



SWIFT gpi: setting the new global payments standard

A panel of international business leaders explain how the SWIFT gpi platform is alleviating industry pain points and addressing challenges in corporate payments.



Christian Westerhaus, head of clearing products, cash management, Deutsche Bank

SWIFT's global payments innovation (gpi) solution has breathed new life into the correspondent banking model, which many believed was in danger of further decline. Within two years, gpi has been created and implemented, has signed up more than 120 banks, 40 of which will be live by the end of 2017, and has processed more than 3 million payments to date.

Christian Westerhaus, head of clearing products, cash management, Deutsche Bank, says gpi will become "the new normal" in correspondent banking. "SWIFT gpi's promises of same-day execution, traceability in a cloud-based tracker, and transparency of the transaction for all parties involved have all come true and are in practice now." This puts competition at a new level, as all correspondent banks can achieve transparency and traceability for their clients. Therefore, says Westerhaus, service becomes even more important and differentiation will lie in how swiftly correspondent banks initiate customer investigations and how they link other correspondent banking services to gpi.

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ROUTE TO MASS ADOPTION

Deutsche Bank has gone live with gpi, connecting to "The Tracker" (which provides full visibility on the status of a payment transaction from the moment it is sent until it is confirmed) in the cloud via an application programming interface (API). For gpi to become the new normal, banks

must connect their clients to it, says Westerhaus. "The investment made in gpi is not insignificant. So, banks must create that mass adoption, that network and reach effect and leverage the network. Corporate clients will benefit from the transparency – I reckon that investigation rates and cases will go down dramatically with gpi and that is a big benefit. The achievements of gpi mean that correspondent banking is now at par with the expectations of financial institution and corporate clients."

The transparency and payment tracking that gpi brings will alleviate many of the problems corporates face and bring greater efficiency, says Javier Orejas, senior banker EMEA and the Americas at the International Air Transport Association (IATA). The Association processes \$360 billion of payments from 160 countries every year. "We operate as a financial intermediary for airlines, collecting forms from travel agents and then reconciling and making the proper follow-up of the non-payments," says Orejas. "It is a complex operation and we apply strict rules. A delay in payment could have serious consequences for our travel agent members, including removing their ticketing authority." With the greater transparency and tracking capabilities of gpi, Orejas expects such drastic actions to be taken less often.

Rapid adoption of gpi by the banking industry is high on Orejas' wish list. The first priority is to encourage banks to adopt gpi, followed by extending the initiative from the common currencies, such as USD and EUR, to other currencies, to cover at least the main 20 currencies globally. IATA deals with many currencies and in some countries in the Middle East and Africa the transparency gpi delivers will add greater value than it will in more developed countries in Europe and North America, he adds.

Orejas says traditional transaction banks must evolve at the same speed as their competitors in payments if they are to survive. "I believe that gpi is a step in the right direction."



Javier Orejas, senior banker EMEA and the Americas, IATA



Dena Stefanopoulos, senior director, product and correspondent bank management, Silicon Valley Bank



Wim Raymaekers, global head of banking market and head of SWIFT gpi programme, SWIFT

SPEED AND SIMPLICITY

The speed, transparency, and traceability of gpi are attributes that the clients of Silicon Valley Bank (SVB) are looking for in cross-border payments, says Dena Stefanopoulos, senior director, product and correspondent bank management at the bank, which services financial technology companies and other high-tech outfits.

"Our clients are companies that are disrupting industries and introducing new ways of providing services," she says. "And in their personal lives and with other business providers, they are used to simple and easy client experiences." SWIFT gpi is matching that type of experience, she adds.

Initially, SVB will access gpi via a global bank. "Some of our correspondents that are live on gpi have already approached us about giving us access to their channel, their online banking tool where we can query our payments and so forth. I've seen a couple of gpi payments and it's a very different experience than what we're used to today."

Stefanopoulos says SVB helps its clients to send and receive payments to more than 100 countries. She believes gpi will help the bank to deliver payments more quickly and ensure that the beneficiary receives funds when it is supposed to. "There is an underlying contract that the client is fulfilling with that payment so, if there are any deductions, it is crucial that they are disclosed – that there is transparency about what is being done. It is critically important that the client can query exactly where the payment is in the process."

The future enhancements planned for gpi will also appeal to clients, she says. "The future of gpi is digital and open APIs and I think this is the right direction. The

correspondent banks really had to embrace this technology to stay relevant."

PLATFORM FOR INNOVATION

The digital transformation of gpi will "take the experience that banks provide to the corporate treasurer to the next level", says Wim Raymaekers, global head of banking market and head of SWIFT gpi programme, SWIFT. "For instance, gpi will provide the ability to send rich payment data along with the transaction. So, that's really carrying the experience one step forward."

Another feature that Raymaekers highlights is 'stop and recall' of payments, which at present is inefficient. By improving this process, it will be brought under the control of the gpi solution. Westerhaus says stop and recall will add "safety and soundness" to correspondent banking – a "big topic" at the moment.

For Raymaekers, gpi is all about the corporate treasurers and enhancing their experience. "SWIFT gpi makes the correspondent banking model as it is today more efficient, more straight through with value-added digital transformation."

SWIFT gpi is also a framework, he adds, that can deliver value now but also into the future. Raymaekers refers to this as a "platform for innovation". New ideas and technologies that emerge can be easily integrated with the digital gpi platform.

He is looking forward to when banks integrate their APIs into their front-end channels to improve customer experience and give corporate treasurers a new way of doing cross-border payments. This will also enable treasurers to bring other services – not just cross-border payments – into gpi, including cashflow analytics and forecasting. "SWIFT gpi starts with a better experience, because

that needed to be fixed and we can fix it," says Raymaekers. "But it is also a platform for innovation, and new services will be rolled out for the benefit of the corporate treasurer. We are building a strategic roadmap, in co-creation with the banking industry and with fintechs.

In addition to the digital transformation of gpi, Westerhaus says another big step will be for banks to help corporates to leverage the capabilities of gpi. "We need to show corporates how they can integrate gpi payments into their ERP systems without interrupting or putting too much pressure on their treasury operations."

At the recent Sibos conference, Westerhaus says many discussions were held about the ISO 20022 standard and when it will be introduced by market infrastructures. This is also something correspondent banks must work towards, introducing the standard and ensuring gpi can also connect into it.

Westerhaus believes there will be a time when 100% of the commercial payments on the SWIFT network are undertaken via gpi. "This is a transformation that is just starting; it will take a few years, but it will transform the correspondent banking industry."

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