



## SWIFT gpi: the road to transparency

Citi believes that SWIFT gpi will have a far-reaching impact on the global payments landscape.



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**Preeti Chaturvedi**

Director TTS-Global Payments and Receivables Product, Citi

### Cross-border payment challenges

The end to end client experience of cross border payments presents considerable challenges due to the number of banks involved in any given transaction. One of the most notable issues is the lack of visibility on the status of individual payments across the banking chain.

“When everything goes smoothly and the beneficiary receives the payment as expected, there is no problem,” explains Preeti Chaturvedi, Director TTS-Global Payments and Receivables Product, Citi. “But exceptions are expensive and manually intensive, often involving multiple correspondent banking relationships. Historically, clients have not been able to get proactive visibility into their payment’s status along the banking chain and are dependent on customer service representatives to determine where their transaction is held up.”

For corporates, delays in settlement can adversely affect the efficiency of companies’ cash management processes. Reputational risks can also arise if a vendor doesn’t receive money on time, or if a key Merger and Acquisitions (M&A) transaction is delayed. Additionally, there can be significant reconciliation challenges.

In some cases, clients may proactively ask the bank to monitor whether urgent payments are completed on time. While Citi’s service teams are well equipped with the necessary tools, this can be a manually intensive process.

### SWIFT gpi

In order to overcome these issues, Citi has been proactive in adopting SWIFT gpi, a new service which aims to transform cross-border payments by increasing the speed, transparency and end-to-end tracking of payments. SWIFT gpi, which has been developed in conjunction with a number of global banks, is already being used to send thousands of cross-border payments around the world. The benefits of the service include:

- Same day use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

Citi was one of the first banks to be live with gpi, going live in the United States and the United Kingdom with multiple currencies, including USD, EUR and GBP.

Clients have much to gain by being able to pinpoint the whereabouts of payments throughout the payment chain. “We are committed to delivering next-generation experiences to our clients and working actively to integrate this information into TTS strategic Channels. This will allow clients to track their payments – just like we can track packages in our daily lives,” Chaturvedi explains.

“The lack of an automated feedback loop to the ordering customer on charges applied along the banking chain is an industry issue, and has been a pain-point for our corporates for many years,” comments Chaturvedi. “Clients are also getting very excited about the ability to receive confirmation on the exact amount the beneficiary will receive.”

## Implementing SWIFT gpi

When adopting SWIFT gpi, banks can decide between accessing the payments Tracker via MT 199 messages or via APIs. For Citi, the API model has proved to be the best fit. "This aligns with our overarching strategy of making communication between our systems and our clients as efficient and future-proof as possible," says Saad Ur Rahman, Payments Product Manager, Citi. The implementation itself progressed quickly and smoothly. "The collaboration with the SWIFT team worked very well and we didn't face any major issues" comments Rahman.

Citi is working to incorporate gpi information into its existing client facing infrastructure and portals. They have integrated and launched gpi data into their Payment Flow Manager (PFM) tool, Citi's online payment portal designed specifically for FI clients, and are actively working to expand access of this information to pilot corporate clients followed by a broader corporate client commercialization through CitiDirect BE®. This integration is being facilitated by Citi's connection to the SWIFT gpi



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Payments Product Manager, Citi

cloud via the API model which provides centralized, standardized and real time payment information to the connecting gpi banks.

Chaturvedi says many clients are aware of SWIFT gpi and are enthusiastic about the visibility that it provides. "We have sophisticated clients who are driving standardisation in corporate cash management. These clients understand the transformative power of gpi" she says. "We also get requests from clients who want to improve their awareness of gpi and understand how this will benefit their corporate cash management."

## Looking forward

Citi is currently working on adopting Phase 2 of SWIFT gpi, which will introduce additional functionality such as the instant Stop and Recall of a payment. "We are excited about the prospect of standardisation of information and processes when transactions are returned," says Chaturvedi. "I think this is going to offer significant operational efficiency for the bank as well as for our clients."

Rahman also sees significant value to the 'Stop and Recall' functionality. "The risk of fraudulent payments is only increasing given what we have seen in cyber attacks across the world. In certain circumstances the Stop and Recall functionality will improve the chances of stopping and recovering fraudulent payments before extraction from the system".

## Lessons for other banks

The more widely gpi is adopted, the greater its value to the industry as a whole. For other banks considering adopting SWIFT gpi, Rahman has some advice to offer. "If you are very clear on what your strategy is and where you want to go, you will find it easier to make decisions," he says. "Having senior buy-in is also very important – enabling a branch on gpi requires investment dollars, so senior support is needed in order to progress the initiative."

With gpi included in SWIFT's 2017 and 2018 Standards Releases, Rahman says this is giving new impetus to banks. "Now is the time to act," Rahman concludes. "We believe that this is the right thing to do for the industry. It has been a great experience working with

the SWIFT team, and any bank which is looking to join gpi should be comfortable that they are in good hands."

Mark McNulty, Global Head of Clearing & FI Payments at Citi believes that progress on gpi through 2017 has been very strong but there is much more to do. "It has been very pleasing to see the number of banks signing up through 2017 but we now need to move into a new phase whereby gpi becomes the standard in transacting payments across the SWIFT network. Only then will the true potential of gpi be unlocked. Citi is fully committed to gpi which is clearly illustrated by our early launch and integration into our FI client portal, Payment Flow Manager. We will continue to roll this out across our network in 2018 with integration into our client channels. Watch this space! "



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