



Improving client experience

For BNY Mellon, SWIFT gpi brings a clear opportunity to improve the cross-border payments experience for clients.

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Managing Director and Head of Global Product Management,
BNY Mellon Treasury Services

The challenges

Streamlining the client experience associated with global payments is an important goal for US-based bank BNY Mellon – and the area of cross-border payments is in particular need of improvement. The bank’s customers make cross-border payments using a number of different channels, such as SWIFT messages, file transfers and electronic banking. As well as originating payments, the bank often acts as an intermediary and therefore has to aggregate many questions about the status of individual cross-border payments.

As Michael Bellacosa, Managing Director and Head of Global Payments, BNY Mellon Treasury Services, points out, handling inquiries is an activity which has become increasingly time consuming in recent years. “The opaqueness that exists in correspondent banking leads to a lot of inquiries, questions and follow ups from our direct clients, which involves a great deal of time and effort on both sides,” he explains.

This issue has become more prominent as a result of greater scrutiny by the Office of Foreign Asset Controls (OFAC), with around 2% of the bank’s cross-border payments being subject to investigation. Inevitably this has affected the bank’s resourcing arrangements. “Historically, a third of our staff would handle inquiries and two thirds would handle the processing of payments,” observes Edmund Esch, Managing Director and Head of Global Direct Clearing Services, BNY Treasury Services. “Now it’s the other way around.”

Seeking transparency

For the bank’s customers, meanwhile, there is a clear need for greater predictability about when a payment will arrive and how much the beneficiary will actually receive once deductions have been made. Just as important is the need for greater traceability while a payment is in progress.

“Many clients are in competitive industries and are trying to provide a better service to their trading partners,” says Tony Brady, Managing Director and Head of Global Product Management, BNY Mellon Treasury Services. “This is difficult in an environment where clients struggle to predict when a payment will arrive. However, an environment where clients can predict what will happen – and know exactly where a payment currently is – would allow them to provide a much better service to their clients, at a lower cost and a lower level of effort.”

Piloting SWIFT gpi

Consequently, the bank was quick to welcome the arrival of SWIFT global payments innovation (gpi), a new standard which is designed to improve the speed and transparency of cross-border payments. SWIFT gpi allows banks to provide their customers with enhanced payments services, including the same-day use of funds and the ability to transmit remittance information unaltered. Banks can also leverage a unique Tracker database to track the location of individual payments throughout the payment chain.

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BNY Mellon has been engaged in SWIFT gpi since its initial development conversations at Sibos in 2015. From the start, it was clear that the new service had much to offer not only BNY Mellon, but also its clients. "SWIFT gpi brings a tremendous opportunity to reduce the overall cost of how we service cross-border transactions," explains Brady, also a member of the SWIFT gpi Vision Group. "We knew that if we had tracking – and if our clients had tracking – there would be far fewer inquiries into payments, and we would be able to build a much better experience for clients. Because our clients will be able to respond to their clients' requests far more quickly, the end client payment experience and our clients' competitiveness is greatly improved. The whole ecosystem would therefore see a reduction in the amount of contact needed between different parties as part of the inquiry process, making the overall process faster and more efficient."

Implementing gpi

With so many reasons for adopting SWIFT gpi, the bank wasted no time in signing up. "We knew right away that we wanted to be a part of it, so we jumped in with the pilot," says Esch.

For the first stage of the project, the bank opted to focus on USD payments. "We have one system that only processes USD wires, so this provided a very tight field," Esch explains. "It meant that we could keep the number of resources from IT, operations and QA testing manageable." Achieving core functionality took around six months, with the need to juggle competing projects presenting the main challenge.

BNY Mellon is now using SWIFT gpi for its USD payments – but this is just the beginning. In the coming months, the client experience associated with cross-border payments is expected to improve considerably, with overlay services enabling clients to benefit from the transparency and predictability provided by SWIFT gpi. "Clients will be able to see the latest information on a payment-by-payment basis – or they can choose to see the final information we have if they don't want to receive every update," says Esch. "They will also be able to continue using the normal inquiry channels to ask for gpi information about any particular payment."

Looking further ahead, plans are also in place to start using SWIFT gpi for the bank's large enterprise-wide payments hub using a multiphased approach, as well as adding the FX payments that are processed out of the London branch. Additional stages of the project will include using SWIFT gpi for the FX payments processed from New York, as well as other multicurrency functions. As Esch explains, "Our philosophy is that if we can make a payment as a gpi payment, we will make it as a gpi payment."

Phase Two

BNY Mellon continues to work with SWIFT, the SWIFT gpi Vision Group and the other SWIFT gpi pilot banks in the industry to drive, develop and pilot future SWIFT gpi enhancements for the industry. As such, the bank is set to take advantage of further developments planned for Phase Two of SWIFT gpi. These include the launch of the International Payment Assistant (IPA), which will allow customers to receive information about the banks and market infrastructures involved in the payment chain before sending a payment. "The power of the network is in the joint knowledge of what it takes to execute a payment in each region and country," comments Bellacosa. "If you can bring some of that information together and prevent transactions that are going to fail from ever getting into the system, it benefits both us and our clients."

Similarly, the bank sees considerable value in the new Stop and Recall Payment service, which will enable a payment to be stopped at any point in the payment chain by leveraging its SWIFT gpi tracking code. "This is an important component of enabling this service to better manage the flow of transactions between participants," Esch says.

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Community impact

While BNY Mellon recognises the benefits of SWIFT gpi for the bank and its customers, there is also considerable awareness of the benefits for the whole banking community and the importance of wider adoption. As such, the bank will be offering gpi payments at no extra cost. "It's the single best way to increase the network effect of gpi, which will be critical to its success," explains Brady. Consequently, when it comes to advice for other banks considering adopting SWIFT gpi, the bank has a clear message. "Just go ahead," urges Bellacosa. "It's right for the industry, and it will be right for your customers and your organization."

KEY FEATURES

- Hosted by SWIFT, the cloud-based Tracker provides end-to-end visibility over the status of a payment transaction from start to finish. SWIFT gpi banks can log into the Tracker to check the status of specific payments.
- The gpi Observer allows gpi banks to view other member banks' adherence to the service level agreement (SLA) rulebook, enabling banks to pinpoint areas for improvement.
- All members are automatically listed in the gpi Directory, which enables end-to-end path finding for gpi payments and is available in a wide variety of formats.