



SWIFT gpi – transformational change in cross-border payments

Update for Romanian community

Janssen Marianna, SWIFT Marketing Initiatives EMEA

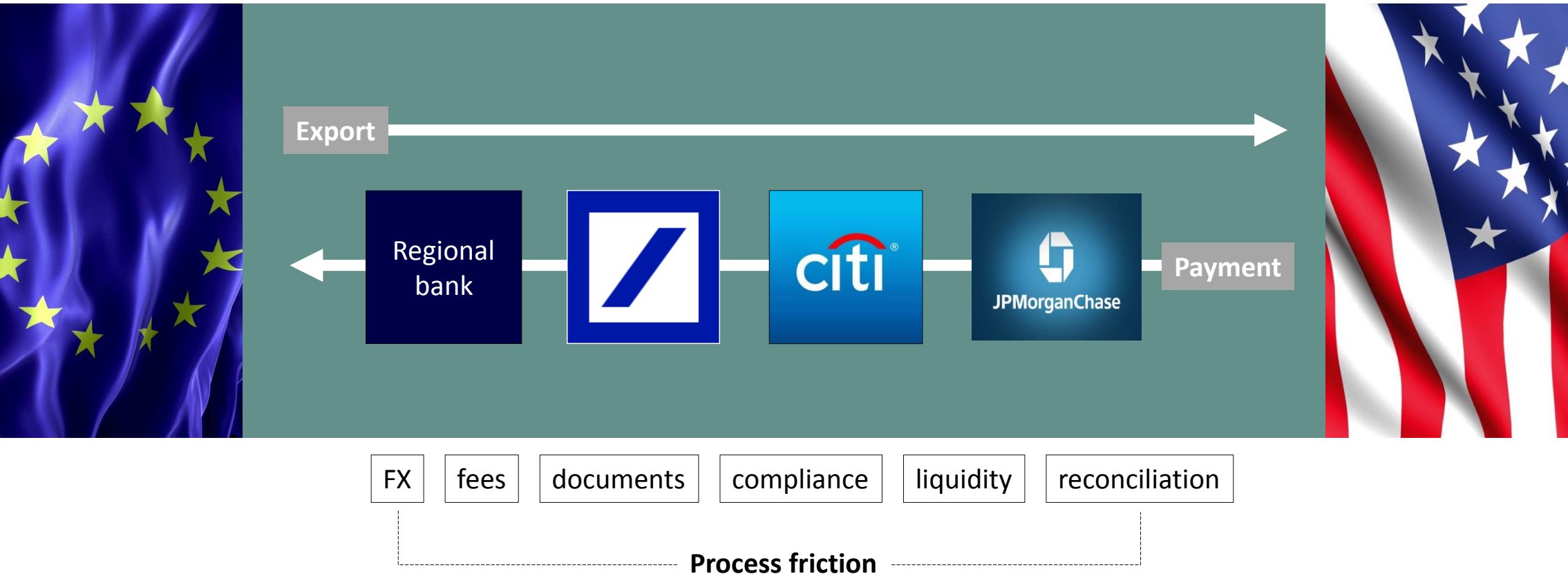
Bucharest, November 2017

SWIFTgpi

Collaboration as basis of innovation



What is the **problem** in **cross-border payments**?



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

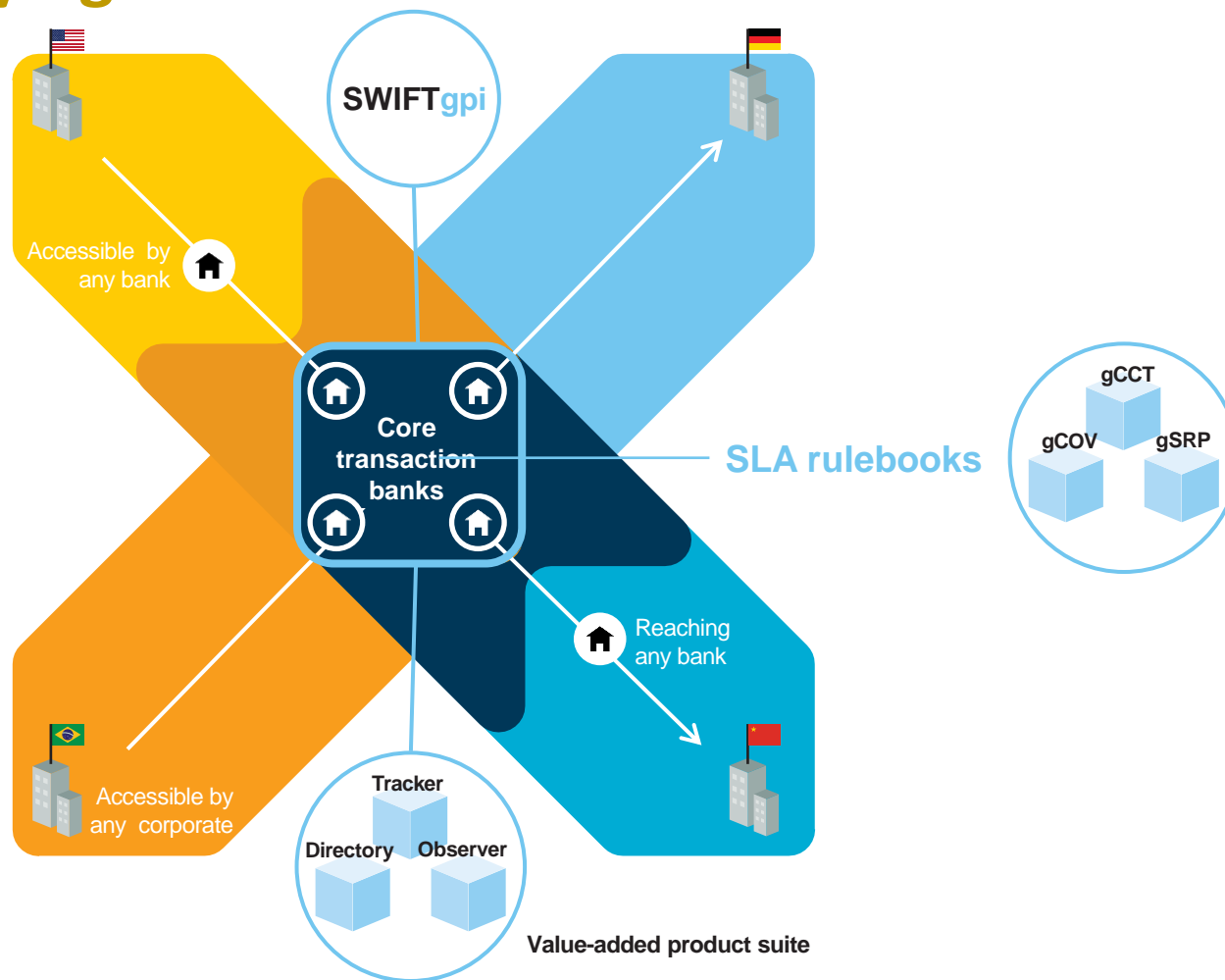
“We miss information regarding the invoice and the payer for timely reconciliation”

SWIFT gpi: what is it trying to solve?

Messaging technologies

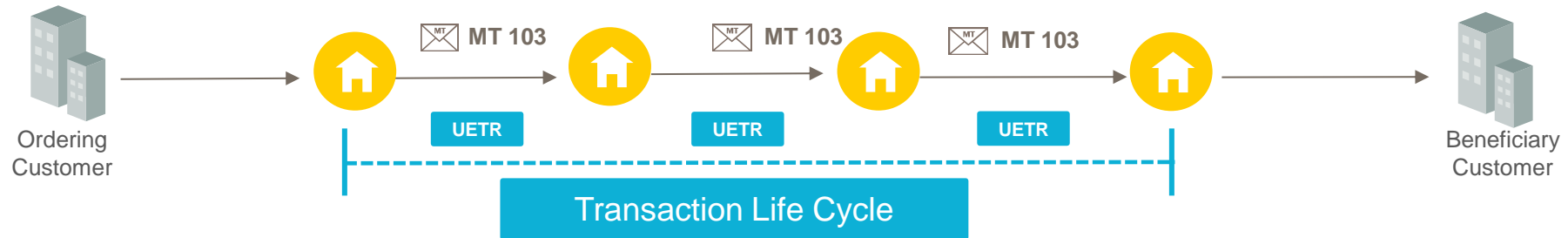
Core principles of the SWIFT gpi

- Same day use of funds
- Transparency of fees
- End-to-end tracking
- Remittance information transferred unaltered

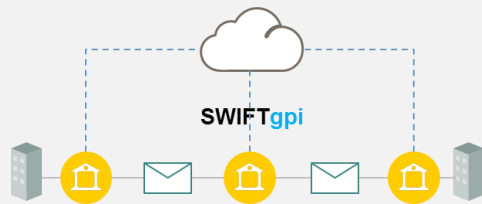


Key element to innovative digital services: Introduction of a unique end-to-end tracking number

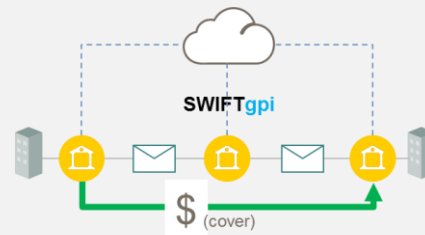
A unique end-to-end tracking number
is included in the header of the MT 103 and
carried across the payments route up until the beneficiary bank



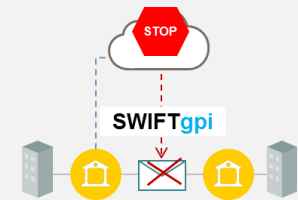
gCCT



gCOV



gSRP



SWIFT gpi: Three phases running in parallel

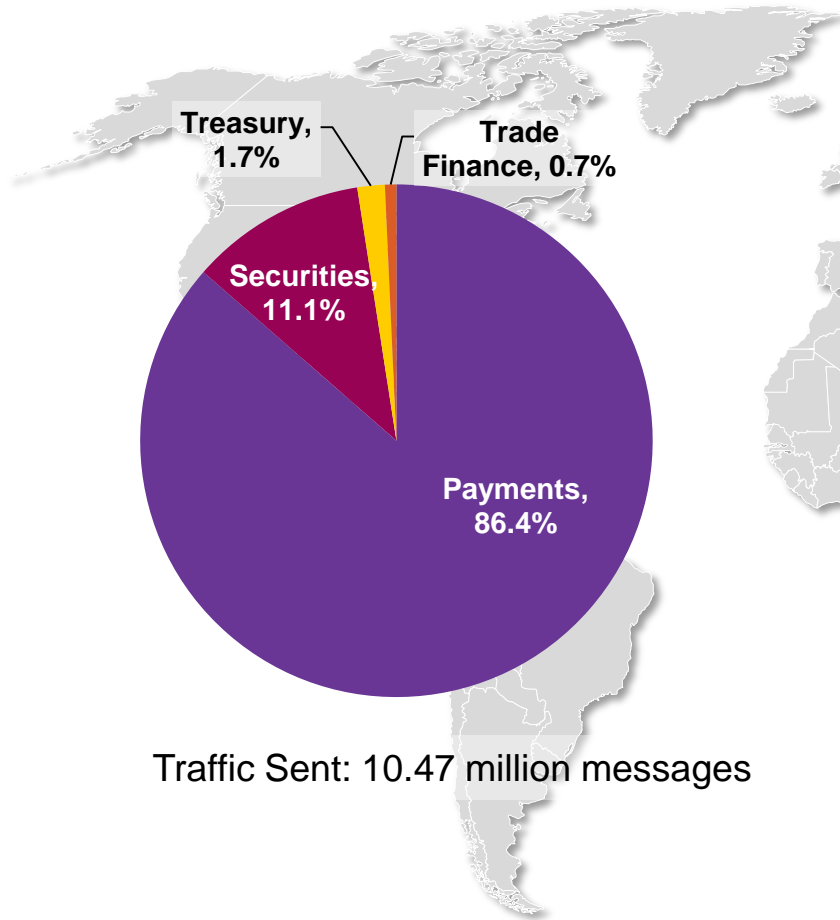
Phase 1 – Delivering	New standard Live since January 2017
Phase 2 – Designing	Digital transformation 2018
Phase 3 – Fostering	Collaborative innovation Ongoing

How relevant is gpi for Romanian institutions: traffic evolution and trends

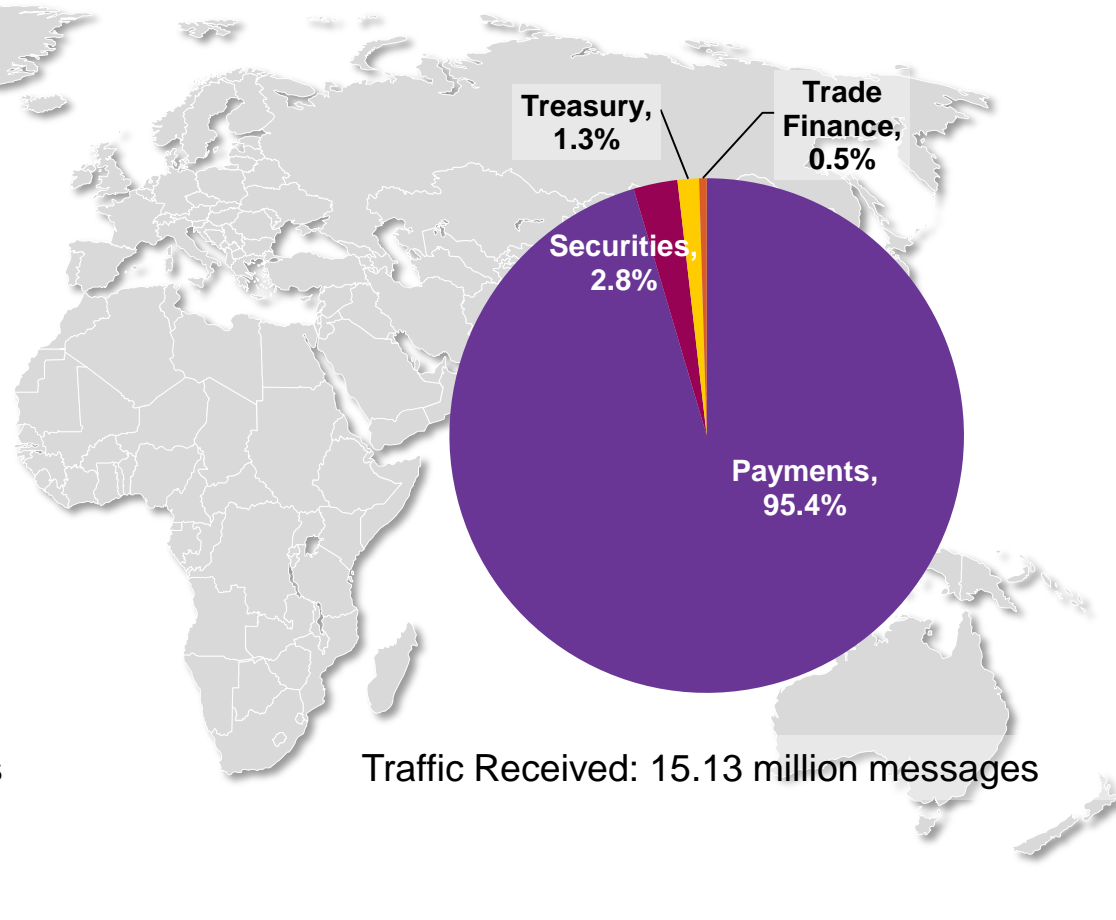


FIN Traffic Market Repartition in Romania

Live & Delivered traffic YTD October 2017



Traffic Sent: 10.47 million messages

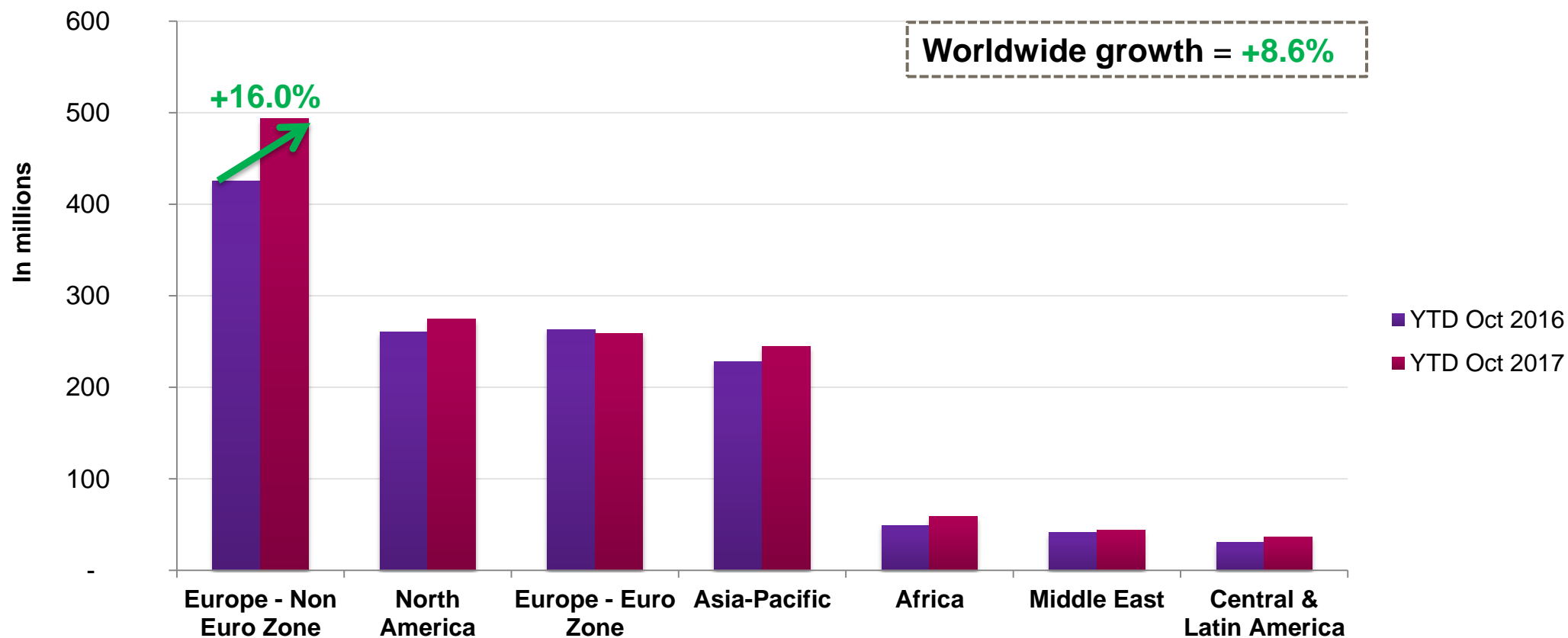


Traffic Received: 15.13 million messages



World Regional Transactions in Payments Market

Live & Delivered traffic of MT 103s YTD Oct 2017 and YTD Oct 2016

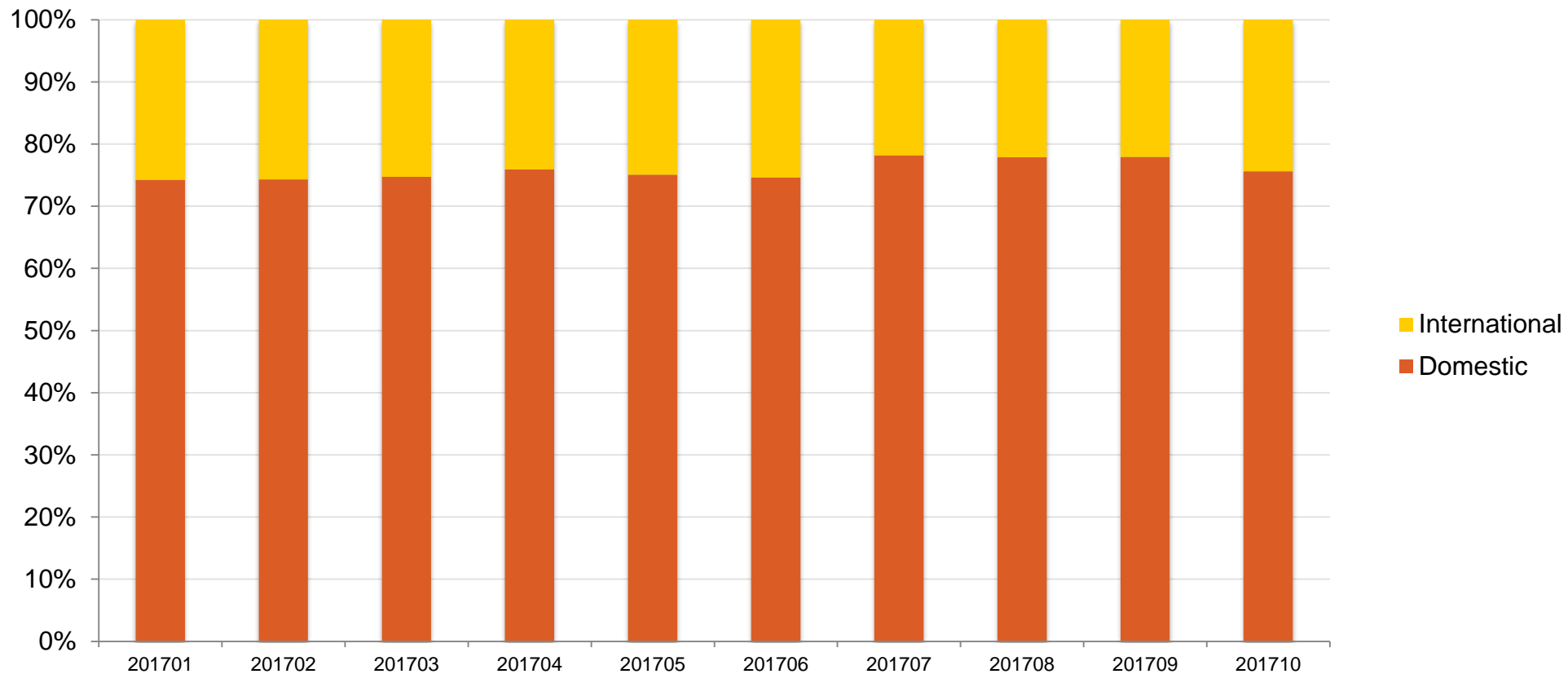


Total traffic = Traffic sent + Traffic received



Distribution of Payments Traffic in Romania

Live & Delivered traffic of MT 103s YTD Oct 2017 and YTD Oct 2016

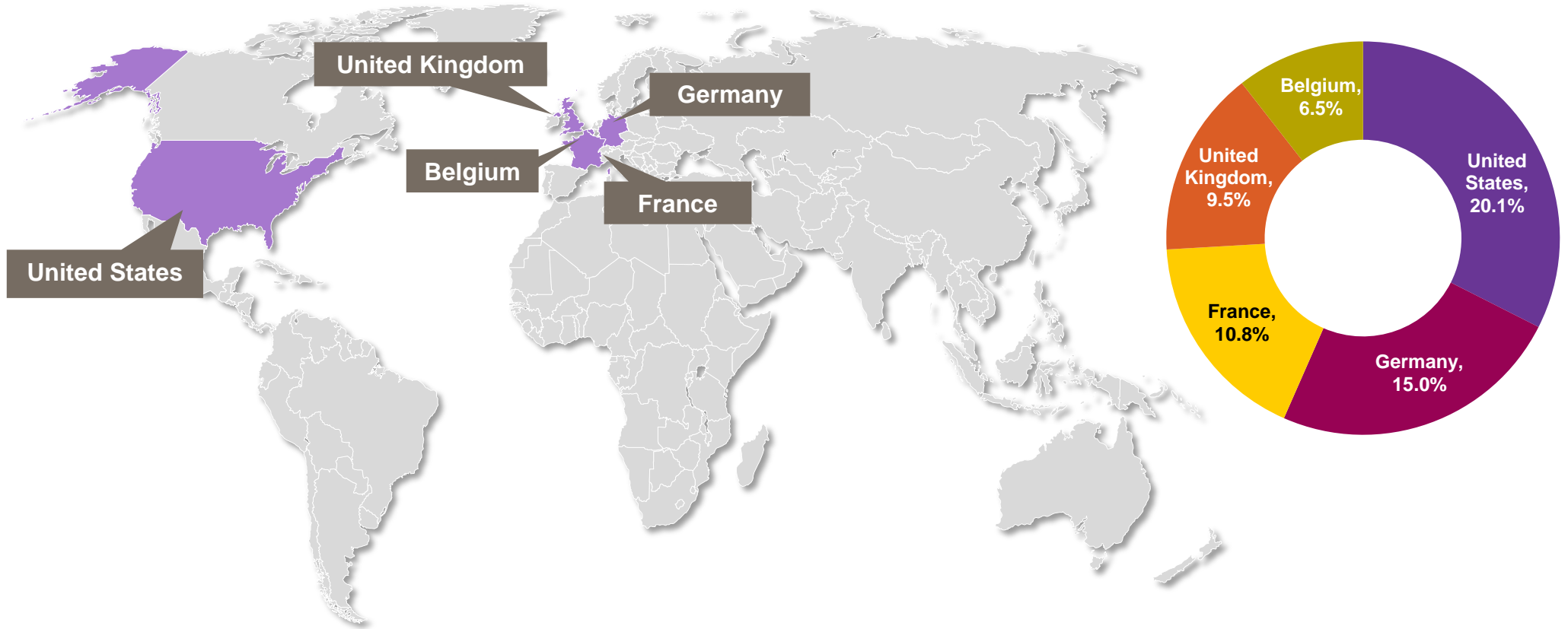


Total traffic = Traffic sent + Traffic received



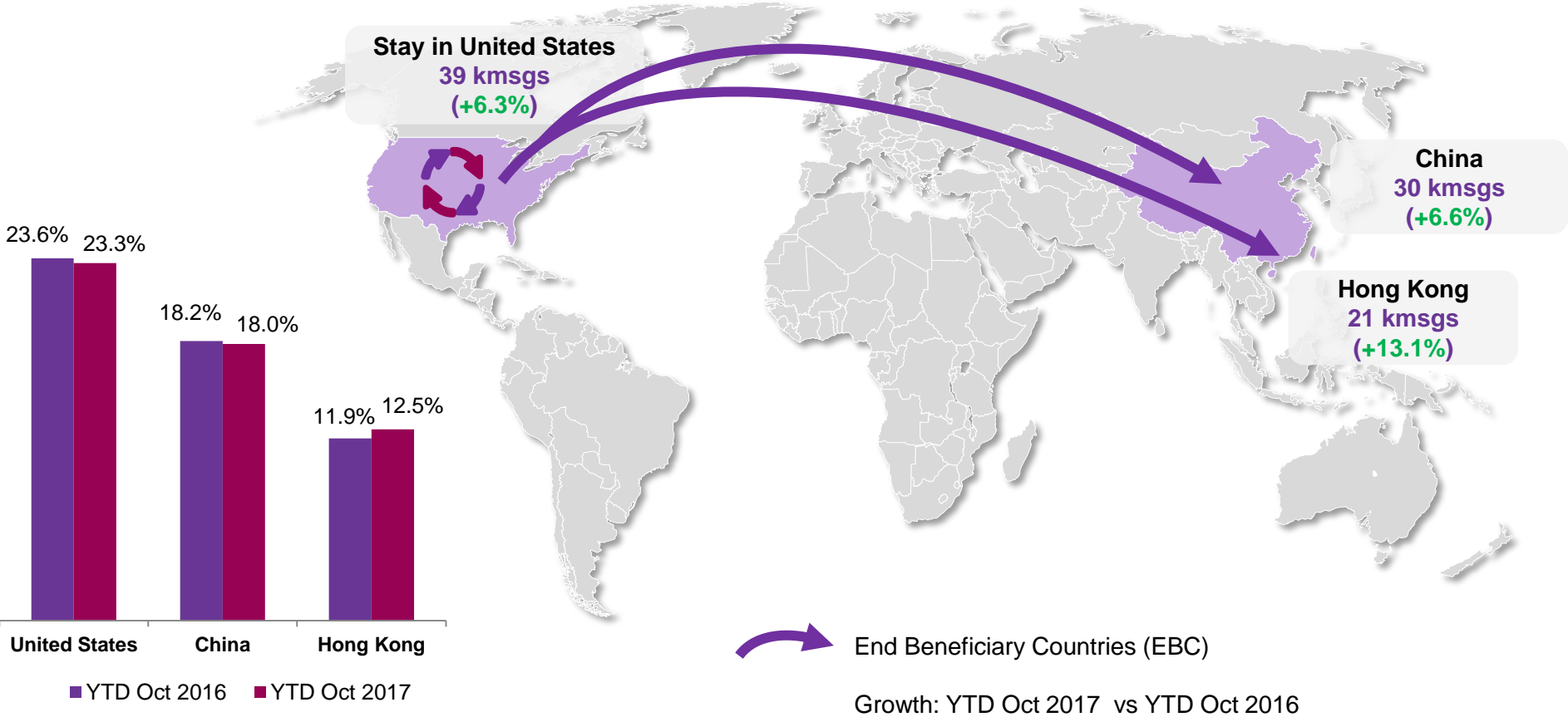
Top 5 Counterparties for outbound cross-border payments from Romanian institutions

Live & Delivered, international MT 103s from Romania YTD Oct 2017



Top 3 End Beneficiary Countries of all USD Transactions Sent

Live & Delivered, international MT 103s from Romania YTD Oct 2017 vs YTD Oct 2016



SWIFT gpi Phase 1:

Enhancing customer experience
by delivering a new standard
in cross-border payments



SWIFT GPI PHASE 1: ENHANCING CUSTOMER EXPERIENCE BY DELIVERING A NEW STANDARD IN CROSS-BORDER PAYMENTS

“Yesterday” | Traditional correspondent banking

Slow, can take multiple days

No transparency on costs

No transparency on time

No confirmation of credit



“Today” | SWIFT global payments innovation (gpi)

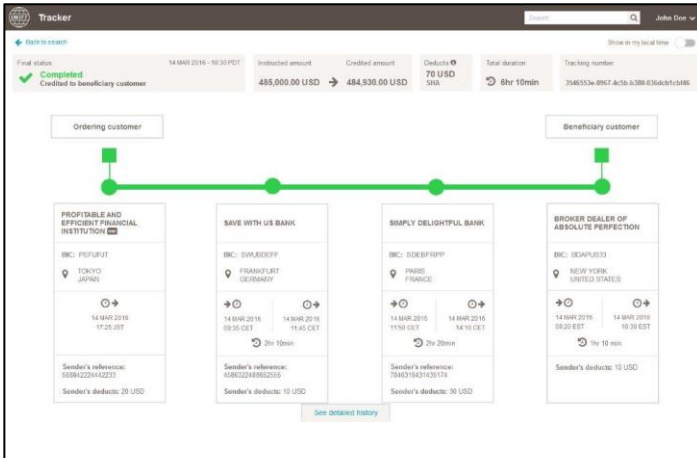
- Faster, same day* use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

(*) within the timezone of the receiving gpi member



THREE PRODUCTS - PART OF THE GPI SUBSCRIPTION

SWIFT gpi Tracker



Function

End-to-end payments tracking database to monitor progress of a gpi payment

Benefits

Allowing to track a payment's path in real time, obtain transparency on deducts and confirmation that payment was credited

SWIFT gpi Observer

YOUR gpi Quality Index

- same day
- transparency
- end-to-end tracking
- remittance info unaltered

gpi COMMUNITY Quality Indexes

- Bank 1**
 - Branch 1a
 - Branch 1b
 - Branch 1c
 - Branch 1d
- Bank 2**
 - Branch 2a
 - Branch 2b
 - Branch 2c
 - Branch 2d
- Bank 3**
 - Branch 3a
 - Branch 3b
 - Branch 3c
 - Branch 3d
- Bank 4**
 - Branch 4a
 - Branch 4b
 - Branch 4c
 - Branch 4d

- compliant
- non-compliant (visible to non-compliant gpi bank only)
- non-compliant (visible to all gpi banks)

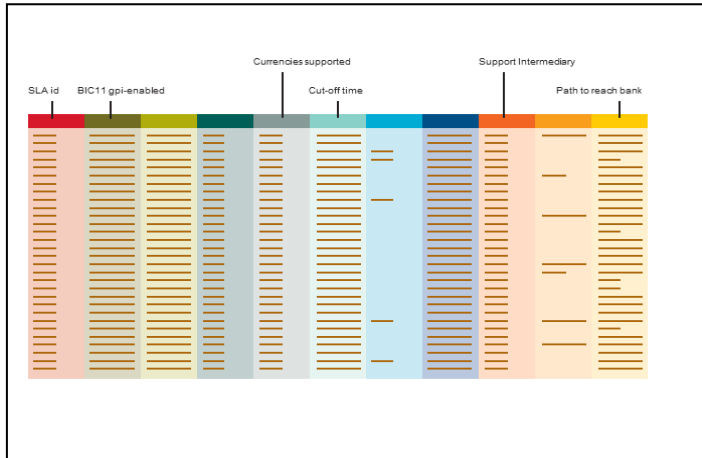
Function

Business Intelligence dashboard showing bank compliance with gpi SLA.

Benefits

Ensuring control, monitoring and enforcement of SLA, and, consequently, service quality.

SWIFT gpi Directory



Function

Providing operational info on gpi members, BICs, currencies, cut-off times

Benefits

Essential reference data to calculate best gpi payment route



SWIFT GPI TRACKER

Function

End-to-end payments tracking database to monitor progress of a gpi payment

Benefits

Allowing to **track a payment's path in real time**, obtain **transparency on deducts and confirmation that payment was credited**

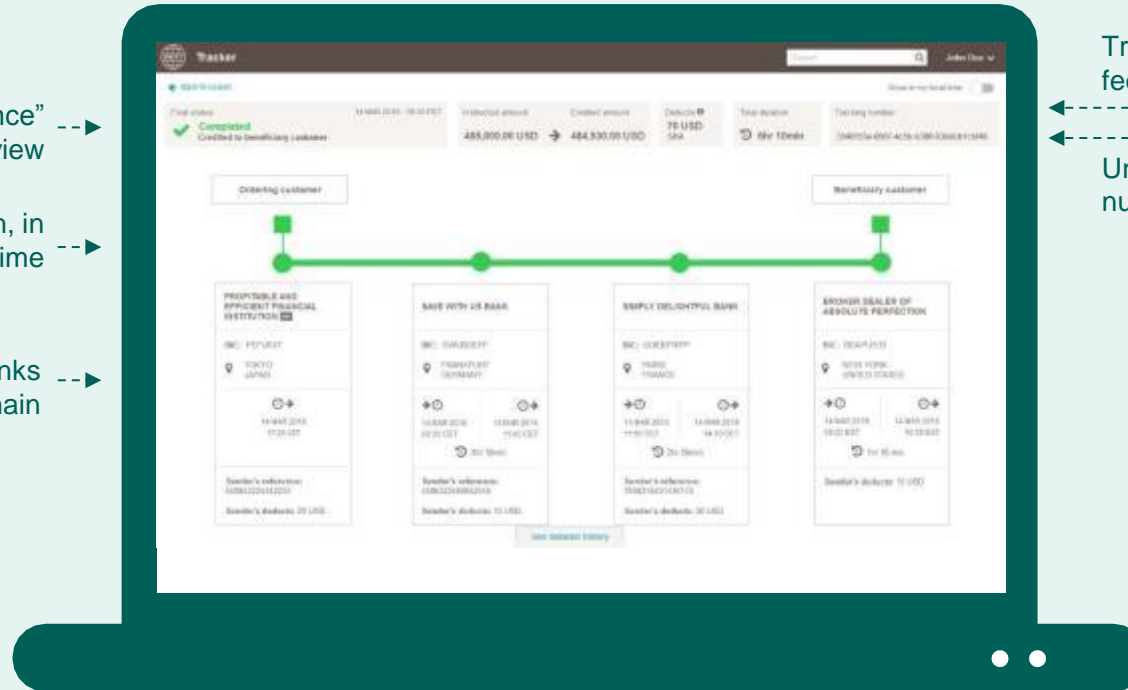
Availability

MT 199 / API: Today

"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)

SWIFT GPI OBSERVER

Function

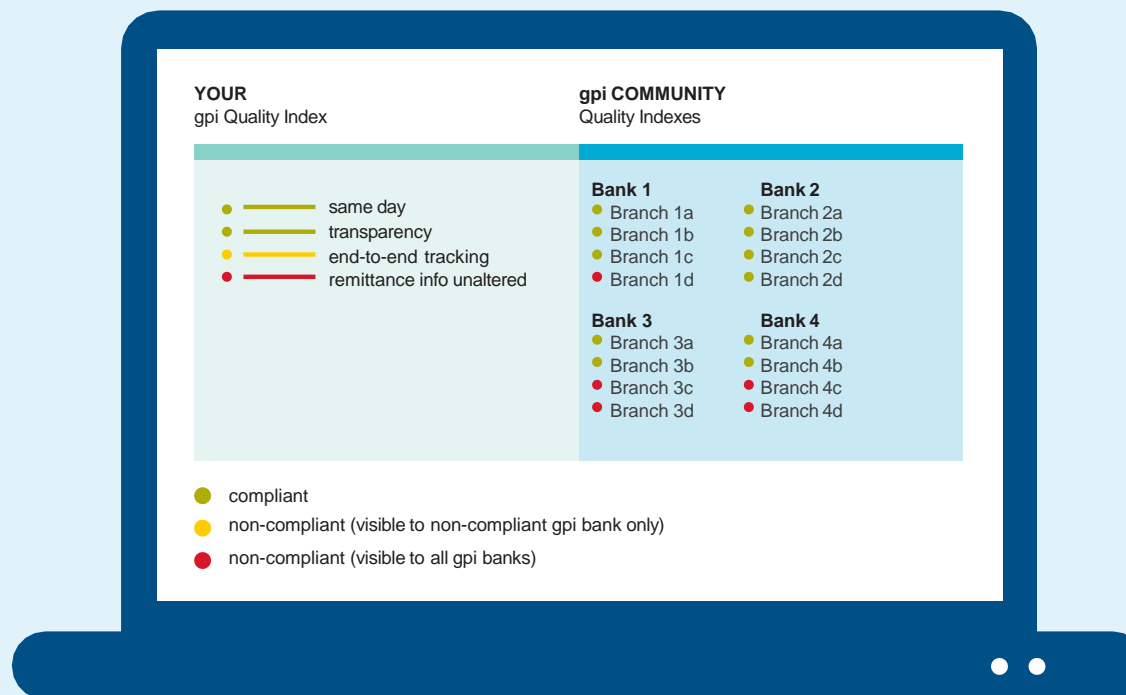
Business Intelligence dashboard showing bank compliance with gpi SLA.

Benefits

Ensuring control, monitoring and enforcement of SLA, and, consequently, **service quality**.

Availability

Observer Insights : Today
Observer Analytics : Q1 2018



SWIFT GPI DIRECTORY

Function

Providing operational info on
gpi members, BICs,
currencies, cut-off times

Benefits

Essential reference data to calculate best gpi payment route

Availability

Today

SLA id

BIC11 gpi-enabled

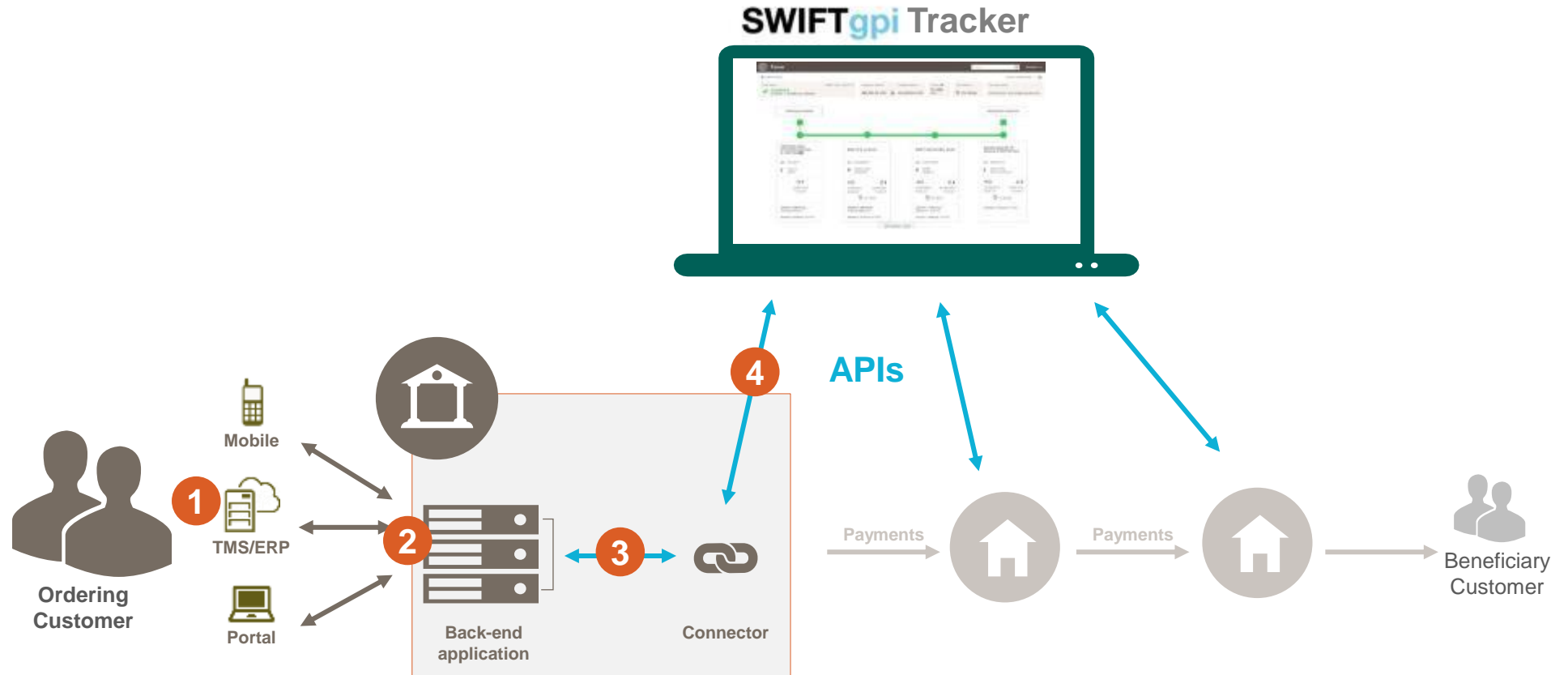
Currencies supported

Cut-offtime

Support Intermediary

Path to reach bank

INTEGRATING TRACKER INFORMATION INTO CUSTOMER CHANNELS



SWIFT gpi phase 2:

The digital transformation of cross-border payments



WHAT'S NEXT: THE DIGITAL TRANSFORMATION OF CROSS-BORDER PAYMENTS

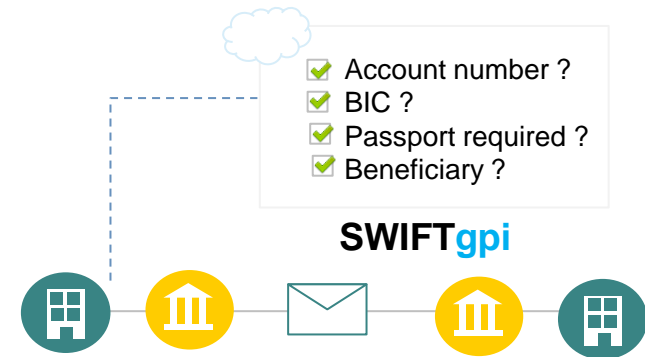
Rich payment data



Rich remittance information, invoices, compliance documents, etc.

- **Supports sending rich data** along with payment (e.g., to indicate which invoice / invoice line item is being paid) or attaches clearing document

International Payment Assistant



Validation of payments before execution

- **Performs service pre-checks** for common errors, before payment is authorised, including customer / Bank account verification
- **Provides extended information** on processing conditions of domestic payments systems

SWIFT gpi:

The journey until today



SOME GPI KEY FIGURES 1/2

Very large
community
of key banks

125

banks signed

200+

countries covered

75%

SWIFT cross-border payments represented

Millions of
live payments

40+

banks live end 2017

2+ Mio

gpi payments since go live

100+

country corridors

Real value
to corporates

85%

gpi payments credited < 24 hours

APIs

in bank's front end channels

Real-time

tracking of gpi payments end-to-end

+ strategic roadmap will **add more value**



SOME GPI KEY FIGURES 2/2

40+

Banks live end 2017,
from 24 now

100+

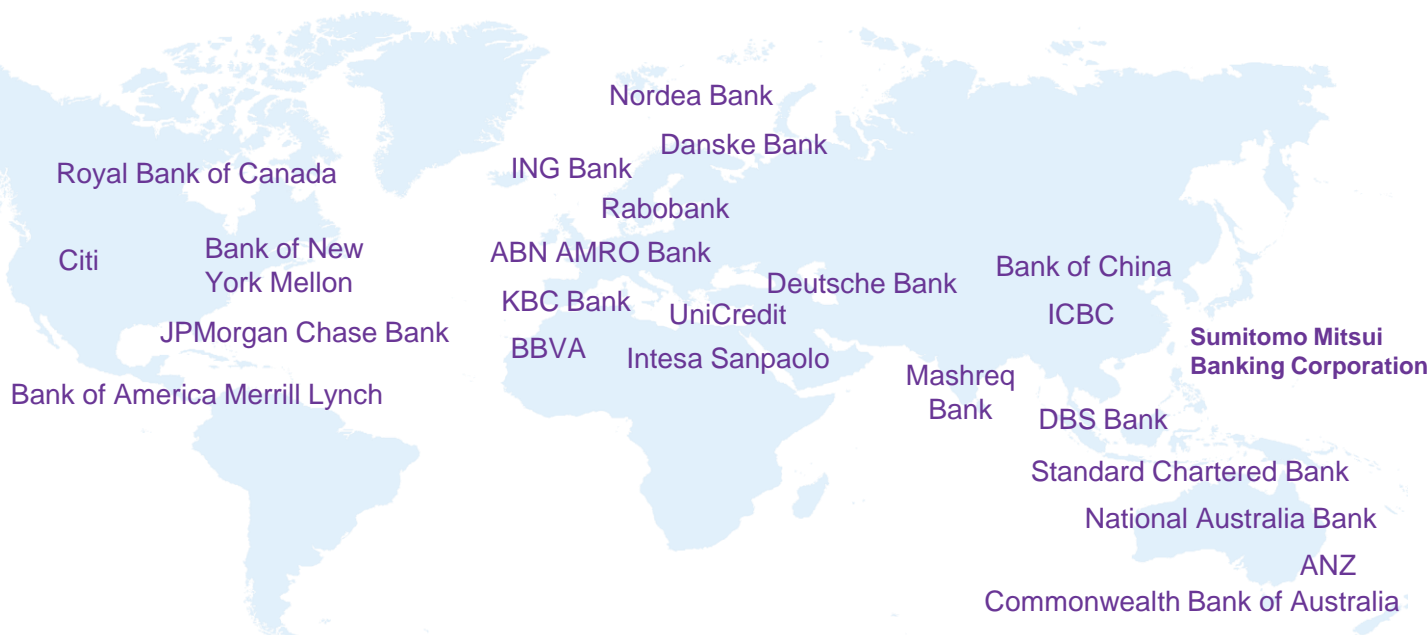
country corridors

30K+

gpi payments/day

3 Mio

gpi payments since go live



110+ Banks

200+ Countries

75% SWIFT cross-border payments

ABSA Bank
Agricultural Bank of China
Akbank
Alfa-Bank
Asociación Popular de Ahorros y Prestamos
Axis Bank
Banco de Chile
Banco de Crédito del Perú
Banco de Galicia
Banco de Reservas de la República Dominicana
Banco del Pacífico
Banco Inbursa
Banco Sabadell
Bangkok Bank
Bank al Etihad
Bank of Communications
Bank of Georgia
Bank of Jiangsu
Bank of Montreal

Bank of Ningbo
Bank of Shanghai
Bank of Tokyo-Mitsubishi
Bank of Zhengzhou
Banque Centrale Populaire
Barclays
Bayerische Landesbank
Bidvest Bank
BNP Paribas
Budapest Bank
CaixaBank
Cajamar Caja Rural
Canadian Imperial Bank of Commerce
Central Africa Building Society
China Citic Bank
China Construction Bank
China Guangfa Bank
China Minsheng Banking Corporation
China Zheshang Bank
Chong Hing Bank
Commercial Bank of Kuwait
Commerzbank

Crédit Agricole
Crédit Mutuel-CIC Banques
Credit Suisse
CTBC Bank
Denizbank
DNB Bank
Ecobank
Ebury
Erste Group Bank
E.SUN Commercial Bank
FirstRand Bank
HSBC
ICICI Bank
Industrial Bank
INTL FCStone
Ipagoo
Kapital Bank
Kasikorn Bank
KEB Hana Bank

Landesbank Hessen-Thüringen
Lek Securities Corporation
Lloyds Bank
Mizuho Bank
National Commercial Bank
Natixis
Nedbank
Oversea-Chinese Banking Corporation
Ping An Bank
Piraeus Bank
PKO Bank Polski
Postal Savings Bank of China
Promsvyazbank PJSC
Raiffeisen Bank International
Santander
Sberbank
Scotiabank
Shanghai Pudong Development Bank
Shanghai Rural Commercial Bank

Siam Commercial Bank
Skandinaviska Enskilda Banken
Société Générale
Standard Bank of South Africa
Tadhamon International Islamic bank
TEB
Toronto-Dominion Bank
Türkiye Cumhuriyeti Ziraat Bankası
Türkiye Garanti Bankası
UBS Group
United Overseas Bank
Vietcombank
Wells Fargo
Westpac Banking Corporation
Yapi Ve Kredi Bankası
Yinzhou Bank
Zhejiang Rural Credit Cooperative Union



Value for banks

Reduce Costs

Increase operational efficiency in your customer claims and investigations management

Ability to do **cash forecasting** and **optimise your liquidity management**

Delight Customers

Significantly increase customer satisfaction by offering speed, certainty, transparency and a confirmation of credit for cross-border payments

Build a reputation of leader in global payments innovation

Grow Business

Retain and attract new customers

Sell payments services to third parties

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

SWIFT gpi phase 3:

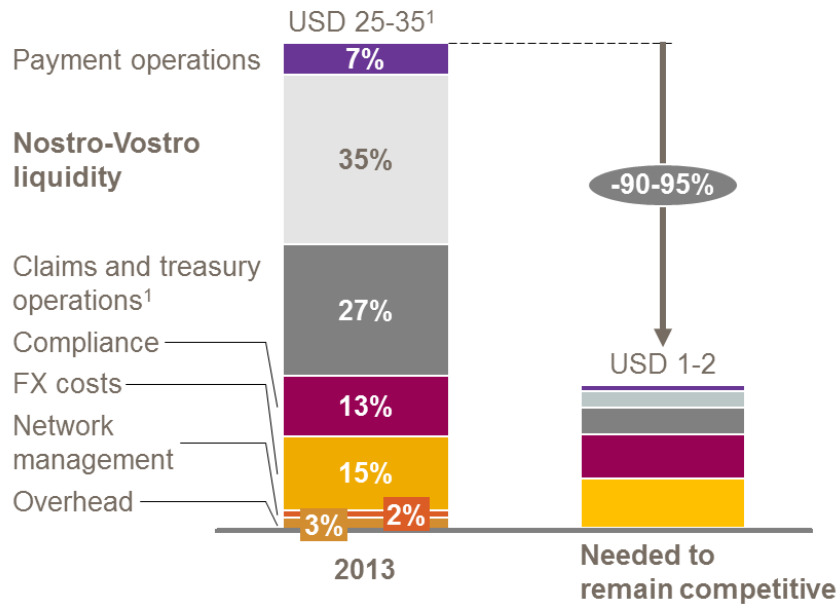
Collaboration as basis of innovation



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

Industry challenge identifies new overlay services

- **Two-day workshop Challenge** in Singapore with 30 banks and 5 FinTechs selects two FinTech winners to develop overlay services on top of gpi, together with banks
- **Two winners:**
 - **AccessPay** – extending value to corporates with liquidity visibility
 - **Assembly Payments** – defining a request for transfer overlay service
- **Next Steps:**

FinTechs to work with SWIFT and gpi banks to further develop the winning concepts in Proof of Value
[three months, Q4 2017 - Q1 2018]

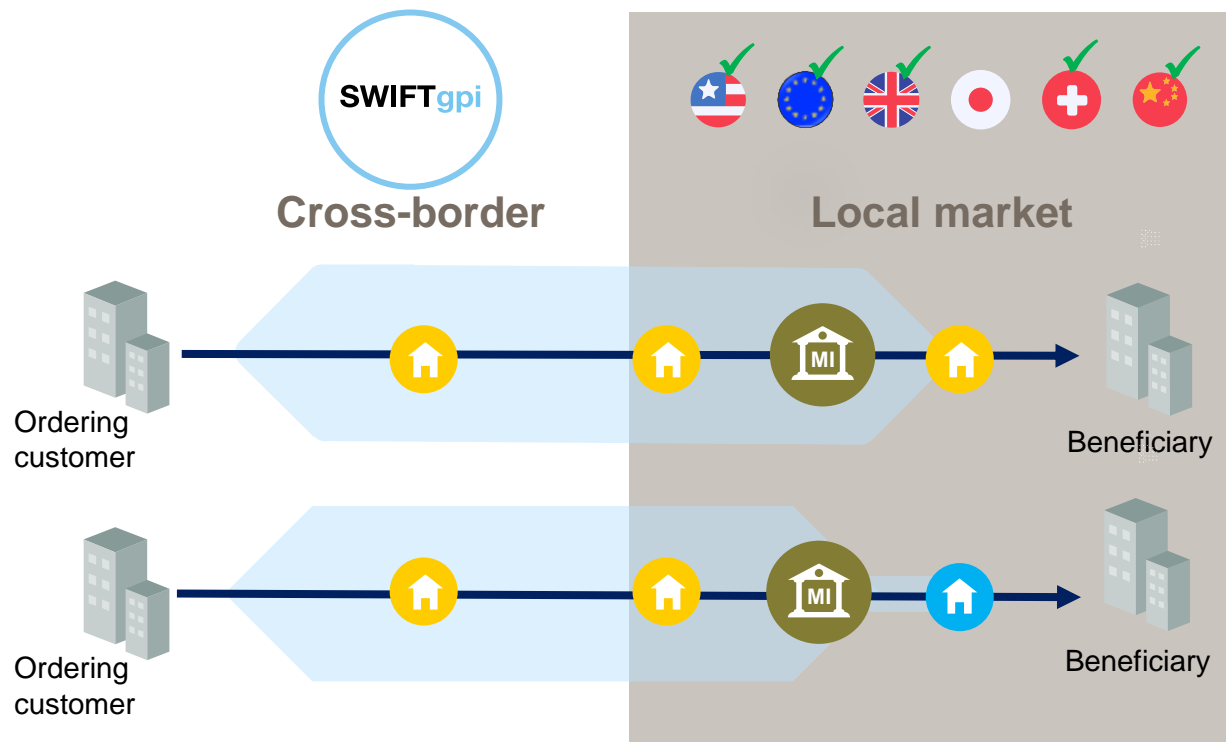
Key participants: The market infrastructures

Market infrastructures play key role in:

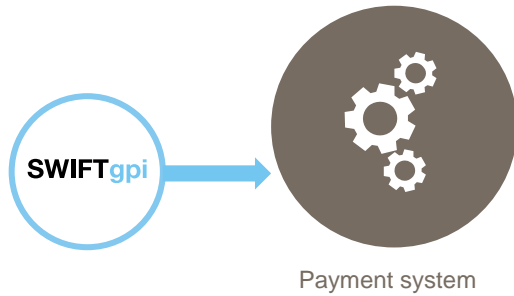
1. **SWIFT gpi clearing:**
To pass on unique gpi identifier and data between gpi banks
2. **SWIFT gpi tracking:**
To pass on unique gpi identifier to local non-gpi member banks

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



Key enablers: Payment application vendors



Payment application vendors play key role in gpi-enablement:

1. Convert corporate payment requests into SWIFT gpi payments
2. Encapsulate gpi business logic and SLA in payment transactions



Certification label ensures vendor applications support gpi by default

1. Compliance with gpi rulebook
2. Commitment to gpi roadmap
3. Speeds up and reduces costs of gpi adoption for banks



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