SWIFT gpi revolutionising the world of payments

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SWIFT gpi fundamentals

Get ready for a true transformation

ISO
20022

Cyber

Regulation

FCC

EBA CLEARING

transformation
the European
ayments landscape

SWIFT gpi is transforming the cross-border payments experience, paving the way for this future

SWIFT gpi is becoming the **new norm for cross-border payments** and enables financial institutions to provide **fast, transparent, certain and trackable** cross-border payments to their customers.

SWIFT is the **ideal partner** to lead this transformation because of our **network size, security capabilities, resilience, and trust.**

SWIFT gpi – UNPRECEDENTED LEVEL OF ADOPTION IN 2018 ½, SOME KEY FIGURES
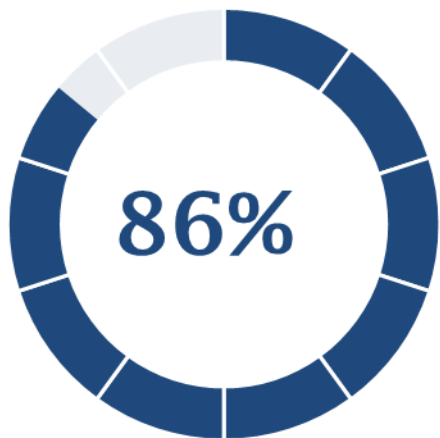
460+
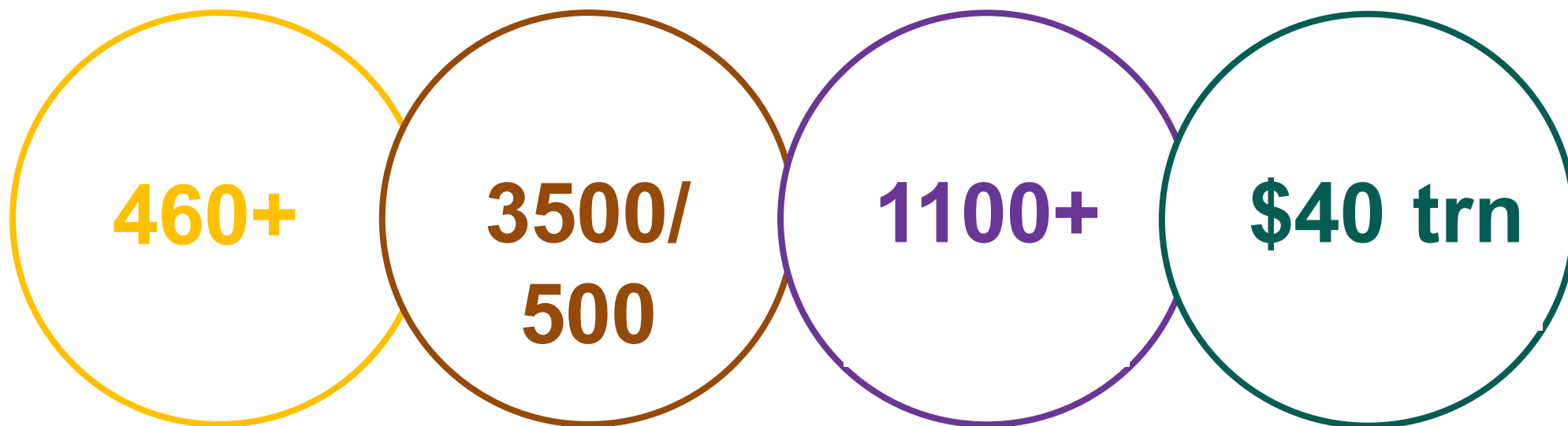
Banking groups subscribed to gpi

3500/ 500

Represents signed BICs/represents live BICs

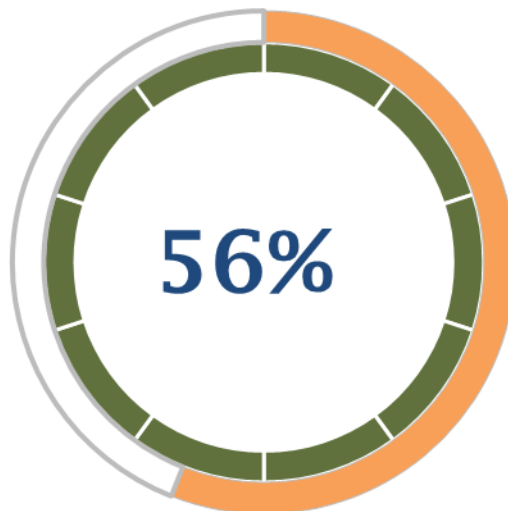**1100+**

Payments corridors on gpi

$40 trn

payments sent as gpi in 2018 (a 270% year-on-year growth)
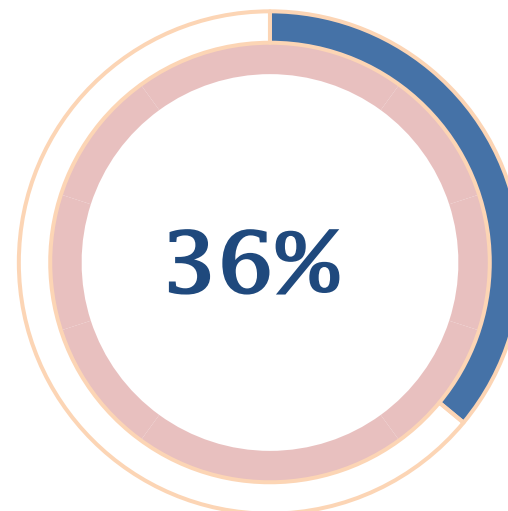
SWIFT gpi — UNPRECEDENTED LEVEL OF ADOPTION IN 2018 2/2? SOME KEY FIGURES

% of total traffic

% of total traffic sent as gpi

% of total traffic confirmed

SWIFT gpi - the new norm by 2020!

To build a world where customers have certainty on all their payments, all financial institutions will need to confirm payments by 2020

"Tracker for All Financial Institutions" vision is a key enabler to reach that ambition

2020

2019

2018

2017

All payments tracked AND status confirmed

Tracker available for all Financial Institutions

All payments tracked

Fast Adoption, only gpi payments tracked
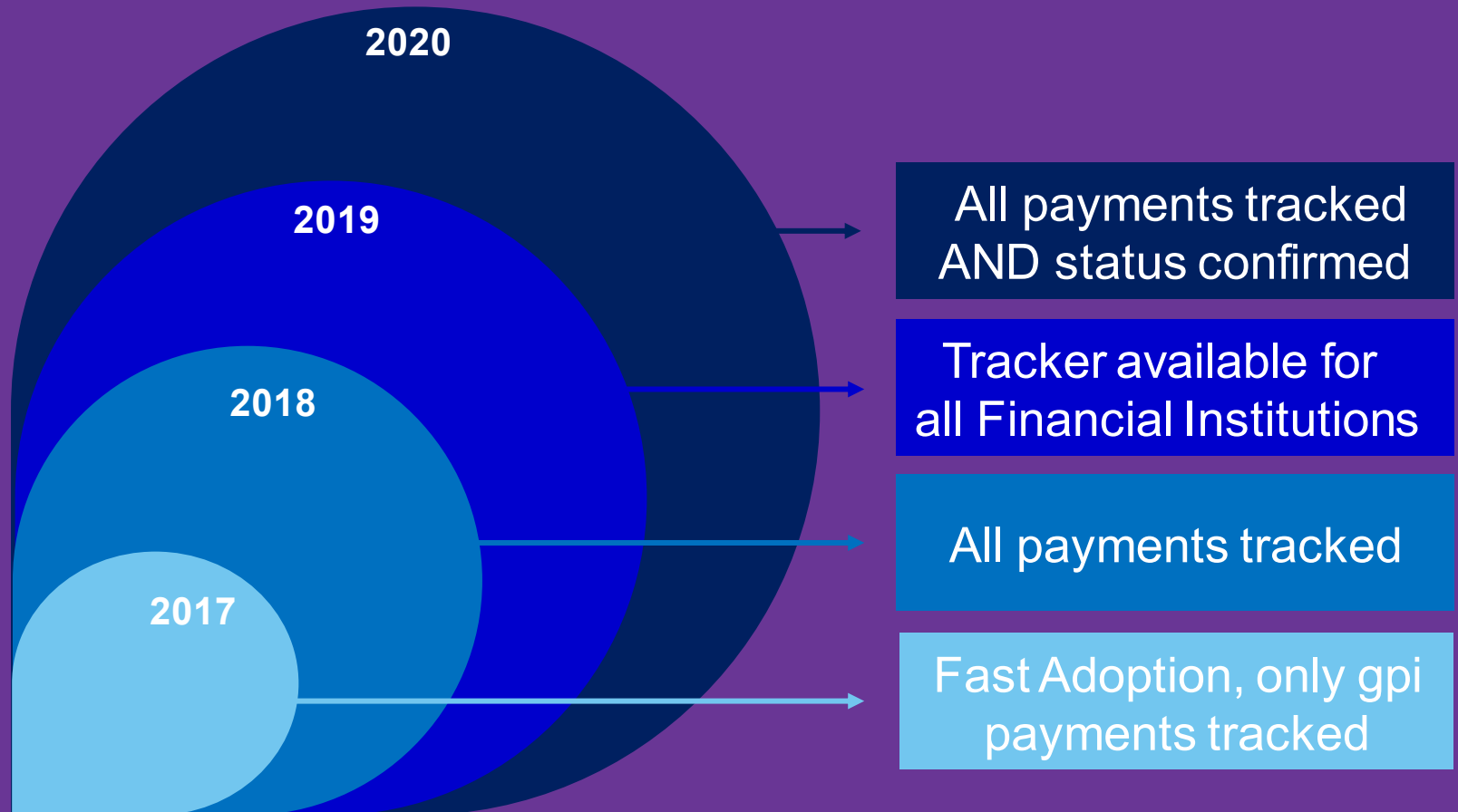
SWIFT gpi new services rolled out in 2019

g4C

Pre-validation services

gINST

gCASE

gLINK: new platform for Open Banking settlement

Corporate offering by gpi banks

g4C **11 Live**

Integrated in ERP/TMS
UETR generation &
multi-bank tracking

Payment +UETR

ERP / TMS

Tracking

UETR

UETR

gpi payments, integration in e-banking portals

gpi payments, visibility through bank support
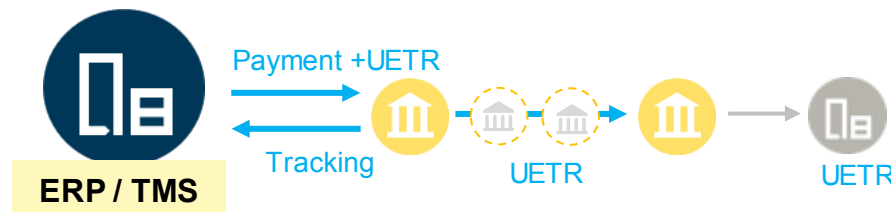
- UETR generation by corporate
- Multi-bank payment tracking
  - ✓ Delivery and credit confirmations
  - ✓ Rejections
- Payment insights
  - ✓ Routing
  - ✓ FX & deducts
  - ✓ Performance (time, corridors, currencies)

g4C, delivering value to corporates

2019 Roadmap

Tracking & reconciliation

- Generate the tracking number (UETR)
- Track cross-border payments with all your gpi banks
- Leverage the use of the UETR in your organisation
  - Invoices & reconciliation
  - Payment advice to beneficiary
  - …

Payment insights

- Gain full visibility on cross-border transactions
- Optimize exception handling and claims management
- Understand payment processing (time, routing, number of intermediaries, fees)
- Improved vendor relationship with certainty of payment and proactive issue-resolution

Certainty for receivables

- Obtain certainty & visibility on receivables with a structured payment advice information
- Accelerate reconciliation of receivables with remittance data provided in advance
- Improve collection processes with payment certainty and in-flight tracking
- Optimize forecasting and liquidity management with in-flight payment information
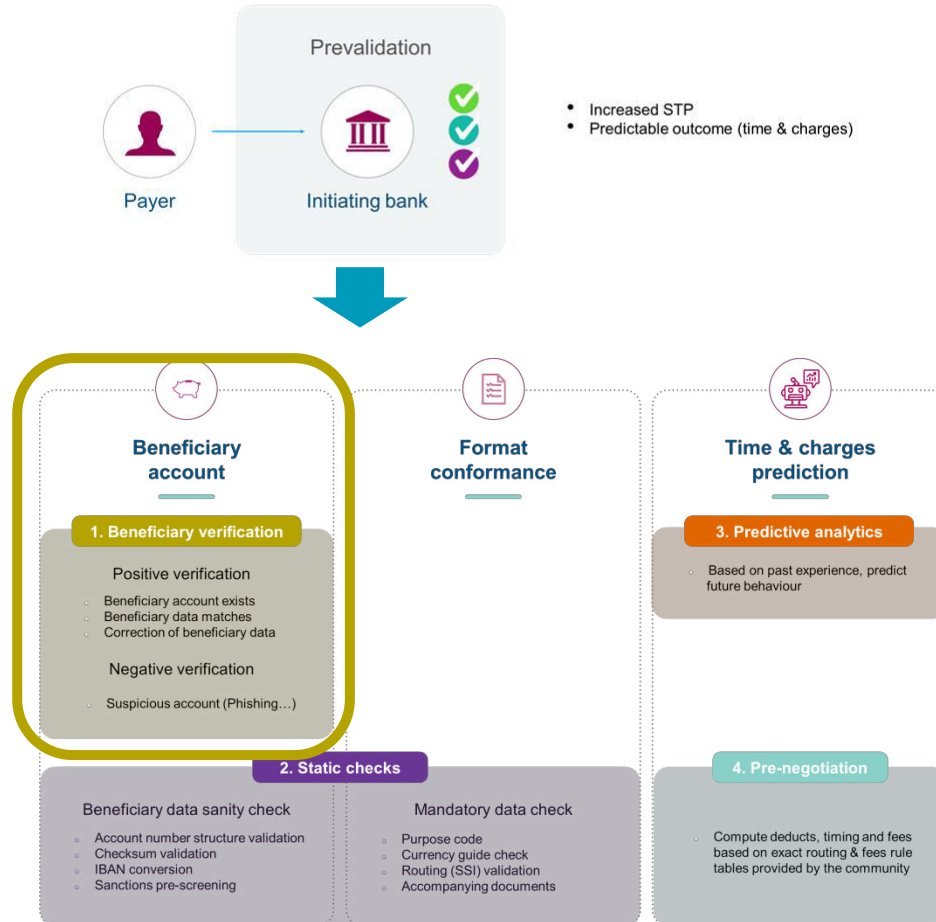
Multi-bank experience in treasury systems

g4C early adopters

SWIFTgpi pre-validation

- Increased STP
- Predictable outcome (time & charges)

Beneficiary account

1. Beneficiary verification

Positive verification
- Beneficiary account exists
- Beneficiary data matches
- Correction of beneficiary data

Negative verification
- Suspicious account (Phishing...)

2. Static checks

Beneficiary data sanity check
- Account number structure validation
- Checksum validation
- IBAN conversion
- Sanctions pre-screening

Format conformance

Mandatory data check
- Purpose code
- Currency guide check
- Routing (SSI) validation
- Accompanying documents

Time & charges prediction

3. Predictive analytics
- Based on past experience, predict future behaviour

4. Pre-negotiation
- Compute deducts, timing and fees based on exact routing & fees rule tables provided by the community

Beneficiary Account Verification

➢ **Objective**

Measure the concrete business benefits of this solution, such as a positive impact on customer experience, payment processing costs and delays/exception reduction.

➢ **Description**

The SWIFTgpi pre-validation beneficiary account verification solution is an API based solution whereby payment originators can verify whether the creditor information they hold correctly identifies a valid account capable of receiving incoming funds at the beneficiary bank.

This is a many-to-many real-time API solution, in which participants play two roles:

- *API Consumer*: when, as payment originators, they want to confirm creditor information with a beneficiary bank;
- *API Provider*: when, as beneficiary bank, they verify in their books the creditor information upon requests sent by payment originators.

➢ **Timeline**

- Q1 2019: Pilot open to additional participants
- Q2/Q3 2019: Implementation & community testing
- Q4 2019: Early adopters

gCCT Inst - Pilot

➢ **Objective**

Test the implementation of the gCCT Inst service with a closed group of pilot banks

➢ **Description**

Following the successful trial conducted in October 2018 with a limited number of banks from Australia, China, Singapore and Thailand, the gCCT Inst service is being developed with two key differentiating factors:

- **Guaranteed instant processing of cross border payments**
- **Extended operating hours**

These factors allow gpi banks to further consolidate their market positions whilst providing their customers the ability to pay and be paid real time.
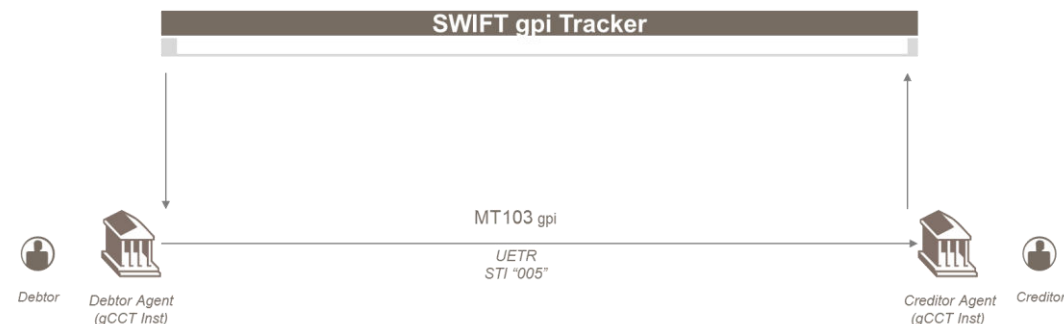
➢ **Timeline**

- **Q1' 2019**: Technical infrastructure testing
- **Q2' 2019**: Testing with participants and controlled go live

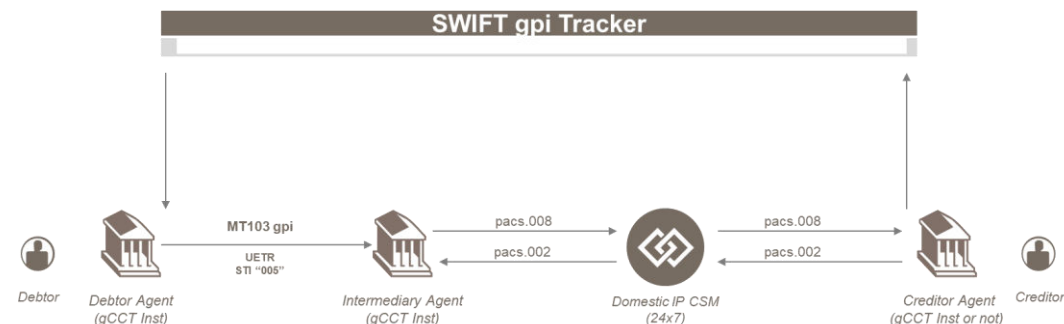➢ **Interested to participate?**

- You must be a gpi bank
- Ability to honor the SLA
    - as Instructing & Instructed agent for Use case 1 (and/or)
    - as Intermediary / Instructed agent for Use case 2

USE CASE 1: Instant cross-border payment between gpi banks

- Tracker must be updated **within 60 seconds** after reception of the MT103
- **Extended** operating hours (**20x5**)

SWIFT gpi Tracker

Debtor — Debtor Agent (gCCT Inst)

MT103 gpi
UETR STI "005"

Creditor Agent (gCCT Inst) — Creditor

USE CASE 2: Instant cross-border payments via domestic IP-CSM

SWIFT gpi Tracker

Debtor — Debtor Agent (gCCT Inst)

MT103 gpi
UETR STI "005"

Intermediary Agent (gCCT Inst)

pacs.008 / pacs.002

Domestic IP CSM (24x7)

pacs.008 / pacs.002

Creditor Agent (gCCT Inst or not) — Creditor

gCASE - Value proposition in a nutshell
Delivering an improved customer service and increased operational efficiencies

SWIFT gpi Tracker

Legend
- → Payment flow
- → gCASE flow

Debtor

Debtor Agent gCASE assignee

Intermediary Agent

Intermediary Agent gCASE initiator
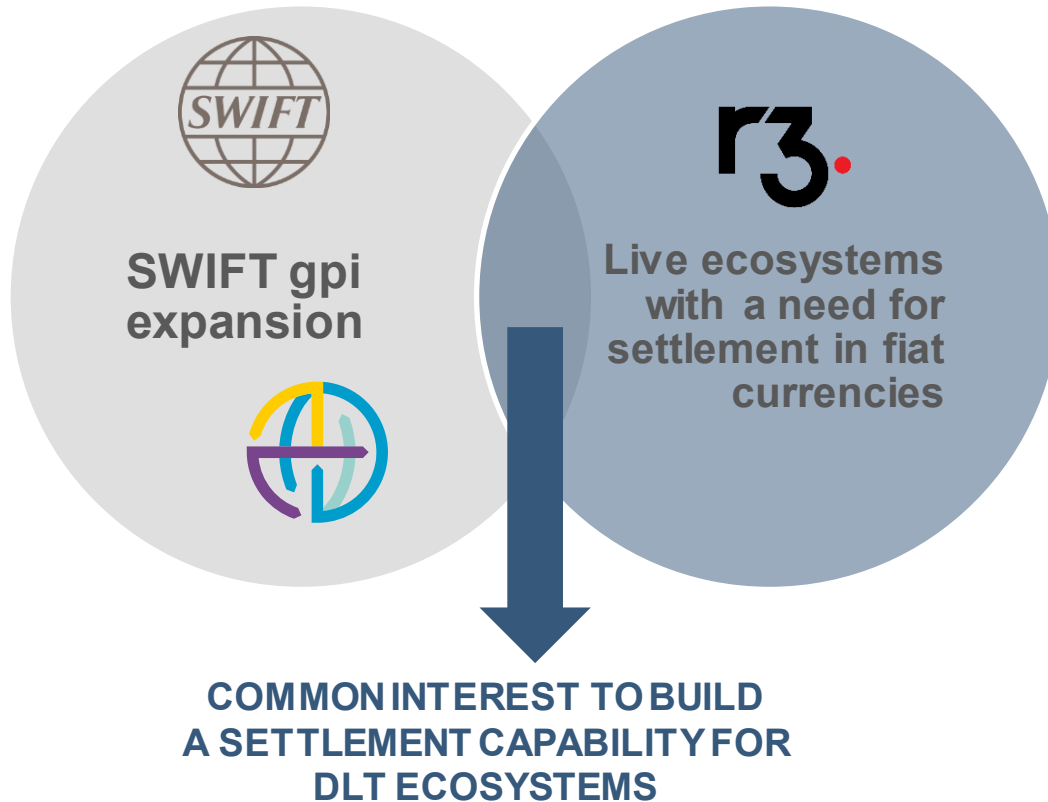
Creditor Agent

Creditor
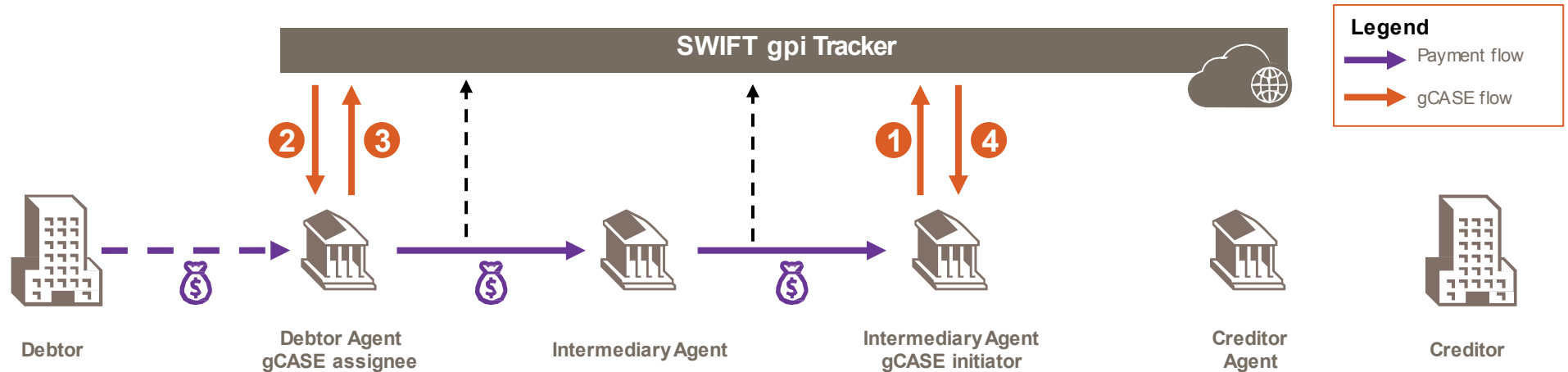
Value Proposition

- **Improved customer service**

- **Increased operational efficiencies**

Service benefits

- **Improved transparency**: via the Tracker, follow E&I request anywhere in the gpi CUG and record related interbank communications in an audit trail

- **Shorten resolution time**: smartly rout E&I enquiries to gCASE assignee using the Tracker and ensure timely follow up with SLAs and RuleBook

- **Reduced manual intervention**: use structured codes to standardise communications, avoid duplicate enquiries on same payment and facilitate E&I process automation by case management software solutions

Starting with a Proof of Concept in collaboration with R3

SWIFT gpi expansion

Live ecosystems with a need for settlement in fiat currencies

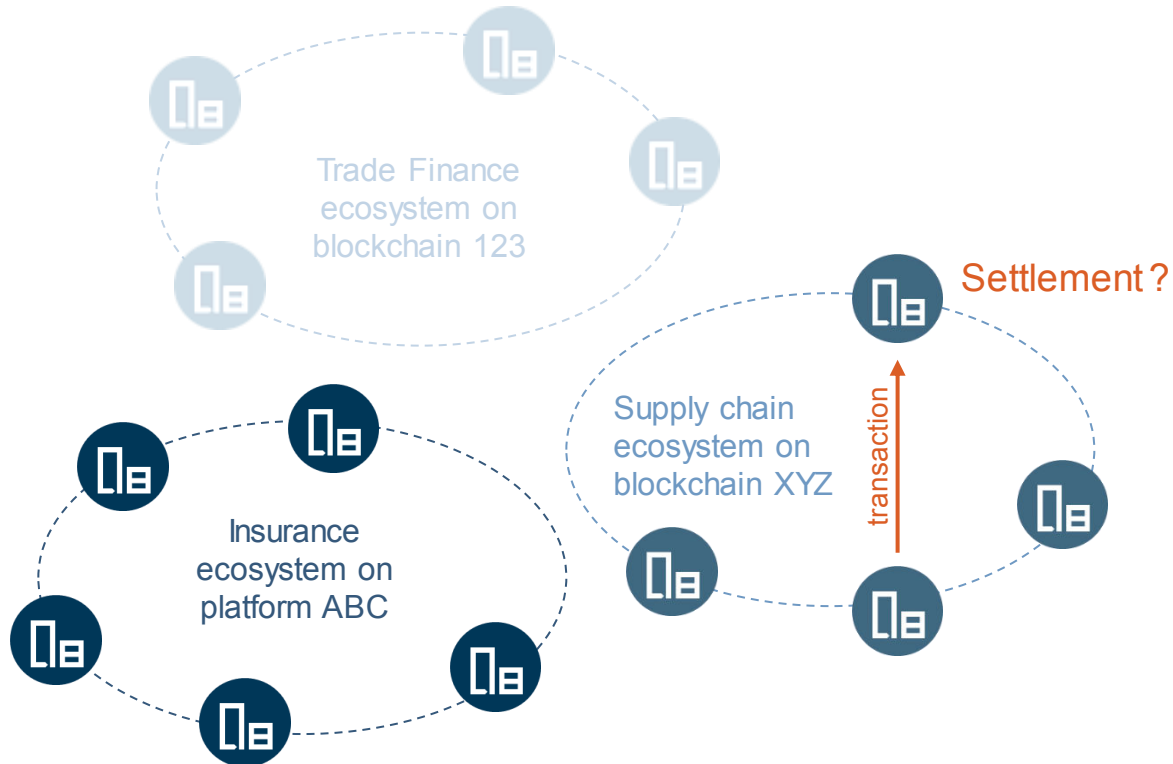**COMMON INTEREST TO BUILD A SETTLEMENT CAPABILITY FOR DLT ECOSYSTEMS**

SWIFT and R3 are collaborating on a **gpi Link Proof of Concept**: the gpi Link will allow gpi payment capabilities to be embedded directly into R3's DLT platform

There is no live service or commercial agreement yet

SWIFT may decide to open the Proof of Concept to other DLT providers/business ecosystems/e-commerce/payment service providers

SWIFT gLINK- Business context

B2B ecosystems are flourishing…

Trade Finance ecosystem on blockchain 123

Insurance ecosystem on platform ABC

Supply chain ecosystem on blockchain XYZ

transaction

Settlement?

…but settlement within the ecosystem remains a challenge…

- Little appetite for settlement in crypto currencies

- Global bank adoption hard to achieve (multiple integrations)

- Automated payment confirmation is often key to B2B ecosystems

- Pressing need for fast, transparent, global and secure settlement in fiat currencies initiated from the ecosystem

gpi Link - Proof of Concept

➢ **Objective of the Proof of Concept**
Test the provision of a gpi-based payment solution to trade and e-commerce environments.
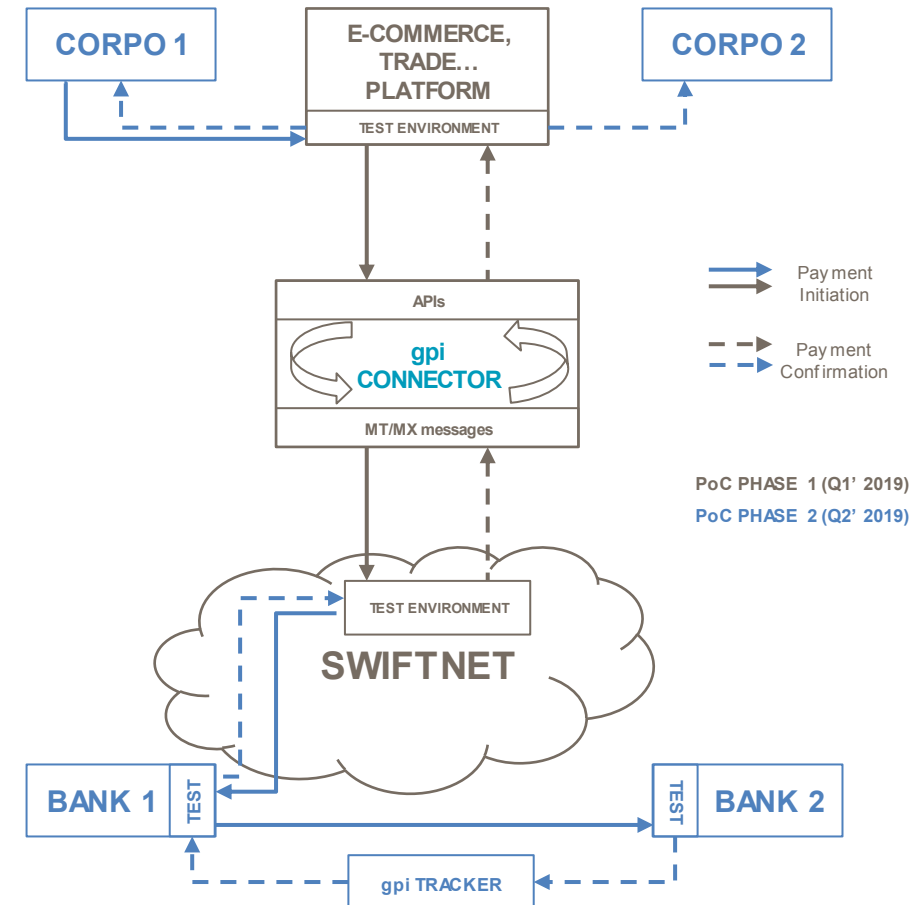
➢ **Description**
The gpi connector will consist of an open yet secured API environment, between trade and e-commerce ecosystems and gpi banks, via the SWIFT network. The flow will cater for payment initiation, end-to-end payment tracking, and a payment confirmation, leveraging the SWIFT gpi capabilities. It will also allow payer authentication. The connector will use existing set-ups, limiting the integration effort for banks.
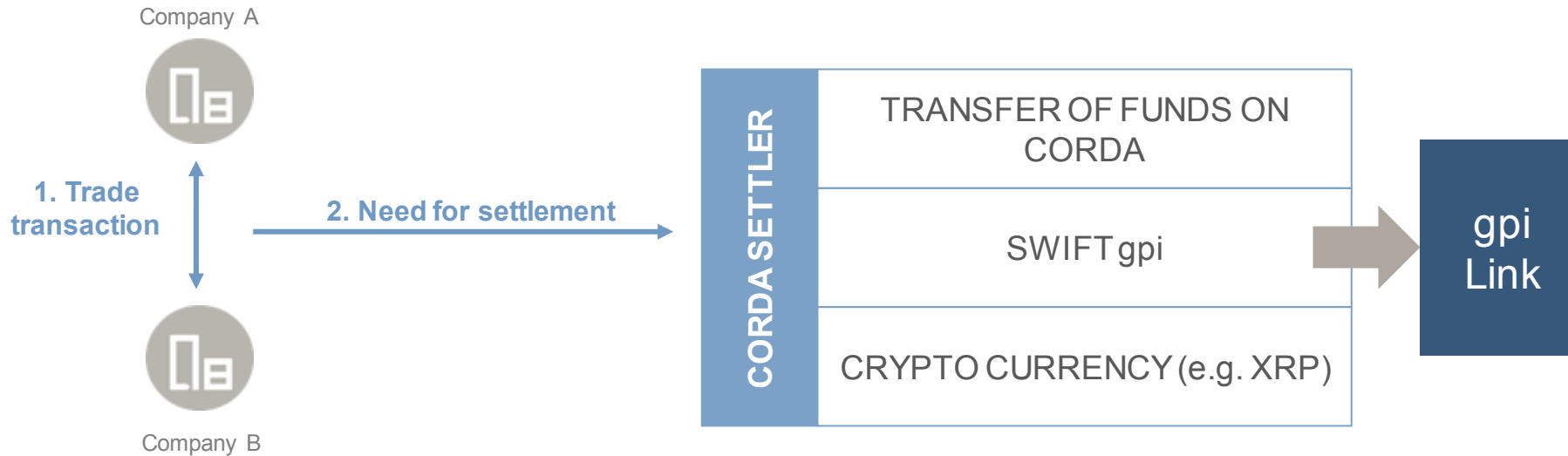
➢ **Timeline**
- ▪ Q1' 2019: technical infrastructure testing
- ▪ Q2' 2019: testing with participants (banks & corporates)
- ▪ Q3' 2019: showcase at Sibos

➢ **Interested to participate?**
- ▪ You must be a g4C gpi bank
- ▪ Supporting 3SKey is a nice to have

CORPO 1

E-COMMERCE, TRADE… PLATFORM

CORPO 2

TEST ENVIRONMENT

APIs

gpi CONNECTOR

MT/MX messages

Payment Initiation

Payment Confirmation

PoC PHASE 1 (Q1' 2019)
PoC PHASE 2 (Q2' 2019)

TEST ENVIRONMENT

SWIFT NET

BANK 1   TEST

TEST   BANK 2

gpi TRACKER

Settlement on Corda

Company A

1. Trade transaction

2. Need for settlement

Company B

CORDA SETTLER

TRANSFER OF FUNDS ON CORDA
SWIFT gpi
CRYPTO CURRENCY (e.g. XRP)

gpi Link

The gpi Link does not enable XRP or any crypto currency settlement

SWIFT is not collaborating with Ripple in this PoC. The gpi Link aims at providing a settlement solution to trade ecosystems. Ripple does not operate a trade ecosystem; their main business model is to provide clearing and settlement for cross-border payments

Global adoption

More value

www.swift.com