The SWIFT global payments innovation initiative

August, 2017
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
Time for SWIFT gpi

Accessible by any bank

Core transaction banks

Message technologies

SWIFT gpi

Value-added product suite

SLA rulebook

Accessible by any corporate

Tracker

Directory

Observer

Reaching any bank
SWIFT gpi: Three phases running in parallel

Phase 1
Delivering a New standard
Live in Feb 2017

Phase 2
Designing Digital transformation
Q4 2017 - 2018

Phase 3
Exploring Technological innovation
Q1 2017 – 2019?
SWIFT gpi roadmap

Phase 1
Delivering a
New standard

Phase 2
Designing
Digital transformation

Phase 3
Exploring
Technological innovation

SWIFT gpi Customer Credit Transfer
- Faster
- Transparent
- Traceable
- Unaltered remittance information

Live in Feb 2017
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
Key element:
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.

* BICs for illustration purposes only
Key features:
The 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
GUI: November 2016
MT 199 / API: Q2 2017

- Central payments database, hosted at SWIFT
- Updated via MT199 or API
- Data consumption via GUI, via MT199 (push) or via API (pull)
Key features
The 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: April 2017
Observer Analytics: Q4 2017

<table>
<thead>
<tr>
<th>YOUR</th>
<th>gpi QUALITY INDEX</th>
<th>gpi COMMUNITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>same day</td>
<td>Branch 1a</td>
<td>Bank 1</td>
</tr>
<tr>
<td>transparency</td>
<td>Branch 1b</td>
<td>Bank 2</td>
</tr>
<tr>
<td>end-to-end tracking</td>
<td>Branch 1c</td>
<td></td>
</tr>
<tr>
<td>remittance info unaltered</td>
<td>Branch 1d</td>
<td></td>
</tr>
</tbody>
</table>

Compliant
Non-compliant (visible to non-compliant gpi bank only)
Non-compliant (visible to all gpi banks)
Key features
The 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**
December 2016 via SWIFTRef
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
Add a tick to confirm they're on board

WALRAVEN, Anne-Sophie, 13/03/2017
## Value for banks

<table>
<thead>
<tr>
<th><strong>Reduce Costs</strong></th>
<th><strong>Delight Customers</strong></th>
<th><strong>Grow Business</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Increase operational efficiency</em> in your customer claims and investigations management</td>
<td><em>Significantly increase customer satisfaction</em> by offering speed, certainty, transparency and a confirmation of credit for cross-border payments</td>
<td><em>Retain and attract new customers</em></td>
</tr>
<tr>
<td>Ability to do <em>cash forecasting</em> and <em>optimise your liquidity management</em></td>
<td><em>Build a reputation</em> of leader in global payments innovation</td>
<td><em>Sell payments services to third parties</em></td>
</tr>
</tbody>
</table>

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*SWIFT gpi - April 2017*
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 - March 2017
Over 120 global transaction banks committed to gpi

Sample illustration of banks with implementation project, 17 live

110+ Banks

220+ Countries

75% SWIFT cross-border payments

ABN AMRO Bank
ABSA Bank
Agricultural Bank of China
Akbank
Alfa-Bank
ANZ
BBVA
Banco de Crédito del Perú
Banco de Galicia
Banco Inbursa
Banque Centrale Populaire
Bank for Foreign Trade of Vietnam
Bank of America Merrill Lynch
Bank of China
Bank of Communications
Bank of Jiangsu
Bank of Montreal
Bank of New York Mellon
Bank of Ningbo
Bank of Nova Scotia
Bank of Tokyo-Mitsubishi
Bank of Yinzhou
Barclays
Bayerische Landesbank
Bidvest Bank
BNP Paribas
Cajamar Caja Rural
Canadian Imperial Bank of Commerce
Central Africa Building Society
China Citic Bank
China Construction Bank
China Minsheng Banking Corporation
Citibank
Commerzbank
Commonwealth Bank of Australia
Crédit Mutuel-CIC Banques
CTBC Bank
Danske Bank
DBS Bank
Deutsche Bank
Denizbank
DNB Bank
Ebury
E.SUN Commercial Bank
Erste Group Bank
FirstRand Bank
Guangfa Bank
Landesbanken-Hessen-Thueringen
HSBC
ICBC
Industrial Bank
ING Bank
Intesa Sanpaolo
INTL FCStone
JPMorgan Chase Bank
KBC Bank
KEB Hana Bank
Lek Securities Corporation
Lloyds Bank
Mashreq Bank
 Mizuho Bank
National Australia Bank
National Commercial Bank
Natixis
Nedbank
Nordea Bank
Oversea Chinese Banking Corporation
Ping An Bank
Piraeus Bank
Postal Savings Bank of China
PKO Bank Polski
Rabobank
Raiffeisen Bank International
Royal Bank of Canada
Santander
Sberbank
Shanghai Pudong Development Bank
Siam Commercial Bank
Skandinaviska Enskilda Banken
Société Générale
Standard Bank of South Africa
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Tadhamon International Islamic bank
TEB
The Commercial Bank of Kuwait
Toronto-Dominion Bank
Türkiye Cumhuriyeti Ziraat Bankası
UBS Group
UniCredit
Wells Fargo
Westpac Banking Corporation
Yapi Ve Kredi Bankası
Zhejiang Rural Credit Cooperative Union

SWIFT gpi – July 2017
SWIFT gpi roadmap

Phase 1
Delivering a **New standard**

Phase 2
**Designing Digital transformation**

Enabling **digital payment services**
- Rich payment data service
- Stop and recall payment service
- International payments assistant service

Phase 3
**Exploring Technological innovation**

Q4 2017 - 2018
SWIFT gpi phase 2: The digital transformation of cross-border payments

Rich payment data
Rich remittance information, invoices, compliance documents, etc.

Stop and recall a payment
Instantly stop unsolicited payments (double payments, manual errors, fraud)

International payments assistant
Payments assistance at origination, to increase straight-through-processing

SWIFT gpi - March 2017
Phase 1
Delivering a
New standard

Phase 2
Designing
Digital transformation

Phase 3
Exploring
Technological innovation

Exploring the use of new technologies
- DLT Proof of Concept for real-time reconciliation of nostro accounts

Q1 2017 – 2019?
SWIFT gpi Phase 3: DLT PoC in support of Nostro reconciliation

Background
- Nostro reconciliation identified by gpi Vision group as a priority use case for DLT exploration
- SWIFT is facilitating a collaborative approach and has engaged with a number of banks with an interest in this PoC

Objective
- Prove adequacy of DLT technology in a multilateral use case
- Investigate whether DLT can help achieve automated real-time nostro reconciliation
- Quantification of benefits and impacts of DLT if deployed in production environment and integrated within the bank
- Investigate how to incorporate this solution into the gpi framework

Approach
- Proof of concept with a small group in first half of 2017
- Additional group for additional testing and qualification of PoC
- Showcase experience at Sibos
How to get started with SWIFT gpi?

1. Learn more on [www.swift.com/gpi](http://www.swift.com/gpi) or on our SWIFTgpi App (available for iPad)

2. Contact us via [swiftforbanks@swift.com](mailto:swiftforbanks@swift.com) to discuss onboarding steps