



## SWIFT gpi breaks 50% barrier

- 2018 marks transformative year for correspondent banking
- Less than two years since launch, gpi captures over half of cross-border SWIFT flows

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During 2018, SWIFT's gpi payments service continued to radically transform correspondent banking. With the support of hundreds of financial institutions, including the world's 60 biggest banks, it is now being used to send hundreds of billions in payments every day – more than half (55%) of SWIFT's cross-border traffic.

**Luc Meurant, Chief Marketing Officer at SWIFT**, said: "Through gpi, SWIFT and its community have managed to radically innovate the very core of correspondent banking, in what has been the biggest innovation in SWIFT's 40 year history. The pace of its adoption since its launch in early 2017 is particularly impressive; less than two years' since its launch, gpi is rapidly becoming the cross-border standard. It was designed, developed and deployed in record time, and the industry has responded to it with huge enthusiasm, enabling us to move towards universal adoption by the end of 2020."

Already the new standard, SWIFT gpi has dramatically improved the customer experience in cross-border payments by increasing the speed, transparency and traceability of payments. SWIFT gpi payments are typically made within minutes or even seconds. Overall, over 50% of SWIFT gpi payments are credited to end beneficiaries within 30 minutes, and almost 100% of payments within 24 hours. Payments that take longer typically have clear known reasons, such as being subject to payment regulations in the receiving country.

"The increased speed offered by gpi benefits banks as well as their end customers", added Meurant. "For banks, it helps to reduce the capital requirements needed to support international payments, while for banks' end customers it frees up cash and enables goods to move faster. The service has dramatically enhanced the customer experience by eliminating many of the issues that have previously led to time-consuming and costly enquiries. The transparency it enables not only reduces the total number of enquiries, but also the time needed to handle those that are left."

Global adoption ramped up throughout the year, as major banks from all across the world joined the service. The rapid take up of the gpi service led to SWIFT's announcement in June that it would move to universal gpi adoption by the end of 2020. By then, all 10,000 banks on the SWIFT network will be able to offer same day end-to-end delivery with full tracking and transparency throughout the payment chain.

In addition, SWIFT announced a number of significant developments and enhancements to the service during the year:

### **Unique identification mechanism**

gpi's unique end-to-end transaction reference (UETR) has been included in all payment instructions carried between all 10,000 banks on SWIFT since November, irrespective of whether senders are gpi banks and whether they are executing gpi payments. The extension of the UETR represented a major step forward, significantly extending transparency by allowing users to track all payments, whether or not the counterparty has joined gpi, and driving more banks to join the service.

### **Tracking capability extended to full network**

From 2019, all banks on the SWIFT network – not just those signed up to gpi – will be able to trace, and have visibility over their payment activity. The rollout will prepare the entire industry for universal gpi adoption by the end of 2020.

### **Integration with domestic payment systems**

SWIFT has worked with most major domestic high value payment systems to ensure that gpi payments can be tracked through nearly 100 domestic systems across the world, including the systems in all the largest economies. This allows many of the benefits of gpi to be experienced beyond SWIFT's extensive reach.

### **Instant cross-border payments**

SWIFT successfully trialled an instant cross-border SWIFT gpi payments service in the Asia Pacific region. Working with banks in Australia, China, Thailand and Singapore, the pilot successfully demonstrated that by leveraging gpi and gpi banks to inter-connect real-time domestic systems, cross-border payments can be effected almost instantly – even when they involve domestic settlement and non-gpi banks. The fastest payment made directly between gpi banks in these corridors was initiated from a gpi bank in Singapore and credited to a bank account at an Australian gpi bank within nine seconds – in effect, a real-time cross-border payment.

### **Payment pre-validation capability**

SWIFT announced the pilot of an API-enabled integrated pre-validation gpi service to enable the speedy identification and elimination of issues in payment messages. The pilot is the first stage in the rollout of an ambitious gpi validation programme, which will also look at using predictive analytics and artificial intelligence to improve the predictability of international payments.

### **Multi-bank tracking solution for corporates**

SWIFT launched gpi for Corporates (g4C) – a multi-bank payments tracking solution that allows corporates to gain real-time, end-to-end views on their cross-border payments flows. The new service enables banks to provide gpi information to their corporate clients in a standardised way, thus allowing them to initiate and track their gpi payments to and from multiple banks in a single format and integrate it into their back offices, achieving efficiency and transparency with automated end-to-end flows.

### **Improved business intelligence**

SWIFT debuted a new Business Intelligence gpi Observer Analytics tool giving banks more comprehensive insights into their gpi traffic flows. The unique market and competitive analysis that gpi Observer Analytics provides allows financial institutions to act on reliable data enabling them to optimise their payment routings, steer their cross-border payment strategies and fine-tune their Service Level Agreements. This will lead to lower costs, faster payments and an improved customer value proposition.

### **Award wins**

In 2018, SWIFT gpi won three prestigious industry awards. It was awarded *Best Payments and Settlement Technology Provider* at the Central Banking Awards, *Best Corporate Payments Initiative* at the Banking Technology Awards and *Best Product Innovation* by The Economic Times.

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**About SWIFT**

SWIFT is a global member owned cooperative and the world's leading provider of secure financial messaging services. We provide our community with a platform for messaging and standards for communicating, and we offer products and services to facilitate access and integration, identification, analysis and regulatory compliance.

Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories. While SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby supporting global and local financial flows, as well as trade and commerce all around the world.

As their trusted provider, we relentlessly pursue operational excellence; we support our community in addressing cyber threats; and we continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs. SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern. SWIFT's strategic five year plan, SWIFT2020, challenges SWIFT to continue investing in the security, reliability and growth of its core messaging platform, while making additional investments in existing services and delivering new and innovative solutions.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.

**About SWIFTgpi**

The SWIFT global payments innovation (SWIFT gpi) is the largest change in cross-border payments over the last 30 years and is the new standard. SWIFT gpi dramatically improves the customer experience in cross-border payments by increasing their speed, transparency and end-to-end tracking. Hundreds of thousands of cross-border payments are being sent every day using the new gpi standard. Payments are made quickly, typically within minutes, even seconds.

SWIFT gpi allows corporates to receive an enhanced payments service, with the following key features:

- Faster, same day use of funds within the time zone of the receiving gpi member
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

With SWIFT gpi, the correspondent banking community, together with fintechs, corporates, and others, is collectively removing frictions and reducing the costs associated with cross-border payments. Since its launch in January 2017, gpi has dramatically improved the cross-border payments experience for corporates in over 800 country corridors. Key features of SWIFT gpi include enhanced business rules and a secure tracking database in the cloud accessible via APIs. New gpi services are routinely developed with the gpi member community and rolled out to the growing network of banks.

Thanks to SWIFT gpi, corporates can grow their international business, improve supplier relationships, and achieve greater treasury efficiencies. Overall, over 50% of SWIFT gpi payments are credited to end beneficiaries within 30 minutes, and almost 100% of payments within 24 hours.

In addition to over 300 financial institutions that have adopted gpi, more than 55 payment market infrastructures are already exchanging gpi payments, enabling domestic exchange and tracking. Payment market infrastructures have a critical role to play in facilitating the end-to-end tracking of cross-border payments because as soon as international payments hit the destination country, they are typically cleared through local payment infrastructures.