The SWIFT global payments innovation initiative

SWIFTgpi

The journey so far

December 2015

January 2016

April 2016

June 2016

The correspondent banking model is under pressure

Customers and regulators push for better payments service

- End customers increasingly demanding
- Domestic payments going real-time

Banks rationalize their correspondent banking networks

- Regulatory intensity and increasing costs
- Network rationalization

Digital innovators offer new disruptive solutions

- Disintermediation
- Enhanced value proposition

Objective: deliver a better customer payment experience

"Before"

Traditional correspondent banking

1. **Slow, can take multiple days**
2. **Expensive, multiple deducts**
3. **Secure and compliant**
4. **No transparency on cost and time**
5. Convenient and ubiquitous
6. **Open and inclusive (global reach)**

"After"

The SWIFT global payments innovation (gpi) initiative

1. **Fast(er)** (start with "same day")
2. Higher efficiency & less intermediaries
3. **Secure and compliant**
4. **Transparent, with payments tracking**
5. Convenient and ubiquitous
6. **Open and inclusive (global reach)**

The objective is to first fix these key pain points

Note regarding prices: it will be at the discretion of each SWIFT gpi member to decide the pricing strategy vis-à-vis its customers, including other financial institutions

The SWIFT global payments innovation (gpi) initiative

Delivering the future of cross-border payments

- Proactively respond to evolving customer needs for more **speed, transparency and traceability** in cross-border payments

- **New multilateral rulebook**, initially focused on business-to-business payments

- Building on the foundation that banks provide in **security, resiliency and compliance**

- **Delivering real-world innovation**: building on existing platform, embrace new technologies along a strategic roadmap

- **Global reach**, collaborative industry-wide initiative, organised by SWIFT

- **Open model**, participation based on operational quality

✓ **Fast**	✓ **Secure**	✓ **Real-world innovation**
✓ **Transparent**	✓ **Resilient**	✓ **Global reach**
✓ **Traceable**	✓ **Compliant**	✓ **Open model**

SWIFT gpi concept

SWIFTgpi

Messaging technologies

Accessible by any bank

Still reach non-initiative banks

Core transaction banks

SLA rulebook

Reaching any bank

Tracker

Directory   **Observer**

Value-added product suite
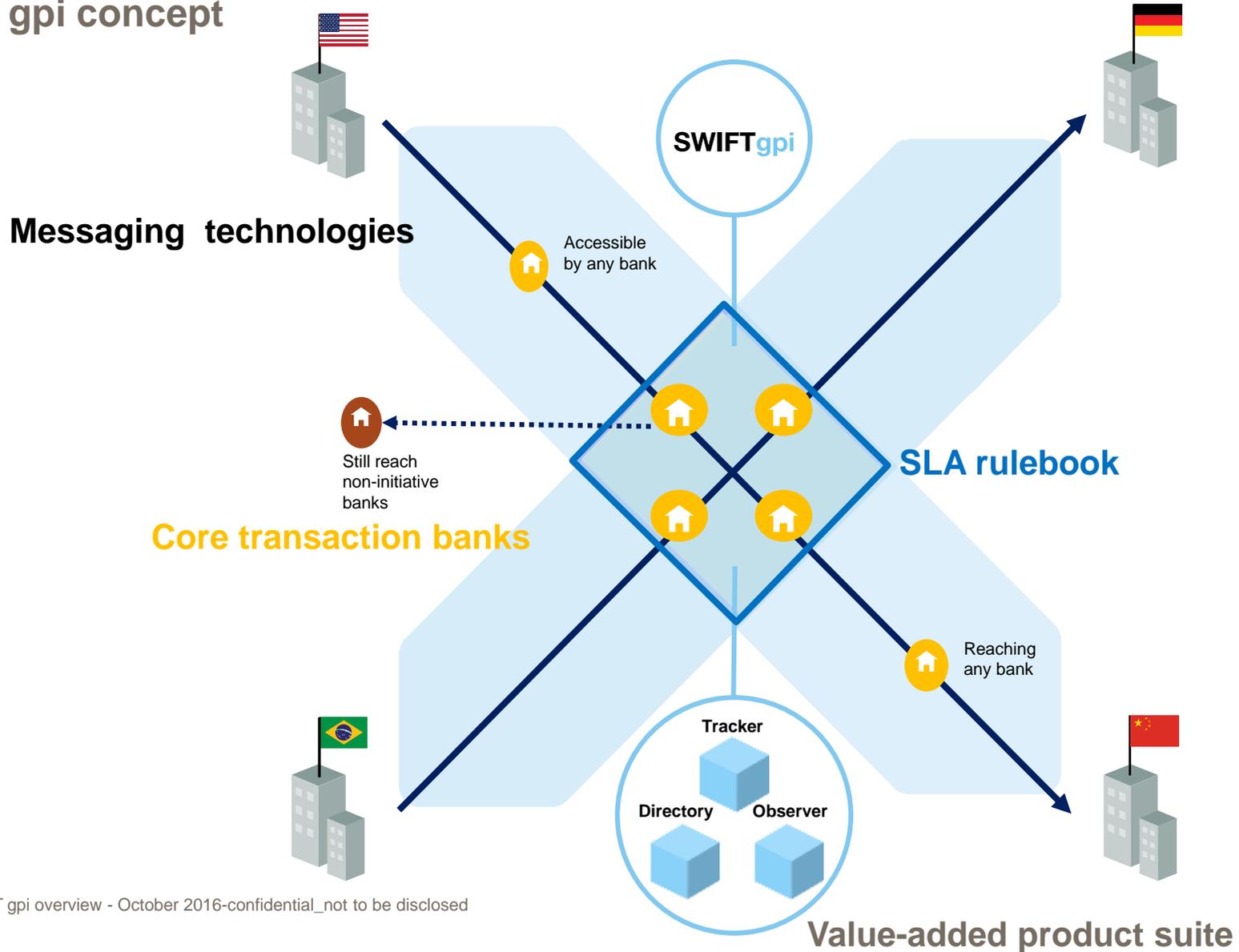
SWIFT gpi product suite

Directory

- Providing operational info on gpi members, BICs, currencies, cut-off times
- Essential reference data to calculate best gpi payment route

SERVICE NAME	PARTICIPANT ID	PARTICIPANT NAME	COUNTRY	CURRENCY	CUT-OFF TIME
GPII 001	ANZBAU30XXX	AUSTRALIA AND NEW ZEAL	AU	AUD	16:00+10:00
GPII 001	ANZBAU30XXX	AUSTRALIA AND NEW ZEAL	AU	EUR	16:00+10:00
GPII 001	ANZBAU30XXX	AUSTRALIA AND NEW ZEAL	AU	USD	16:00+10:00
GPII 001	ANZBAU30XXX	AUSTRALIA AND NEW ZEAL	AU	CAD	16:00+10:00
GPII 001	BOFAUS30XXX	BANK OF AMERICA, N.A.	US	USD	18:00-06:00
GPII 001	DABADKKDXXX	DANSKE BANK A/S	DK	DKK	13:45+01:00
GPII 001	DABADKKDXXX	DANSKE BANK A/S	DK	EUR	13:45+01:00
GPII 001	DABADKKDXXX	DANSKE BANK A/S	DK	EUR	13:45+01:00
GPII 001	DABADKKDXXX	DANSKE BANK A/S	DK	USD	13:45+01:00
GPII 001	UNCRITM0XXX	UNICREDIT SPA	IT	EUR	16:00+01:00

Availability
December 2016 via SWIFTRef

Tracker

- End-to-end payments tracking database to monitor progress of a gpi payment
- Allows to track a payment's path in real time, obtain transparency on deducts and confirmation that payment was credited

Availability
- Demo: Sibos
- GUI: November 2016
- MT 199 / API: Q1 2017

Observer

- Business Intelligence dashboard showing bank compliance with gpi SLA.
- Ensure control, monitoring and enforcement of SLA, and, consequently, service quality

Compliant
Non compliant
Non compliant
Suspended
Terminated

Availability
- Approach to be finalised: Q4 2016
- Basic version: April 2017
- Advanced version: Q4 2017

SWIFT gpi customer credit transfer – Value proposition for corporates

Key features

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

(*) within the timezone of the receiving gpi member

Benefits for a corporate

Grow international business

Enhance supplier relationships

Increase treasury efficiencies

SWIFT gpi customer credit transfer - Value proposition for banks

Grow volumes

- Offer distinctive payments service
- Retain and attract new customers
- Protect and grow transaction volumes
- Comply with regulation (Dodd-Frank, PSD2, …)
- Sell payments services to third parties

Reduce cost

- Lower network management cost, avoid proprietary connections in non-strategic countries, access global quality network
- Enhanced compliance practices
- Optimised intraday liquidity flows
- Increased straight through processing

Lead innovation

- Reputational benefit
- Leader in global payments innovation

SWIFT gpi initiative banks

85+
initiative banks

Channelling payments
into **224** countries

Representing **71%** of all
SWIFT cross-border
payments

50%
Europe,
Middle East,
Africa

30%
Asia Pacific

20%
Americas
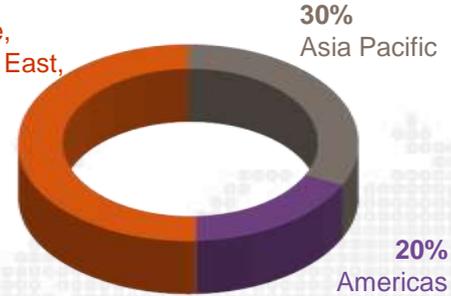
**Regional representation of
SWIFT gpi banks**

1. ABN AMRO Bank
2. ABSA Bank
3. Alfa-Bank
4. Australia and New Zealand Banking Group*
5. Axis Bank
6. Banco Bilbao Vizcaya Argentaria
7. Bangkok Bank
8. Bank of America Merrill Lynch*
9. Bank of China*
10. Bank of New York Mellon*
11. Bank of Nova Scotia
12. Bank of the Philippine Islands
13. Bank of Tokyo-Mitsubishi UFJ*
14. Banco Santander
15. Banco de Crédito del Peru
16. Banco do Brasil
17. Banque Européenne d'Investissement
18. Barclays*
19. Bidvest Bank
20. BNP Paribas*
21. Budapest Bank
22. CaixaBank
23. Canadian Imperial Bank of Commerce
24. China Construction Bank
25. China Merchants Bank
26. Citibank*
27. Commonwealth Bank of Australia

28. Commerzbank
29. Crédit Agricole
30. Crédit Mutuel-CIC Banques
31. Credit Suisse
32. CTBC Bank
33. Danske Bank*
34. DBS Bank*
35. Deutsche Bank
36. DNB Bank
37. Ecobank
38. E.Sun Commercial Bank
39. Erste Group Bank
40. Fifth Third Bank
41. FirstRand Bank
42. Handelsbanken
43. Helaba Landesbank Hessen-Thüringen
44. HSBC Bank

45. ICICI Bank
46. IndusInd Bank
47. Industrial and Commercial Bank of China*
48. ING Bank*
49. Intesa Sanpaolo*
50. Investec
51. Itaù Unibanco
52. JPMorgan Chase Bank*
53. Kasikornbank
54. KBC Bank
55. KEB Hana Bank
56. Lloyds Bank
57. Mashreq Bank
58. Maybank
59. Mizuho Bank*
60. National Australia Bank
61. Natixis

62. Nordea Bank*
63. Oversea-Chinese Banking Corporation
64. PKO Bank Polski
65. Promsvyazbank
66. Rabobank
67. Raiffeisen Bank International
68. Resona Bank
69. Royal Bank of Canada*
70. Royal Bank of Scotland
71. Sberbank
72. Siam Commercial Bank
73. Silicon Valley Bank
74. Skandinaviska Enskilda Banken
75. Société Générale
76. SpareBank 1
77. Standard Bank of South Africa
78. Standard Chartered Bank*
79. Sumitomo Mitsui Banking Corporation*
80. Swedbank
81. Tadhamon International Islamic Bank
82. TMB Bank
83. Toronto-Dominion Bank
84. UBS
85. U.S. Bank
86. UniCredit*
87. United Overseas Bank
88. Wells Fargo*

(*) Pilot bank

SWIFT gpi roadmap – Draft proposal

Today

	2015	2016	2017	2018	2019

v1 — Same day value, transparency, tracking
- Identify, scope
- Design
- Build, test + MIs!
- Go live, commercialise

- **Focus**
- In pilot.
- Final specs. with live service.

v1.5
- MT202 COV
- Intraday
- Identify
- Scope
- Design
- Build, test
- Go live, commercialise

- Optional
- Build/Test – timeframe tbc

v2 — Digital transformation
1. Rich Payment Data
2. Request for Payment
3. Request for Cancellation
4. Int'l Payments Assistant
5. Interbank Claims Optimiser
- Identify (vision workshops)
- Scope
- Design
- Build, test
- Go live, commercialise

- Set of additional optional services
- Each with their own timeline
- High-level info sent end July
- More details after Sibos

v3 — New model, New technology
- Identify Proof of concept
- Scope
- Design
- Build, test

- Approach tbd

Interested?

Contact us
swiftforbanks@swift.com
www.swift.com/gpi

Download
SWIFTgpi App on your iPad

Context: gpi create new enablers

gpi business rules and technical specifications

Introduction of 3 new features in correspondent banking

SLA identification
- Ability to relate messages to their underlying scheme rules
- SLA identifier in the header in filed 111

UETR
- Unique end-to-end transaction reference: one identifier, many messages.
- In block 3 of all gpi related messages
- Unique with a universally known algorithm, **anyone can generate**

Status confirmations
- Acknowledgment of payments and status reporting
- MT199 with settlement completed/in progress/ rejected; Reason codes for pending settlements
- Ability to trace charges

Tracker features overview

End-to-end transparency

- **Routing**: allows to see where the payment is
- Transparency of **charges and fees** deducted and final credited amount
- Shows **processing time** in each node in the chain and total time of payments execution
- Based on gpi business rules

Benefits for banks
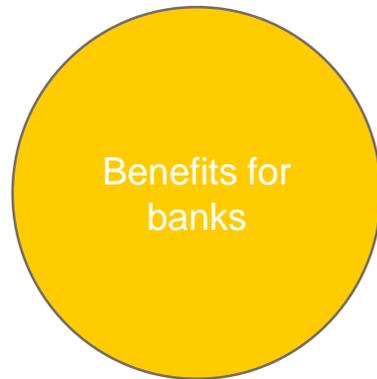
- Reduce operation costs and time spent on investigations
- Reduce front office cost on customer calls/complaints
- Faster investigation of claims non-receipt
- Offer new innovative services to their customers

Benefits for customers

- Track important payments, also by beneficiary
- Easy reconciliation of payments and invoices
- Speed up supply chain and reduce risk; release goods as soon as payment is sent

Access
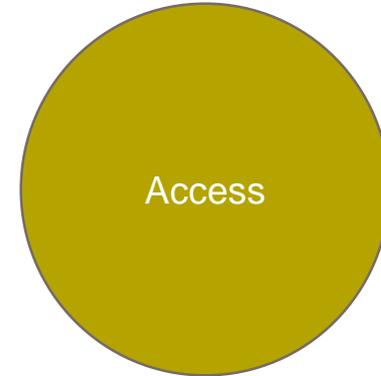
- Secured and resilient cloud database managed by SWIFT
- **FIN** store & forward: easy data feeding and push/alerts from tracker
- **API** calls to tracker pulls transaction data into banks' payments data warehouse
- **GUI** for browse mode

Payments and inquiry journey today

- Each participant in the payments chain is limited to its own data environment which result in bad customer experience, delays and inefficiencies

- Operations and investigation cost for banks are high and can be avoided

- Seller need to send good due to buyer's demand, but has no clue what is going with the payment and when is it going to arrive

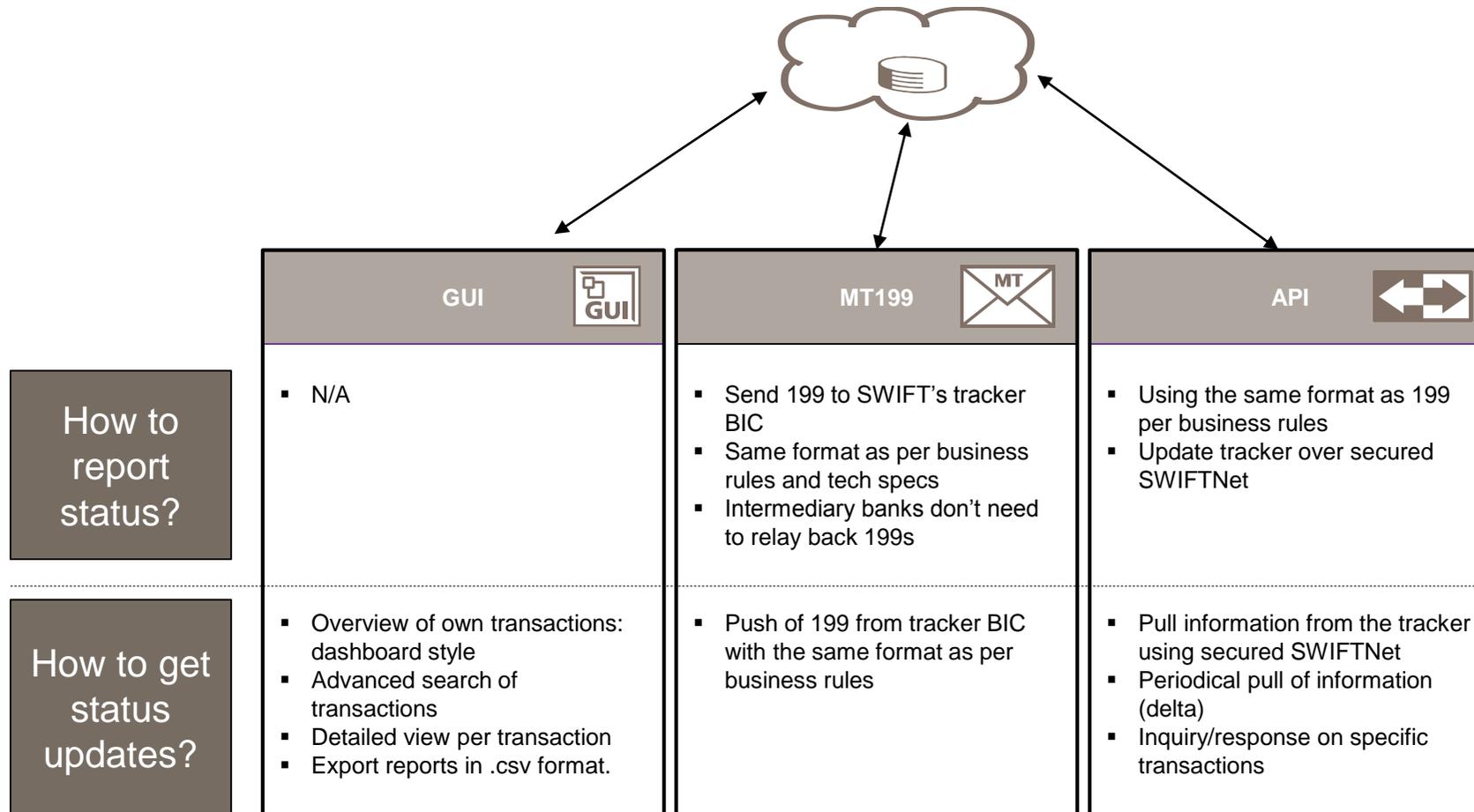- Buyers have bad reputation with seller as it take a lot of time to answer the claims non receipt and what happened to the payment.

1 Non receipt of funds 📞

3 Non receipt of funds 📞

Buyer ✉ 101 > **GPI bank 1** ✉ 103 > **GPI bank 2** ✉ 103 > **GPI bank 3** ✉ 103 > **GPI bank 4** ✉ 910 > **Seller**

2 Non receipt of funds 📞

4 Non receipt of funds 📞
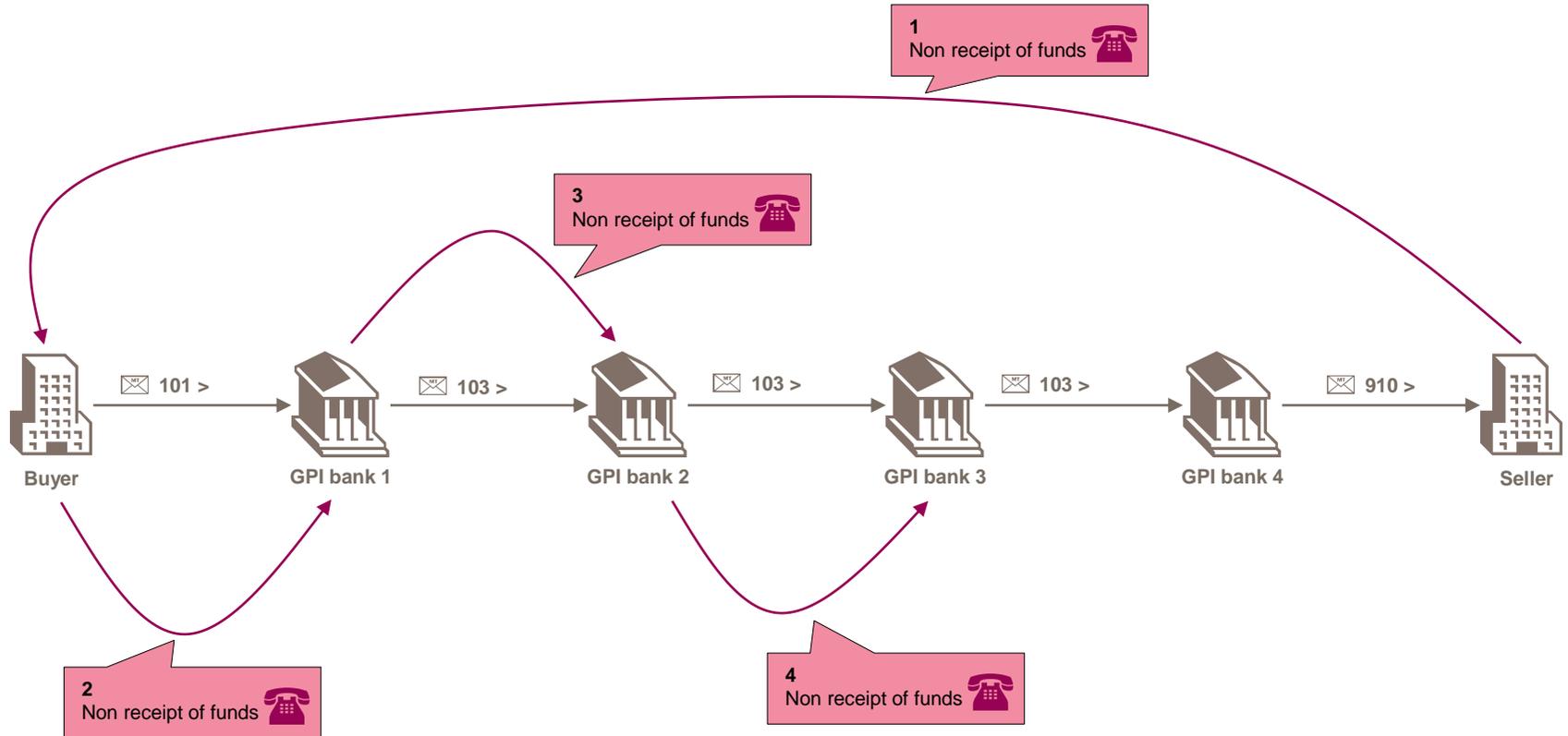
Payments and inquiry journey tomorrow

- GPI payments tracker is updated as payment is moving along the chain

- Information is coming from extracting the necessary fields from MT103 and from banks reporting status and charges with MT199 or API

- Banks are able to inquiry the database via API and integrate information into their own payments data warehouse

- Banks customer see payments status information via banks customer channels, no need to invest in an exception and investigation solutions

3
API call to check payments status and location

Payments tracker

2
What's the status of my payment?

1
Non receipt of funds ☎

| Buyer | MT 101 > | GPI bank 1 | MT 103 > | GPI bank 2 | MT 103 > | GPI bank 3 | MT 103 > | GPI bank 4 | 910 > | Seller |
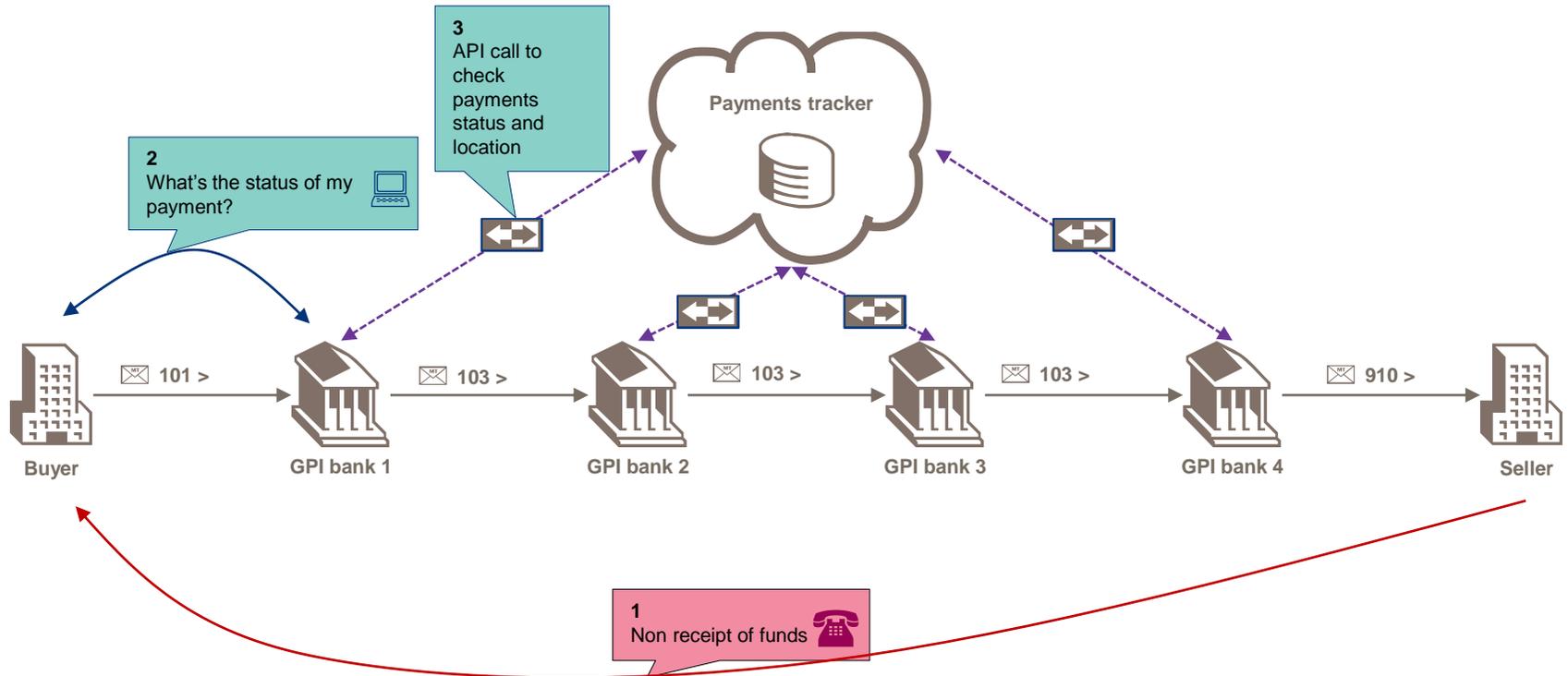
Tracker database is accessible via 3 channels: each bank can choose its preferred ways to connect

	GUI	**MT199**	**API**
How to report status?	▪ N/A	▪ Send 199 to SWIFT's tracker BIC ▪ Same format as per business rules and tech specs ▪ Intermediary banks don't need to relay back 199s	▪ Using the same format as 199 per business rules ▪ Update tracker over secured SWIFTNet
How to get status updates?	▪ Overview of own transactions: dashboard style ▪ Advanced search of transactions ▪ Detailed view per transaction ▪ Export reports in .csv format.	▪ Push of 199 from tracker BIC with the same format as per business rules	▪ Pull information from the tracker using secured SWIFTNet ▪ Periodical pull of information (delta) ▪ Inquiry/response on specific transactions

SWIFT gpi tracker "in the cloud"

Originator — 101 > — Bank A — 103 > — Bank B — 103 > — Bank C — 103 > — Bank D — 910 > — Beneficiary

MT199/API (Bank A) · MT199/API (Bank B) · MT199/API (Bank C) · MT199/API (Bank D)
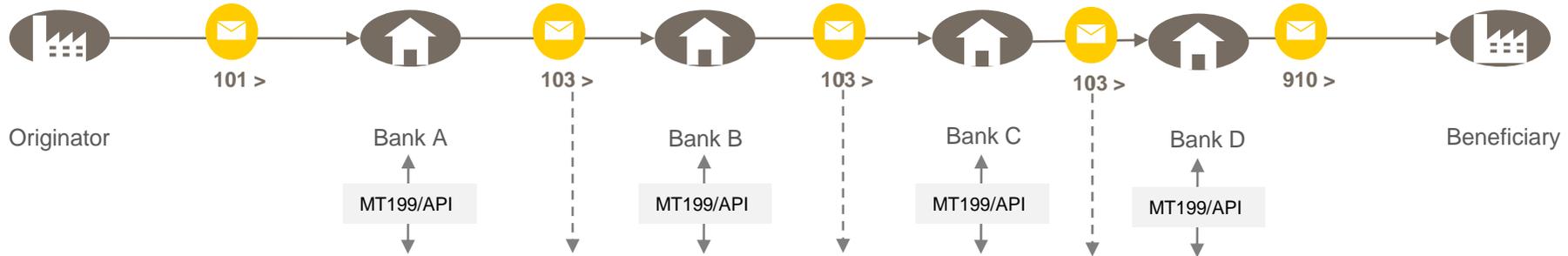
"One-glance" status overview

Track path, in real time

Details of banks along the chain

Transparency of total fees and time

Unique, end-end tracking number

Central payments database, hosted at SWIFT

Updated via MT199 or API

Data consumption via GUI, via MT199 (push) or via API (pull)

Payments Tracker mock-up home screen
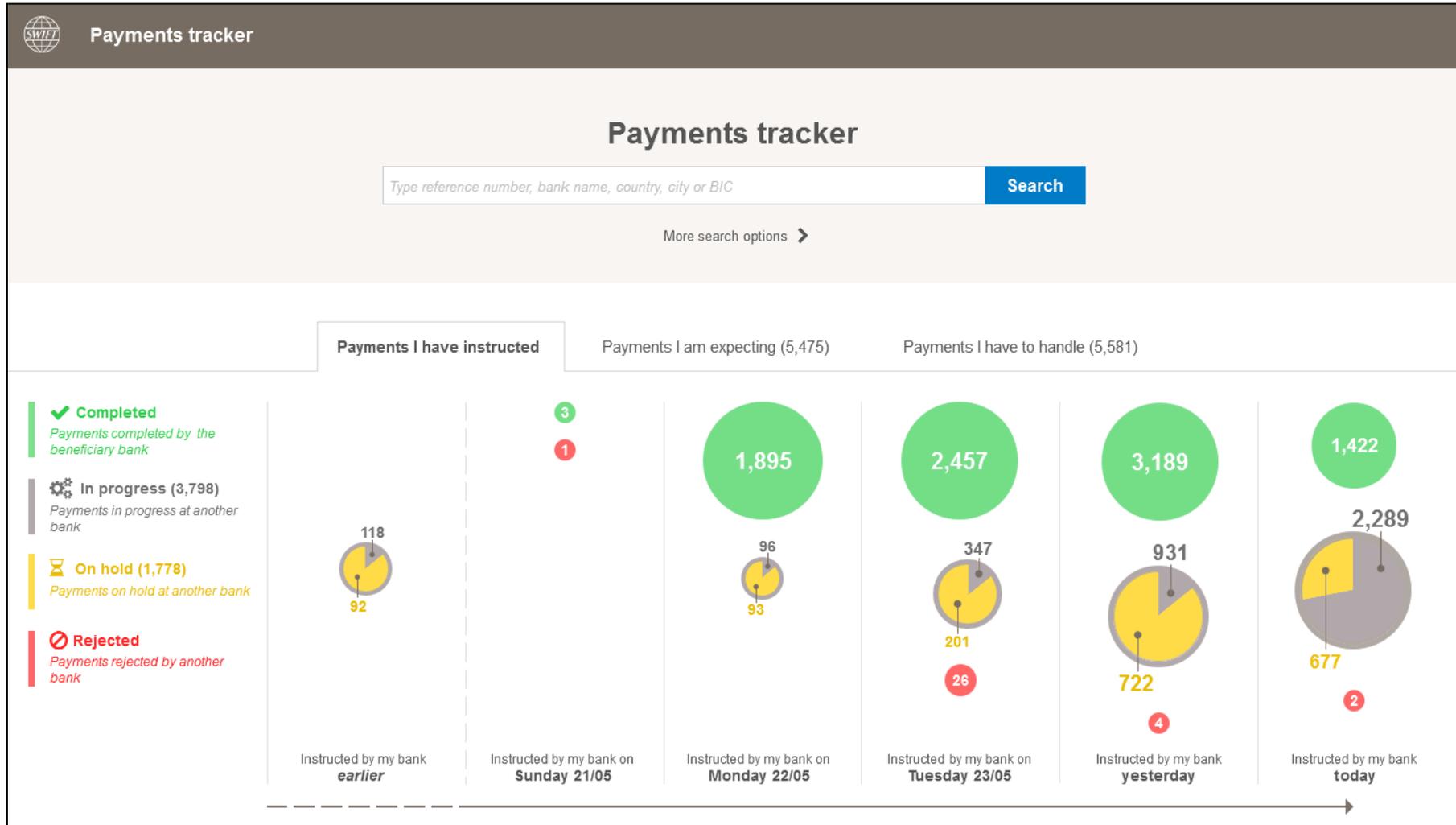
Payments Tracker – detailed search + results

Payments tracker

Enter tracking number, bank name, BIC code, originator, beneficiary...

Bank name or BIC	Bank role	Current location of the payment	SLA type
My bank	All	At my bank ☐ At another bank ☐	All

More targeted search capability, combination of fields

+ Add extra bank

Amount			Currency	Time	From	To
Instructed amount	Exact	Enter amount		Sent by originator bank	6 APR 2016	12 APR 2016

Status of the payment

☐ In progress   ☐ On hold   ☐ Completed   ☐ Rejected   ☐ Sent outside

Hide more search options ⌃   **Search**

11 search results

Show in my local time OFF   Export

Overview of all transactions, filtering capability

▼ Status	Status	Originator bank	Intermediary banks	Beneficiary bank	Instructed amount	Curr.	Time sent by originator bank
☐ In progress (3)	In progress	● CITIGROUP INC CITIAUS3XXX	● KBC BANK BELGIUM KREDEBB ● BANKHAUS ...AFNER ANHODE77XXX —	DEUTSCHE BANK DEUTTDHH	219.000,00	EUR	7 APR 2016 14:34 CET
☐ On hold (2)							
☐ Completed (4)							
☐ Rejected (1)	In progress At my bank	● BNP PARIBAS FORTIS BNPANL2A	● CREDIT AGRI...DINGS AGRIBSNXXX ● DANSKE BANK A/S DABADKKKGLO ● CITIGROUP INC CITIAUS3XXX —	KBC ASSET...EMENT KBCABEBB	65.000,00	AUD	8 APR 2016 12:06 CET
☐ Sent outside (1)							
▼ Current location							
☐ At my bank (1)							

gpi Tracker – in progress (1)

gpi Tracker – in progress (2)

gpi Tracker – in progress (3)

Payments tracker

Search on SWIFT tracking number

← Back to search

Show in my local time: OFF

Latest status	14:50 CET – 14 MAR 2016	Instructed amount	Charges	Elapsed time	SLA type	SWIFT tracking number
In progress			Shared	6hr 10min	001	3546553e-0967-4c5b-b380-036dcb1cbf46
Arrived at WELLS FARGO BANK, N.A.		485,000.00 USD				

Originator .... **Beneficiary**

BANKHAUS ANTON HAFNER KG	DEUTSCHE BANK AG	WELLS FARGO BANK, N.A.	TAIPEI FUBON COMMERCIAL BANK, LOS ANGELES BRANCH
BIC: ANHODE77	BIC: DEUTDEHH	BIC: WFBIUS6WFFX	BIC: TPBKUS6L
AUGSBURG GERMANY	HAMBURG GERMANY	SAN FRANCISCO,CA UNITED STATES	CITY OF INDUSTRY,CA UNITED STATES
		08:35 PDT – 14 MAR 2016	
10:25 CET 14 MAR 2016	11:35 CET 14 MAR 2016 13:45 CET 14 MAR 2016	06:50 PDT 14 MAR 2016	
	2hr 10min	1hr 45min	
Internal reference n°: 568842224442233	Internal reference n°: 4586322488652555		
Charge: 20 USD	Charge: 10 USD		

See detailed history

gpi Tracker – in progress (4)

gpi Tracker – completed