SWIFT gpi – transforming cross-border payments, today
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Barclays speaks to Ryan McAuliffe from SWIFT about how SWIFT global payment innovation (gpi) is transforming the cross-border payments industry.

As any corporate treasurer can tell you, cross-border payments have traditionally had four main challenges – they can take days, they can’t be tracked, they lack transparency on fees taken, and remittance information can be altered in the payments process. “This is all changing,” says Ryan McAuliffe, Shared Services Specialist at SWIFT.

“SWIFT gpi is transforming the cross-border payments experience for banks’ corporate clients by offering greater speed, transparency and traceability.”

Ryan McAuliffe, Shared Services Specialist at SWIFT

Making the change

Back at Sibos 2015, the banking community joined together to address the cross-border payment challenges their customers face through technical innovation and industry collaboration. And so gpi was born. Underpinning the service is a set of business rules captured in multilateral service level agreements (SLAs) between participating banks as well as a number of enhancements to their SWIFT infrastructures. “This has enabled banks to offer to their customers a faster service where payments are credited in minutes and hours, rather than days, full transparency is provided over any fees deducted in the process and payment are tracked end-to-end,” says McAuliffe.

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

<table>
<thead>
<tr>
<th>“Yesterday”</th>
<th>“Today”</th>
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</thead>
<tbody>
<tr>
<td>Traditional correspondent banking</td>
<td>SWIFT global payments innovation (gpi)</td>
</tr>
<tr>
<td>Slow, can take multiple days</td>
<td>Faster, same-day* use of funds</td>
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<tr>
<td>No transparency on costs</td>
<td>Transparency of fees</td>
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<tr>
<td>No transparency on time</td>
<td>End-to-end payments tracking</td>
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<tr>
<td>No confirmation of credit</td>
<td>Remittance information transferred unaltered</td>
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*Within the timezone of the receiving gpi member.

Transforming the customer experience

SWIFT have developed a suite of products which gpi banks can leverage with their clients:

1. **A Tracker** – to track cross-border payments from the instructing party to the ultimate beneficiary

2. **A Directory** – of all BICs along with their published cut-off time for their major currencies

3. **The Observer** – to allow for retrospective benchmarking and analysis of payment flows against the four pillars’ KPIs.

SWIFT has also introduced a UETR (Unique End-to-End Tracking Reference), 36-figure, open source code-generated reference, which will feature in the header of all compliant messages. This reference will be used across the full payment chain to drive traceability – so that if a payment is delayed (due to lack of funds or documentation, for example) participating banks will need to send a status pending update to the tracker acknowledging the payment and identifying the reason for the delay. The ultimate aim is to move away from batch or end-of-day to real-time processing.
All banks in the payment chain – initiators, correspondents and the ultimate beneficiaries – can view the transaction status and associated data. The intention is then for the banks to make this information available to the end customer. This is akin to DHL Postal Tracking but goes an extra step as confirmation is provided when the funds are credited to the account (the parcel is opened). Payment-specific data (i.e. fields 50 and 59) will not be reported via the tracker for data protection purposes. MT202COV messages will also be brought into scope within the wider payment tracker.

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Rapid adoption

Since gpi’s launch in early 2017, adoption has been extremely rapid, with more than 150 banks either live or implementing the service. And the benefits are already clear to see, with nearly 50% of all gpi messages settled in 30 minutes or less – providing certainty as well as speed. “SWIFT gpi is on track to become the standard for all cross-border payments by the end of 2020,” adds McAuliffe.

And when SWIFT’s annual standards release comes in effective in November, the UETR will become mandatory for all SWIFT banks, vastly increasing the reach of the service. This will be additionally aided by the adoption of the UETR by other associated schemes (i.e. CHAPS, CHIPS, FedWire) enabling payments that use both SWIFT and local clearing to be fully tracked.

Moving forward

This year gpi will also deliver additional services, such as a ‘Stop and Recall Payments’ service enabling banks to stop a payment instantly, regardless of where it is in the payment chain. And, in the future, we can also look forward to the migration to the ISO 20022 standard with the UETR available in plain and CAMT formats; corporates being able to generate the UETR and place this within the instructing MT101 for better visibility; and a central cloud for advanced remittance data then linked to all parties associated with the payment.

For more information about SWIFT gpi, please speak to your Relationship Director.