



Roundtrip in SWIFT's new Payments Offering

SWIFT Business Forum Romania

Judit Baracs

Senior Account Director, Payments Markets AT & CEE

Bucharest, 3rd November 2011

Agenda

Solutions for Market
Infrastructures

New Solutions in the
correspondent banking space

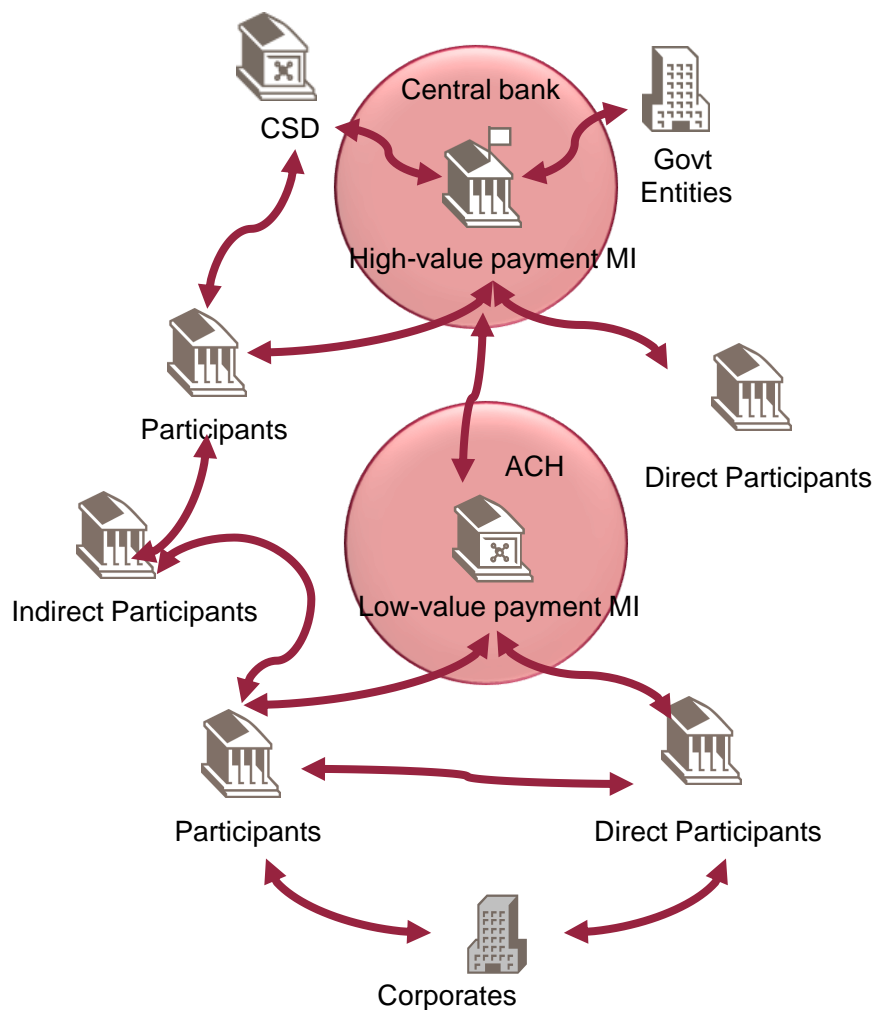
Innovation



SWIFT Solutions for Market Infrastructures



SWIFT in the global payment market



Payment processing

Transaction input & validation
Payment routing
Clearing & Settlement
Payment investigation

Risk management

Cash optimisation
Liquidity management
Treasury reconciliation
Reserve management

Payment reporting

Operational
Statistical
Regulatory

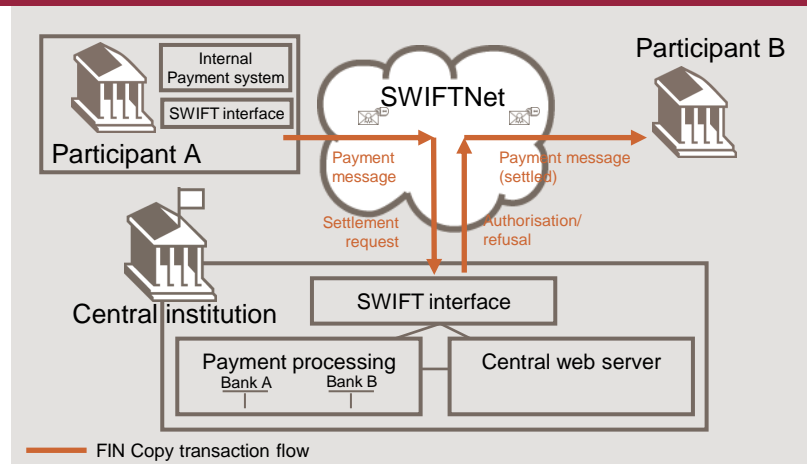
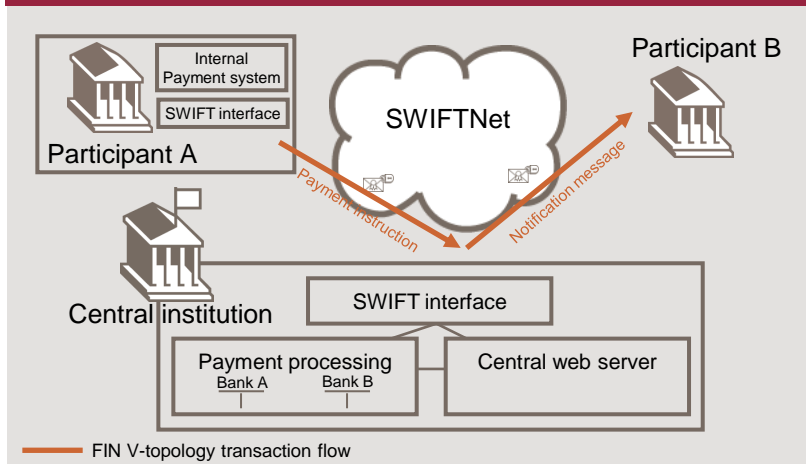
Service administration

Payment scheme management
Member profile management
Participant identification
(Reference data)

High value payments systems



Transaction input

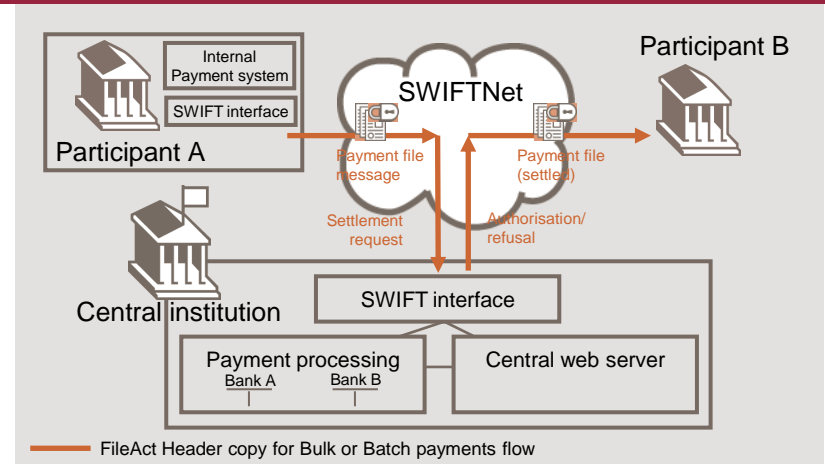
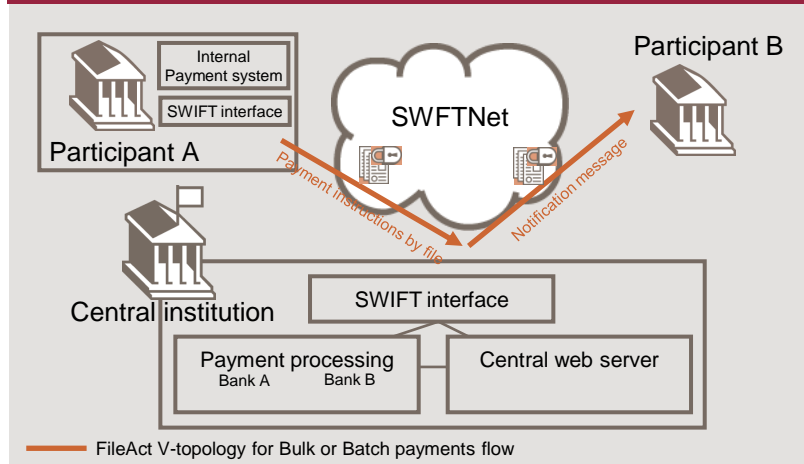


Enhanced liquidity
monitoring

Low value payments systems

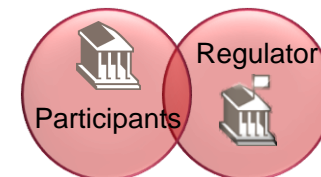


Transaction input



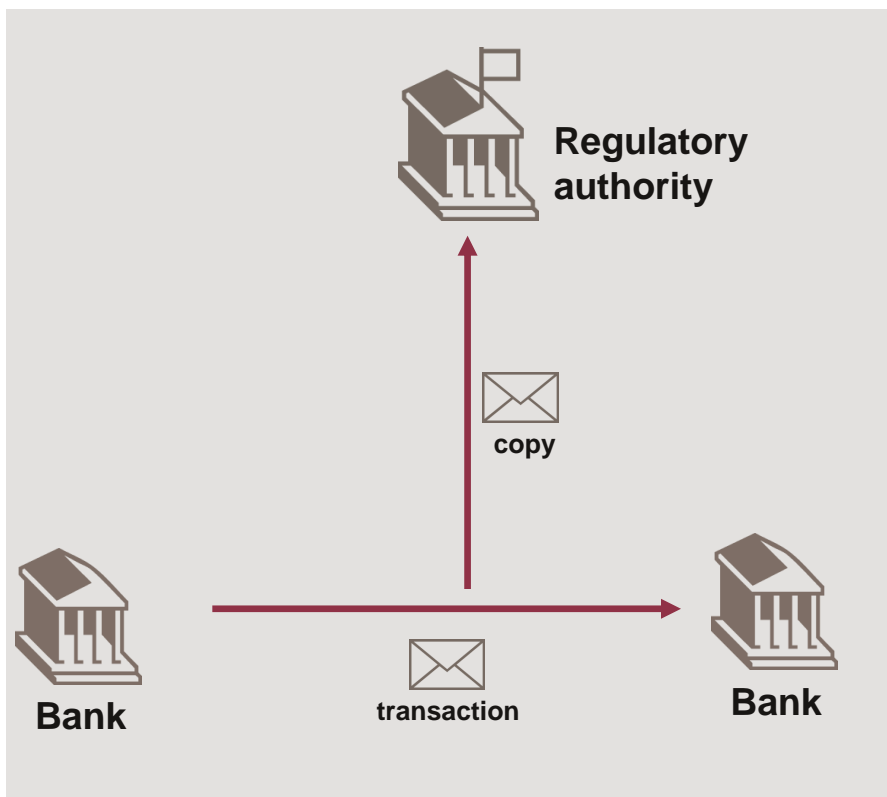
New pricing (for SENT also),
File monitoring
FileAct Header copy

Regulatory reporting



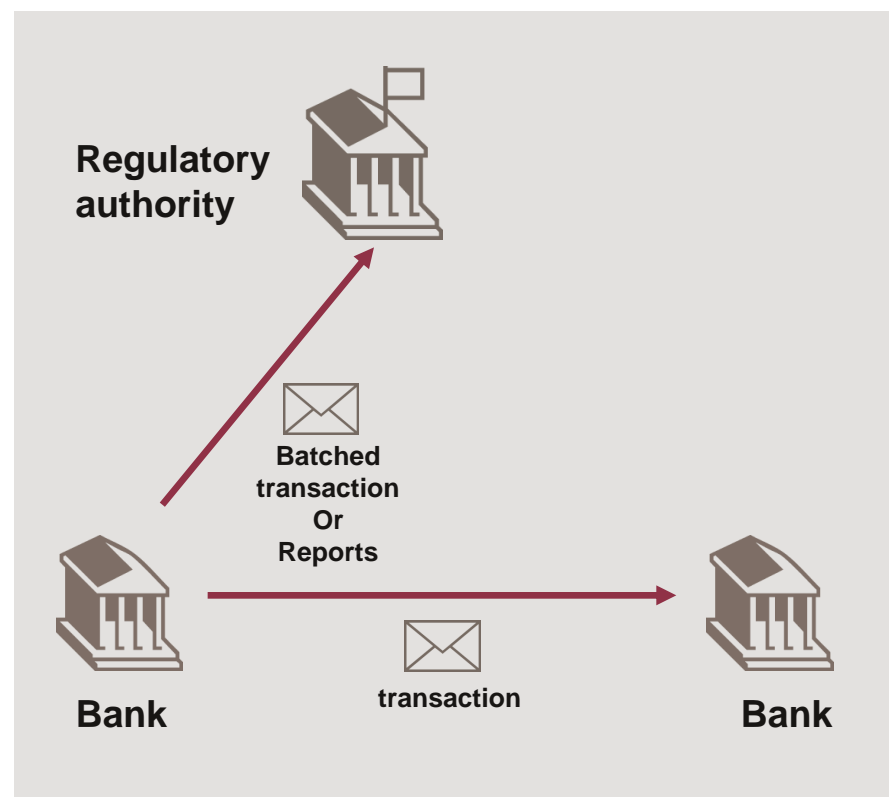
FIN Inform

Regulator works on a copy of the transaction



FileAct

Regulator works on batched transaction information or predefined reports submitted by banks



SWIFT Solutions in Correspondent Banking



The Correspondent Banking Study highlighted that the correspondent banking function is being transformed...

Regulation

New regulations - compliance is driving costs up and infrastructures are stretched. More work is required to maintain existing service levels and banks are not passing the costs onto clients.

First imperative: implement regulation compliance across all business units and geographies.

Liquidity & Funding

Having a good visibility on cash positions is not enough, bank need also the capability to move that liquidity where and when it is needed to fund positions on demand.

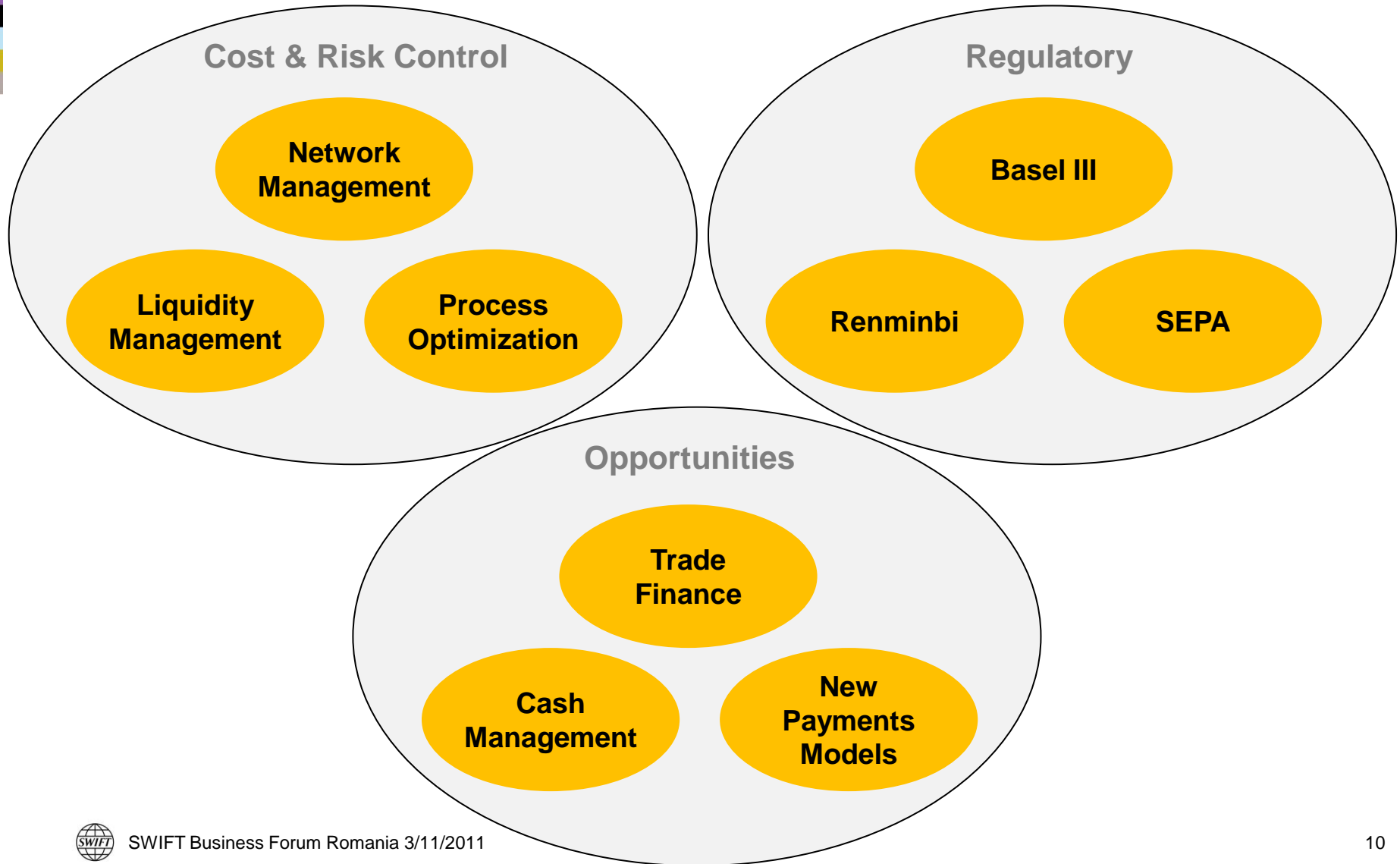
Second imperative: to better manage your liquidity pools

Network Management

Relationship management will be subject to more holistic business metrics that consider more than revenues and reciprocity, and include compliance, credit risk, and exposures to counterparty and systemic risks.

Third imperative: set up a more risk-aware and cost-aware practice for network management

Correspondent Banking – the big issues



SEPA regulatory context for EUR payments and banks

- Payment Services Directive is implemented in all EU countries
- SCT migration +/- 21% and SDD +/- 0.1% in July 2011*
- EU Parliament will be voting the 'End Date Regulation' by year end, which:
 - sets an **end date** for migration of **euro retail credit transfers** and **direct debits** towards SEPA instruments by **end January 2014**
 - excludes **High Value Payment Systems**
 - imposes **ISO 20022 XML standard** for euro retail CT and DD messages for the interbank space AND for customers sending or receiving bulk files
 - introduces a **ban on per transaction Multilateral Interchange Fees (MIFs) for DDs** as from migration end date.

Where SWIFT can help with your SEPA project

Standards

- ISO20022
- Guidelines and know how

Services

- Standards Consultancy
- Consulting services
- Value Analyzer/Business Intelligence
- Assistance for RFPs
- Training

Messaging

- FileAct and specific pricing

Integration

- Integration services
- Interoperability solutions

Add ons

- SEPA Routing Directory
- BICPlusIBAN Directory

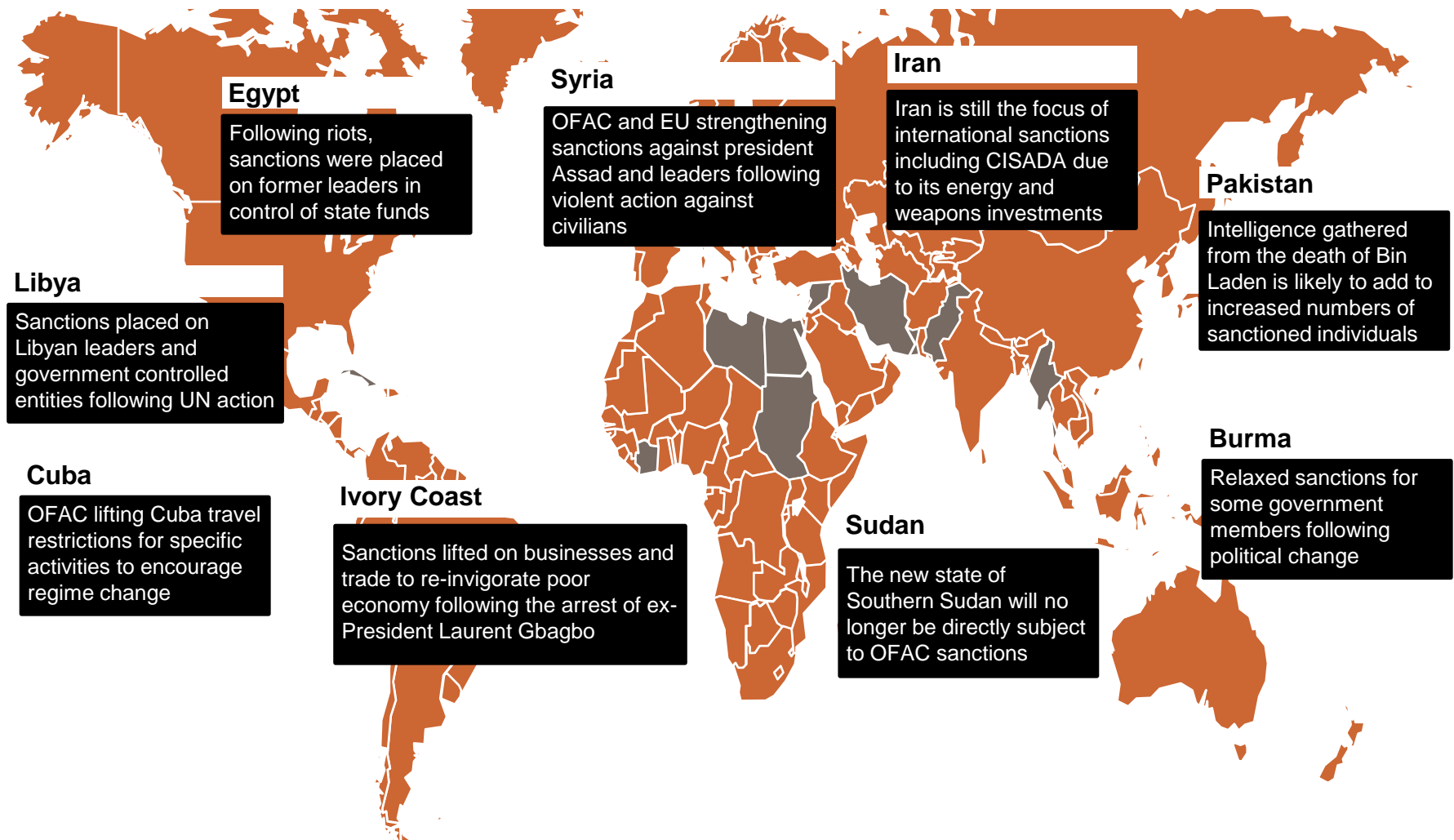


SWIFT sanction screening service



October 2011

Impact of recent political action



AUGUST 17, 2010, 10:13 AM ET

Barclays To Pay \$298 Million For Evading U.S. Economic Sanctions

Article

Comments (8)

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By Michael Rothfeld

Barclays Bank has become the latest major

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(AFP) -

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Lloyds T
customer

By James G
Published: 1

- Broadening of regulator scrutiny to new segments such as small banks / credit unions, insurers and brokerages
- Available screening solutions complex and costly to maintain
- Challenges for low-volume financial institutions
- Common needs in terms of regulatory requirements
- Large financial institutions interested in receiving “cleaner” payments from their correspondents

FT.com
FINANCIAL TIMES

Financial Services

FT Home > Companies > Financials > Financial Services

RBS fined £5.6m over sanctions slip

By Sharlene Goff

Published: August 3 2010 12:02 | Last updated: August 3 2010 20:06

Royal Bank of Scotland has been fined £5.6m – one of the largest penalties ever imposed by the financial regulator – for failing to ensure that funds transferred to terrorist groups were not

ANZ fined £5.75m for joining 'strip club'

Author: Sarah Griffiths

International Investment

Categories: Offsho

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December 2009

able version

\$536m fine over Iran sanctions

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US House expands Iran sanctions

16 Dec 09 | Middle East

US threatens tough Iran sanctions

11 Dec 09 | Middle East

CREDIT SUISSE

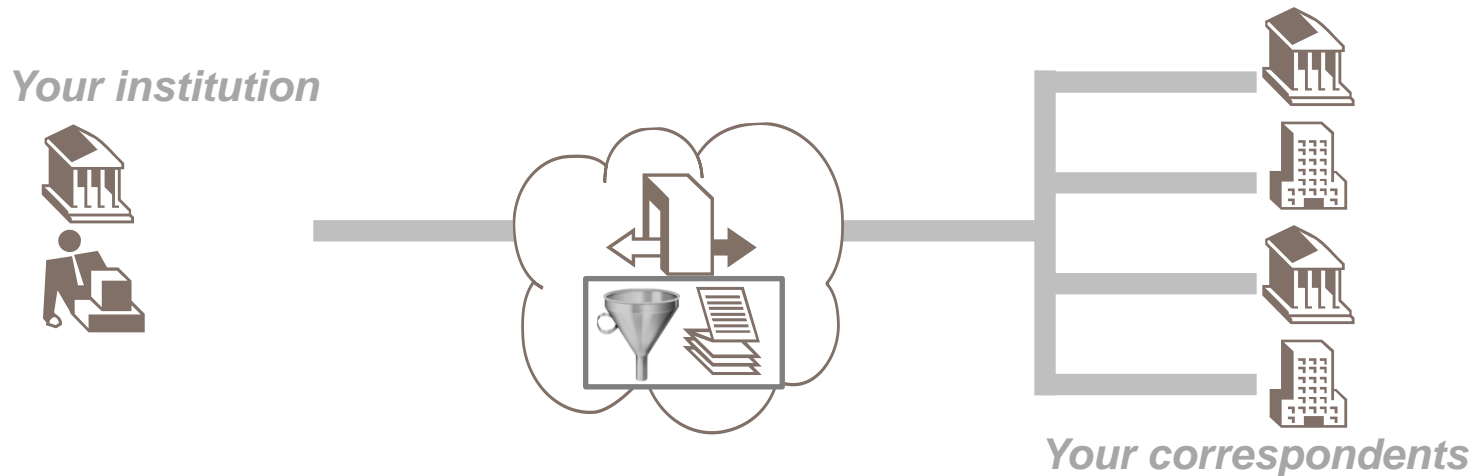
\$536m (£329m) fine for violating US sanctions against Iran.

Settlement papers say Credit

Asia-Pacific
Europe
Middle East
South Asia
JK



Sanctions screening over SWIFT



- A combination of best of breed:
 - Filter application
 - Sanctions List update service
 - Operational excellence
- Centrally hosted and operated by SWIFT
- Real-time filtering service of FIN messages
- No local software installation & integration project

Benefits of SWIFT's centralised Sanctions Screening service

A service provided by



- Cost efficiency
- Ready to use
- Easy to use
- Real time
- State of the art

- Security
 - Confidentiality
 - Protected access
 - Message integrity
- Resilience
 - Service Level Agreement
 - Business continuity
 - Disaster recovery programme
- Operational excellence
 - 24x7 support
 - Local language support
 - Quality checks

Innovation



Broaden the range of payment instruments and services



Alliance
Lite



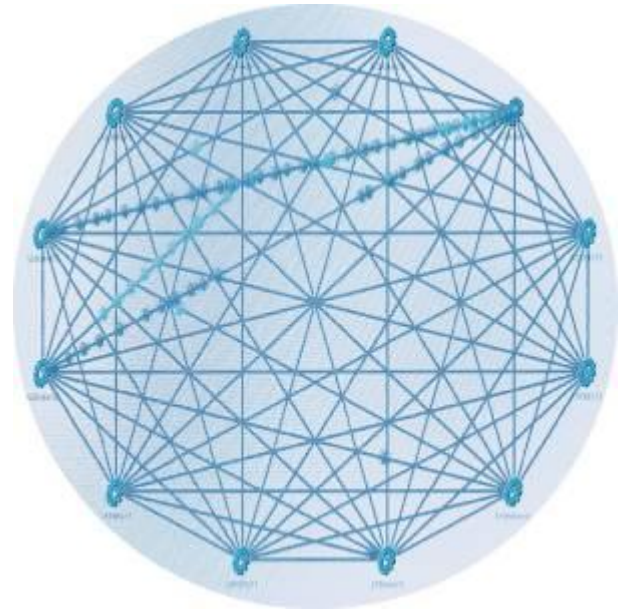
3SKey



Market
Infrastructure
Resiliency
Service



Sanctions
Screening





Alliance
Lite

Getting your small volume counterparties on SWIFT



Easy

Secure

Low cost

Worldwide

Standardised

... Many issues, one global solution...

Alliance Lite !



Current Landscape – The Corporate View

We have !!!



- No uniform mechanism
- Different system per bank
- Costly & difficult to maintain

We want



- Multi-Bank
- Multi-Application
- Multi-Network
- Multi-Country

3SKey – how it works

1. Distribution

Corporate user obtains an inactive token from a bank

2. Activation

User activates the token on 3SKey portal

3. Registration

Token associated (registered) with each bank

4. Signature

Token used to sign – bank verifies signature and revocation status



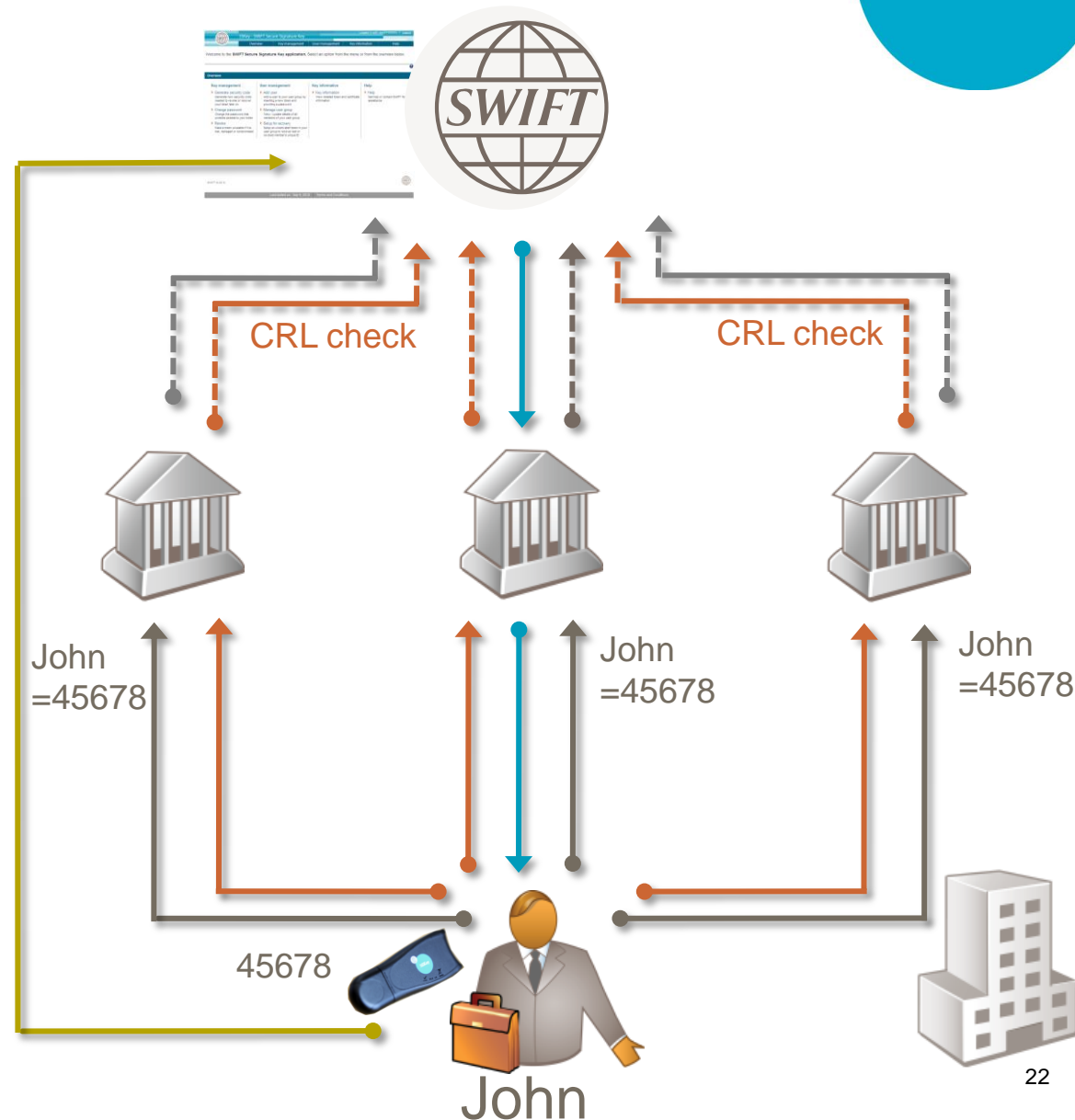
Operates PKI and portal, issues certificates



Distributes token, associates user, verifies signatures



Activates token, associates with bank, signs



More information?

A lot is going on...

Don't stay with the
high level information..



Contact us!

We are delighted to assist you!



Stephan Kraft
(Judit Baracs

+43.664.636.2090, stephan.kraft@swift.com
+43.664.636.2073, judit.baracs@swift.com)



Thank you

