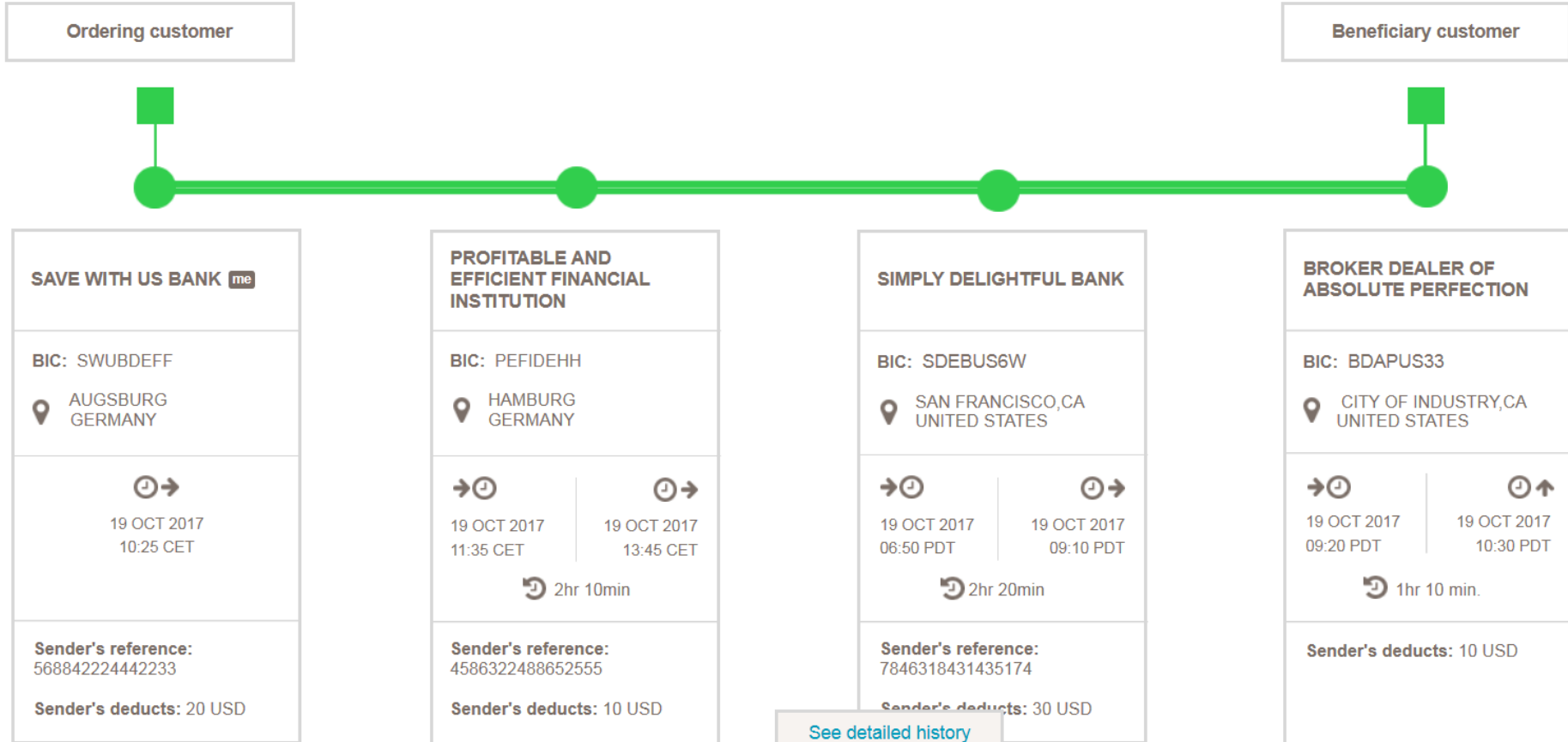


[← Back to search](#)

[← Previous payment](#) | [Next payment >](#)

Show in my local time

Final status Completed Credited to beneficiary customer	19 OCT 2017 - 10:30 PDT	Instructed amount 129,000.00 USD	Credited amount 128,930.00 USD	Deducts ⓘ 70 USD BEN	Total duration 9hr 5min	Tracking number 3546553e-0967-4c5b-b380-036dcb1cbf46
--	-------------------------	--	--	--------------------------------	-----------------------------------	--




[See detailed history](#)



VALUE PROPOSITION FOR CORPORATES



VALUE FOR CORPORATES



Accounting & core functions

- Better cash flow management
- Speed and visibility on critical payments
- Certainty for buyers and sellers
- Transparency on bank fees
- Reduced exception handling & investigations



Budgeting, planning and forecasting

- Enhanced predictability and traceability
- Greater planning and decision making
- Improved reconciliation and forecast reporting

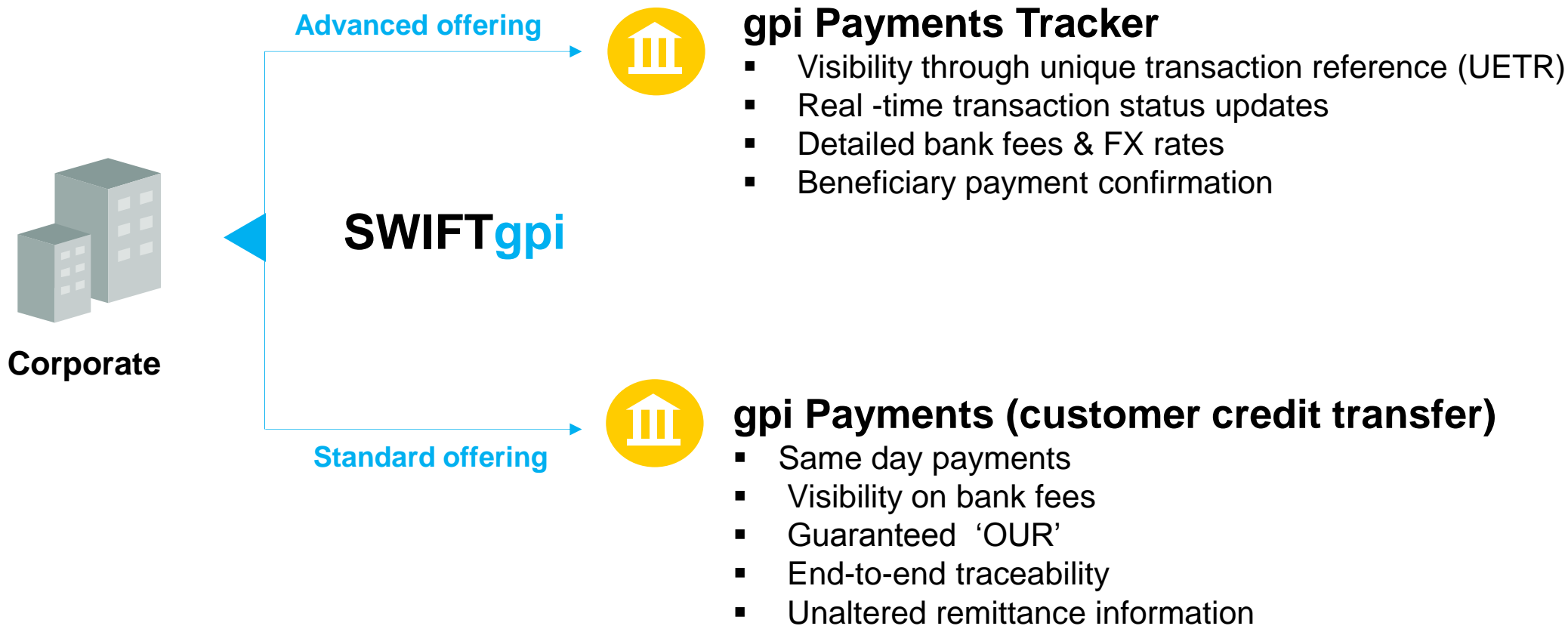


Treasury & Cash Management

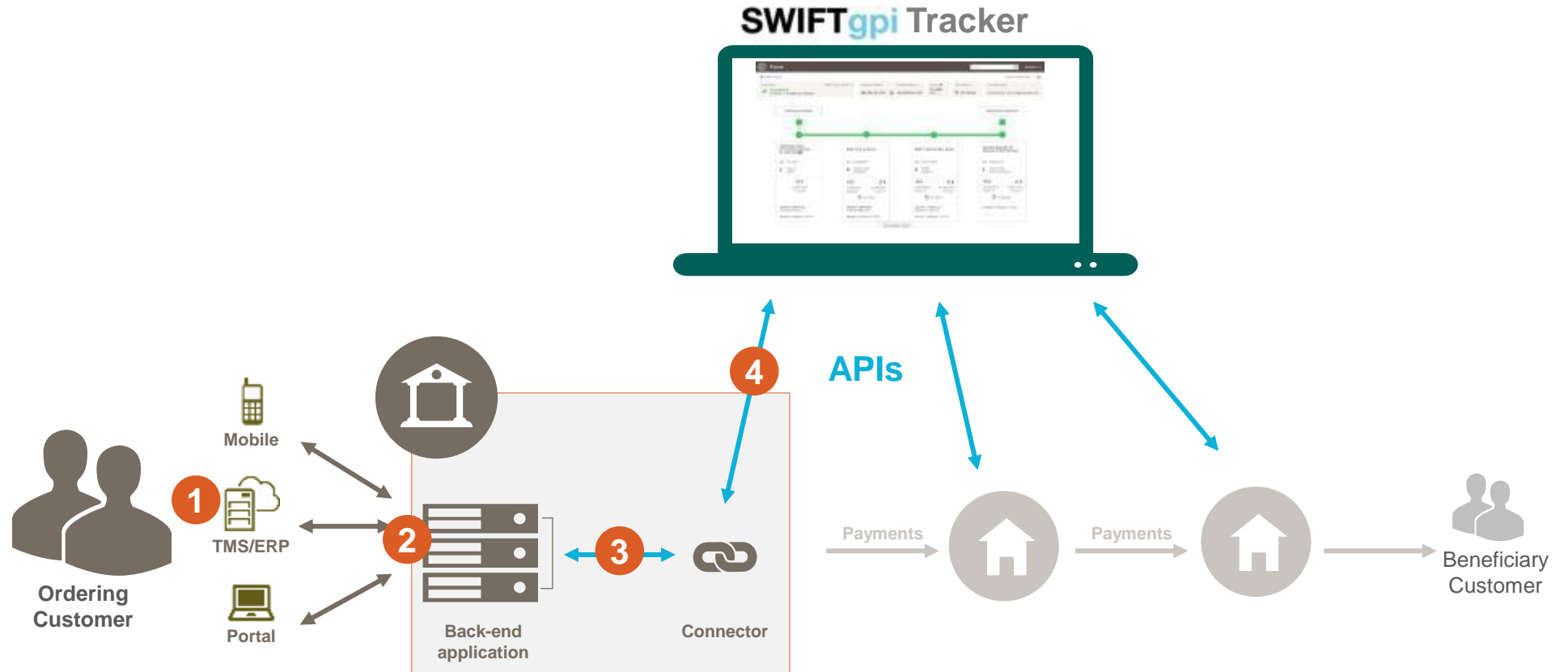
- Reduced settlement time
- Leverage investment opportunities
- Higher visibility for capital and credit management
- Reduced FX risk



THE NEW STANDARD OF CROSS-BORDER PAYMENTS THROUGH YOUR BANK*



INTEGRATING TRACKER INFORMATION INTO CUSTOMER CHANNELS



CORPORATE ENGAGEMENT UPDATE



SWIFT GPI FOR CORPORATES - CLOSED PILOT

Why?

- Corporates would like to generate UETR(s) to avoid the need to reconcile this with internal references later in the payment process.
- Multi-banked corporates want a standardised approach to receive gpi statuses & confirmations
- Corporates want automated processes that fully integrate in their ERP and TMS systems

What?

- Standardisation of corporate-to-bank payment flows including UETR generation by corporates.
- Standardisation of bank-to-corporate flows for tracking and confirmation of payments in corporate back-office systems.
- Technical specifications:
 - FIN (MT 101, MT 199 in ISO content)
 - ISO 20022 (pain.001 & pain.002)

For practical reasons, pilot will start with FIN messaging.

When?

- **Phase 0:** Scope definition and solution design (Nov'17 to Feb'18)
 - Workshop (28 Nov 2017)
 - Final design (Jan 2018)
 - Implementation and timeline assessment (Feb 2018)
- **Phase 1:** Business pairs, testing scenarios (Mar to Apr 2018)
- **Phase 2:** Implementation and testing (TBD/Q2 2018)*
- **Phase 3:** Production flows and conclusions (TBD/Q3 2018)*

Aspirational conclusion: Sibos 2018

Who?

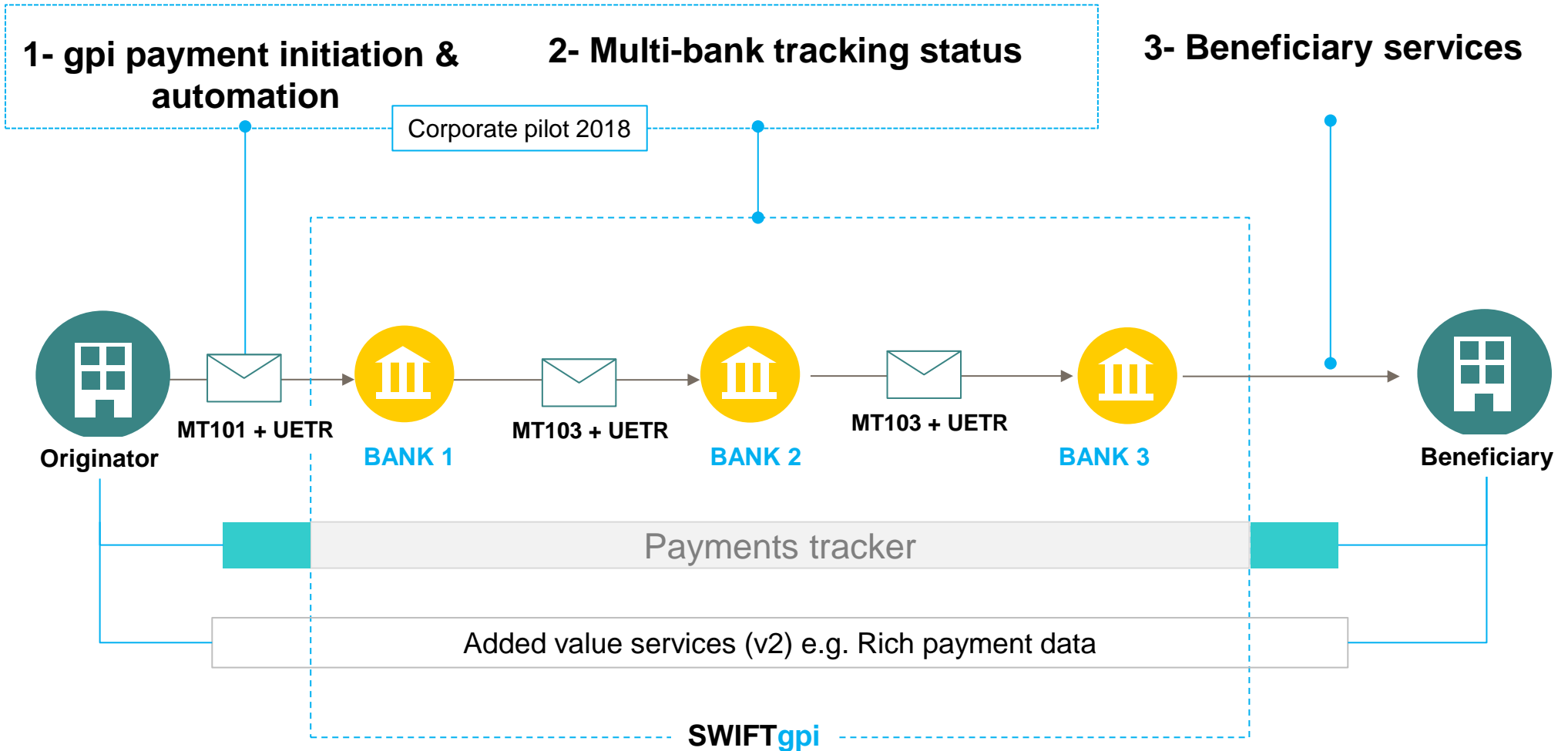
- **10 Corporates**
 - Connected to SWIFT
 - Involved in corporate subgroup
- **11 Banks**
 - Involved in CAG subgroup
 - Live on gpi
 - Having commercial relation with corporate participants
- **Selected corporate vendor providers**
 - Based on corporate participants



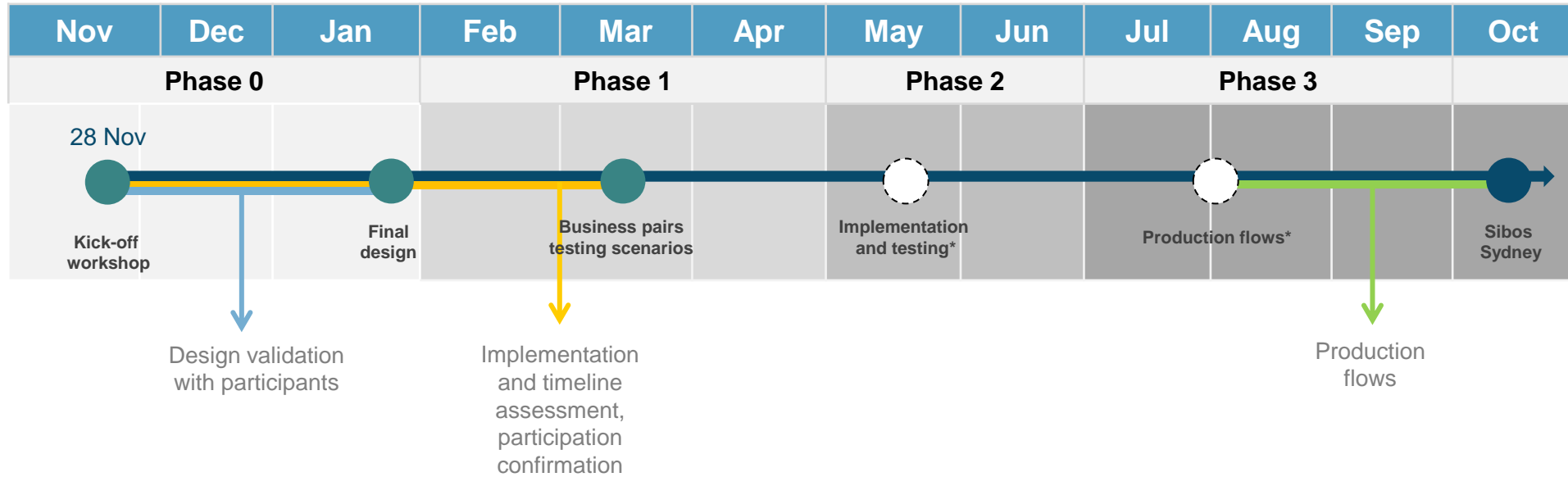
PRODUCT CO-CREATION: EXTENDING THE VALUE FOR MULTI-BANK CORPORATES



EXTENDING THE VALUE FOR MULTI-BANK CORPORATES



Pilot timelines



Second pilot group (additional banks, corporates and vendors)




WHAT CAN CORPORATE TREASURIES DO TO SUPPORT THIS INITIATIVE?



AMBASSADORS & EARLY ADOPTERS

Top Swiss corporates urge banks to use gpi



Berne, 8th of June, 2017

To whom it may concern

Top Swiss Corporates urge Banks to use SWIFT gpi

If corporate treasuries send to their bank a request for a cross-border transaction, there is today no or little sight on what actually happens with that instruction. Treasurers tend to compare this to a 'black box, not knowing exactly when payments are credited or what fees are deducted, in addition, treasurers and finance managers have little visibility of when and why a payment has been rejected, and the investigation process can be time-consuming and costly. It is also not always clear which party should initiate an investigation. This can cause problems with suppliers or end-customers, not to mention increasing financial risks resulting from payment delays or even fraudulent actions.

Corporates would like to have better predictability of the payment reaching the beneficiary account, hence the ability to track the payments progress and status is a critical business requirement. Corporates want to know if and at what point in time the bank has released the payment after sanction screening and internal approval process. Additionally there is continuously increasing pressure from their end-customers, expecting new and better services from their bank.

The **SWIFT Corporate Group (SCG-CH)** members would like to express the following four key messages:

1) **"Corporate treasuries are looking for more transparency, speed and availability of funds to support their supply chain and cash management"**
Corporates are focussing on speed, transparency as well as end-to-end tracking across their cross-border payments. "We appreciate the partnership that we have with our banks and won't just jump on the next start-up to save some banking fees, but we do require more predictability and higher visibility in the end-to-end cross border payments process" – says Martin Schläpfer, Head of Treasury Operations, Roche. [quote used at Business Forum 2017]

2) **"gpi launched by SWIFT addresses these gaps."**
We, the SWIFT Corporate Group, appreciate SWIFT gpi as it is targeting for a long-time overdue, essential improvement of the customer needs for higher cross-border payment speed, transparency and end-to-end tracking. The initiative is designed to help corporates grow their international relationships, and achieve greater treasury efficiencies. By adopting SWIFT gpi, banks are able to offer their corporates an enhanced payments service with:


- Faster, same day use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered


3) **"The SCG-CH supports this initiative as it addresses the current pain points of a corporate treasurer when it comes to cross-border payments."**
With considerable industry support across the globe and an increasing number of leading transaction banks committed to the gpi service, we are convinced that SWIFT gpi represents a major improvement in cross-border payments. The increasing number of banks going live on this gpi service, addresses the demands of corporate treasurers. Hence, banks cannot afford to not join the initiative and go live as soon as possible. Our expectation is that all of our cross border payments will be end-to-end SWIFT gpi payments in the future.

4) **"The SCG-CH endorses SWIFT gpi and looks forward to see the increased pick-up by both large banks and smaller regional banks."**
Corporates are very interested to see how the GPI initiative evolves and the new requirements are adopted by the banks. That might be even more important because new technologies are explored to leverage existing components. In the long run a seamless integration of the gpi functionality into the corporate processes and existing systems will be a crucial success factor.

Signed by Members of SWIFT Corporate Group Switzerland

ABB Capital BV, Zürich
Nestlé SA, Vevey
SBB AG, Bern
Swiss Re, Zurich
Roche Finanz AG, Basel
Würth Finance Int BV, Borschach


Stefan Eggli, SBB AG, Bern
Chairman SCG-CH


Martin Zimmermann, Swiss Re, Zurich
Vice Chairman SCG-CH



HOW TO GET STARTED WITH SWIFT GPI?

- 1 Identify your key corridors and needs**
- 2 Contact your bank and ask about SWIFT gpi***
- 3 Include gpi (payments and tracker) in your RFP**

***If your bank is not gpi yet, contact us at swiftforcorporates@swift.com**



THE JOURNEY UNTIL TODAY: GLOBAL ADOPTION OF SWIFT gpi BY BANKS



KEY FIGURES – PERIOD: DECEMBER 18 – JAN 8

146

Gpi community

38

banks live

~ 100 banks are
expected to be live in
Q3 2018

+8,0m

gpi to gpi payments

6% of all MT 103 confirmed
17,5% of all MT 103 sent is gpi

85%

credited < 1 day

46% < 2 hrs
37% < 30 mins



Over 145 global transaction banks signed up for gpi

220+

country corridors

100K+

gpi-gpi payments/day

8+ Mio

gpi payments since go live

38

gpi banks live



1456+ Banks

200+ Countries

78% SWIFT cross-border payments



Agricultural Bank of China
Akbank
Al Baraka Bank
Asociación Popular de Ahorros y Prestamos
Associated Foreign Exchange
Axis Bank
Banco Bisa
Banco de Chile
Banco de Crédito del Perú
Banco de Galicia
Banco de Reservas de la República Dominicana
Banco del Pacífico
Banco Económico
Banco Inbursa
Banco Sabadell
Bangkok Bank
Bank al Etihad
Bank for Investment and Development of Vietnam
Bank Negara Indonesia
Bank of Georgia
Bank of Hangzhou
Bank of Jiangsu

Bank of Montreal
Bank of Ningbo
Bank of Shanghai
Bank of Tokyo-Mitsubishi
Bank of Zhengzhou
Bank Pekao
Bank Sinarmas
Bank Uralsib
Banque Centrale Populaire
Barclays
Bayerische Landesbank
Bidvest Bank
Budapest Bank
CaixaBank
Cajamar Caja Rural
Cambridge Mercantile Corp.
Canadian Imperial Bank of Commerce
Central Africa Building Society
China Citic Bank
China Construction Bank
China Guangfa Bank
China Zheshang Bank
Chong Hing Bank
Commercial Bank of Kuwait

Commerzbank
CRDB Bank
Crédit Agricole
Credit Suisse
CTBC Bank
Dah Sing Bank
Denizbank
Diamond Trust Bank
DNB Bank
Ecobank
Ebury
Erste Group Bank
Emirates NBD Bank
E.SUN Commercial Bank
FirstRand Bank
GCB Bank
HSBC
ICICI Bank
Industrial Bank
INTL FCStone
Ipagoo
Kapital Bank

Kasikorn Bank
KCB Bank
KEB Hana Bank
Kookmin Bank
Landesbank Hessen-Thüringen
Lek Securities Corporation
Lloyds Bank
Mizuho Bank
National Bank of Kuwait
National Commercial Bank
National Microfinance Bank
NIC Bank
Oversea-Chinese Banking Corporation
Ping An Bank
Piraeus Bank
PKO Bank Polski
Postal Savings Bank of China
Promsvyazbank PJSC
Riyad Bank
Santander
Sberbank

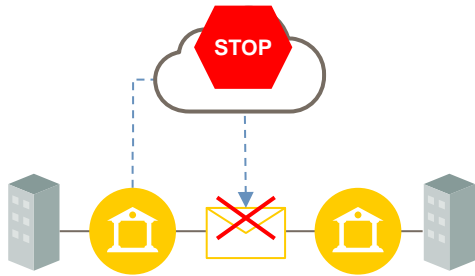
Scotiabank
Shanghai Pudong Development Bank
Shanghai Rural Commercial Bank
Shinhan Bank
Siam Commercial Bank
Skandinaviska Enskilda Banken
Skye Bank
Tadhamon International Islamic bank
TEB
Toronto-Dominion Bank
Türkiye Cumhuriyeti Ziraat Bankasi
Türkiye Garanti Bankasi
Türkiye Is Bankasi
UBS Group
United Overseas Bank
Vietcombank
VTB Bank
Westpac Banking Corporation
Woori Bank
Yapi Ve Kredi Bankasi
Yinzhou Bank
Zhejiang Rural Credit Cooperative Union

WHAT'S NEXT?



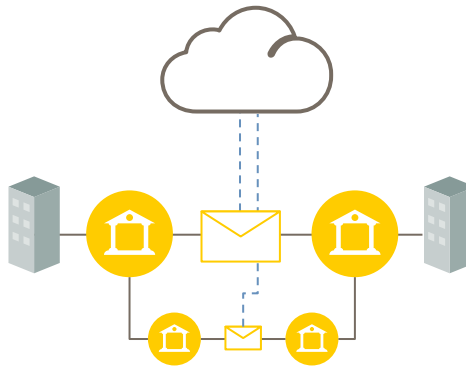
NEW GPI SERVICES INCREASE THE VALUE OF SWIFT GPI

Stop and recall



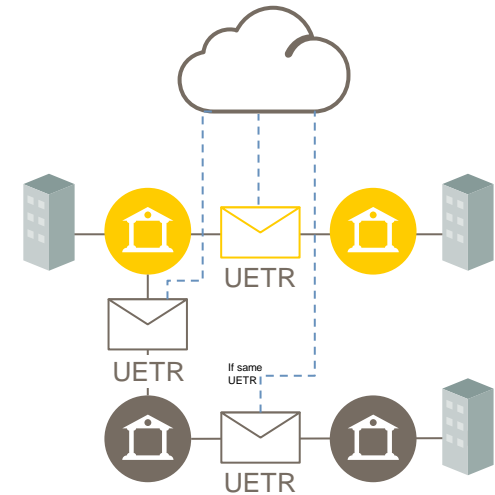
Immediately stop payment (fraud, error), no matter where in gpi transaction

Cover payments



Timely transfer of payment, also if no direct relationship sender-receiver

Extended tracking



All users benefit from unique reference and gpi banks from extended tracking, on key payment messages

Q & A



DLT@SWIFT - Vision

Industry requirements



SWIFT Vision

SWIFT's focus is on building technical, operational and business capabilities with a view **to evolving our platform** such that DLT-based services could be offered to our 11,000+ members, **when the technology matures** and firm **business use cases emerge**

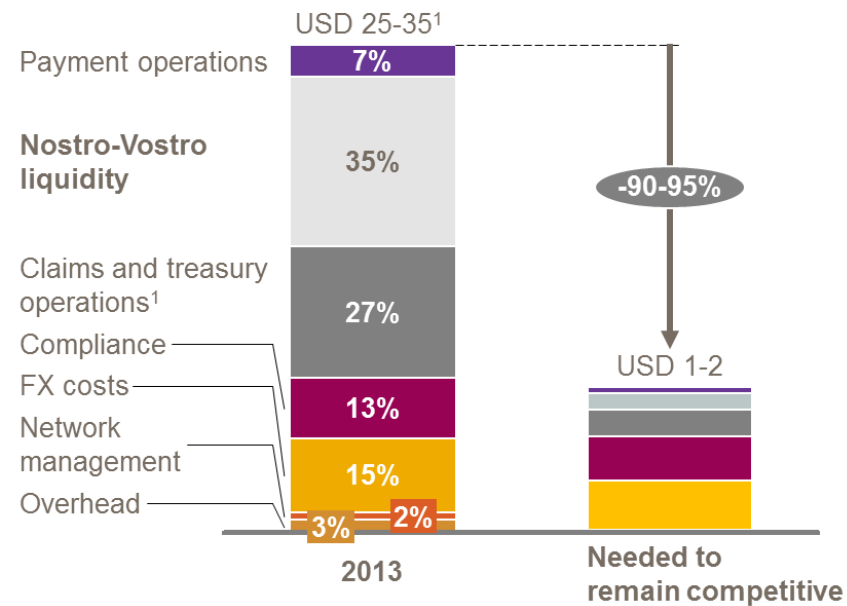
SWIFT can **complement** the DLT technology benefits by leveraging its assets and skills to deliver a **distinctive** DLT platform offer for the benefit of its community.



DLT PoC for real-time nostro aims to reduce cost of liquidity inherent to correspondent banking

Challenge: Nostro-Vostro liquidity cost is 35% of cross-border payment cost

Cost per international payment transaction



Test approach

- 30 banks
- Project April → October
- Interim report (Sibos) – Final report (Nov)

Preliminary results

- > PoC application and ISO20022 data model deliver business functionality
- > Encouraging progress whilst technology not mature yet
- > Remaining challenges are potential value and integration cost

Key Activities

**Explore
with the
community**

DLT sandbox

**Towards a
product**

Value
proposition

Platform &
software

**Thought
leadership**

ISO 20022

More vocal!



THERE'S AN "I" IN THE GPI – INDUSTRY CHALLENGE

Industry challenge

Singapore, 13-14 September 2017

- Shift from 'ego' to 'eco'
- **Collaborative innovation:** encourage FinTech companies to develop overlay services on top of gpi, together with banks
- **Customer challenges** (examples): financial supply chain, trade documentation, STP, info to support compliance/sanctions screening
- **2-day workshop Singapore** concluded with **AccessPay and Assembly Payments** declared as the winners of the event [September]
- Next Steps: FinTechs will work with SWIFT and gpi banks to further develop three winning concepts in Proof of Value [three months, Q4 2017 - Q1 2018]

14 September 2017

AccessPay and Assembly Payments win SWIFT's global gpi industry challenge

Opportunity for collaborative innovation in cross-border payments

Singapore, 14 September 2017 – SWIFT gives two FinTech startups the opportunity to work with the co-operative and gpi banks over a three-month period to further enhance cross-border payments, leveraging on SWIFT gpi. The two startups will receive up to 100,000 EUR each to further develop their innovative concepts and will participate in **Sibos**, SWIFT's annual financial services event to be held in Toronto in October.

The two winners of the SWIFT gpi industry challenge held today in Singapore are:

- **AccessPay** is a specialist in cloud-based payments technology who has championed the evolution of payments and finance since its establishment five years ago. Based in the U.K., their software sits between customers and their banks, allowing automation of their payment transactions more quickly and securely through a single platform.
- **Assembly Payments** is a fully managed payments platform for online marketplaces and the sharing economy. Based in Australia, Assembly started four years ago with the mission of enabling people to create extraordinary customer experiences and unlock new business models with payments.

Over the course of two days, five startups participated in **the industry challenge** workshop with SWIFT and



MARKET INFRASTRUCTURES ARE KEY ENABLERS

Market infrastructures play key role in:

1. **SWIFT gpi clearing:**
To pass on unique gpi identifier and data between gpi banks
2. **SWIFT gpi tracking:**
To pass on unique gpi identifier to local non-gpi member banks

Market infrastructures support gpi:

1. **When based on SWIFT:**
fully supporting gpi
2. **When not based on SWIFT:**
Local market practice for gpi mapping (to be) agreed
3. **When using ISO 20022:**
gpi recommendations available

