



SWIFT gpi

Transaction Management Services

30 July 2018

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Preface

About this document

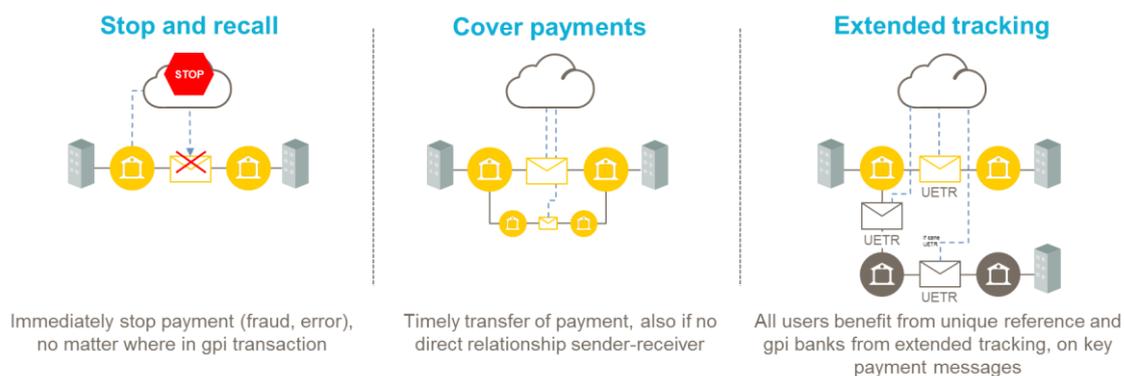
This document provides an overview of the SWIFT gpi transaction management services, with a focus on 2019. Since the last update dated 4 April 2018, this version includes now a **first overview of the services under consideration for 2019**, in order to allow gpi banks and vendors to include in their **2019 budgets** a provision for the service(s) they want to pilot / go live with. For a more detailed overview and actual service descriptions, where available, please refer to the documentation in SWIFT's User Hand Book and gpi Member Zone.

SWIFT gpi went live in January 2017 with its customer credit transfer service (gCCT) based on the MT 103. Co-created with SWIFT's customers, the objective of this first service is to dramatically improve the customer experience of making cross-border payments, by increasing their speed, transparency and traceability, for the benefit of the corporate treasurer. As of November 2017, gpi MT 103 can be sent to non-gpi subscribers for tracking.

Furthermore, SWIFT has set up an "agile innovation" process with the banking and FinTech communities to identify additional opportunities for gpi transaction management services. As an immediate result from these discussions, the following gpi services are scheduled to go live in 2018 as a mandatory upgrade for all gpi customers:

- a "Cover" service (gCOV) to further increase the timely processing of gpi customer credit transfers and expedite credit to the beneficiary when there is no direct account relationship between sender and receiver;
- a "Stop & Recall " service (gSRP) to immediately stop a gpi transaction when processed by gpi banks, in case of fraud or error;
- an "Extended Tracking" service, enabling all gpi customers to track their gpi transaction status along the full transaction chain on SWIFT.

New gpi services for deployment in 2018



The services described in this document (other than the gCCT, gCOV and gSRP services) are still under development and have therefore not undergone full and final qualification.

The present description is provided for advanced information purposes only, and SWIFT reserves the right to amend certain features, commercial conditions, service names, as well as fees, in line with further approvals according to SWIFT's governance principles.

The present document may not be interpreted as a decision by SWIFT to commercially launch all described services.

Intended audience

This document is for the following audience:

- gpi customers and prospects and their vendors

Related documentation

- [SWIFT gpi website](#)
- [SWIFT gpi presentation](#)
- [SWIFT gpi brochure](#)
- [SWIFT gpi - How payment market infrastructures can support gpi payments](#)
- Official documentation in the [SWIFT gpi section of SWIFT's User Handbook](#)
- [SWIFT Smart training modules on SWIFT gpi](#)

1 SWIFT gpi

SWIFT global payments innovation (gpi) dramatically improves the customer experience by increasing the speed, transparency and end-to-end tracking of cross-border payments.

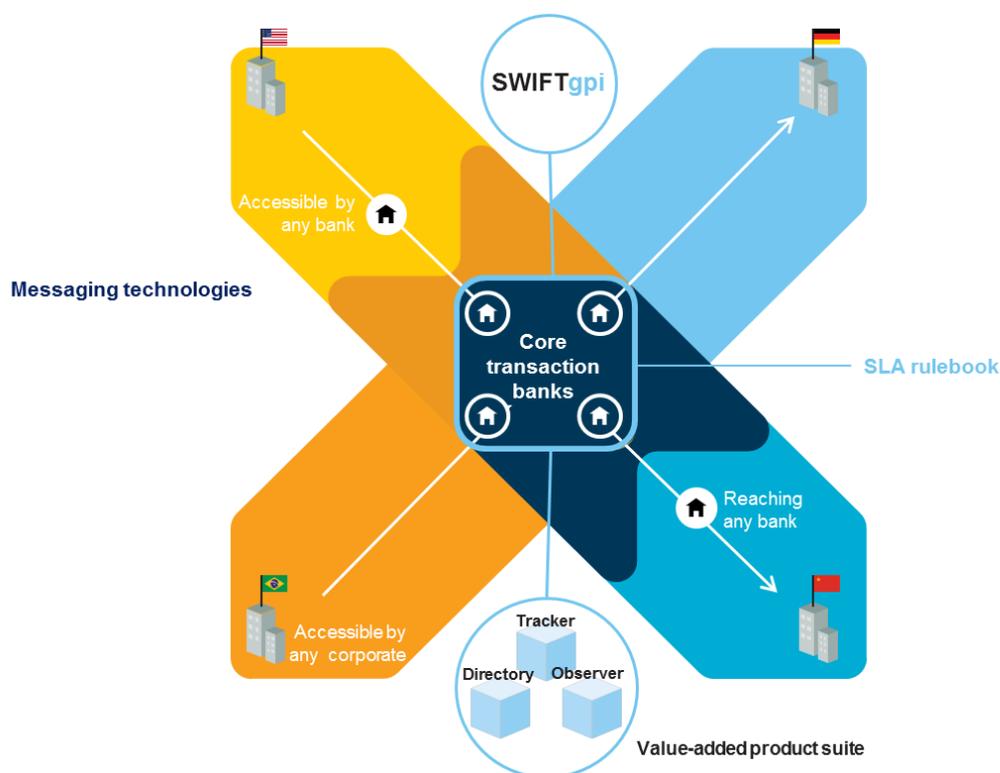
SWIFT gpi global reach is provided by core transaction banks.

SWIFT gpi functions on the basis of 'business rules' with the customer at the centre of the value proposition, captured in service rulebooks which serve as multilateral service level agreements (SLAs) between participating banks.

It operates on SWIFT's secure and resilient global platform; and participation to gpi is open to any supervised financial institution (SWIFT Group 1 category) that agrees to comply with its business rules.

SWIFT gpi also provides a value-added product suite to its participants:

- Tracker: provides visibility on where a payment is and confirmation of its credit in real time
- Directory: provides a complete listing of all gpi members and their operational gpi capabilities
- Observer: provides a global view of gpi banks' adherence to the gpi rulebooks



The objectives of SWIFT gpi are to

1. **Create value first:** provide a "turbo-charged" platform providing a portfolio of transaction management services, based on a rulebook with tight multilateral service levels, which solve real customer problems, deliver a consistent and predictable end-user experience, and bring significant new value to them and their banks.
2. **Reduce back-office cost:** enable a new transaction core provided by banks, that benefits from smart collaboration, reduced operating cost and additional mutualized capabilities, without completely replacing banks' existing IT systems and clearing & settlement fundamentals, and allowing them to remain compliant
3. **Reduce fundamental interbank cost:** explore new clearing & settlement model(s) to replace the current nostro/vostro set-up, with instant messaging capabilities, and investigate new technologies such as distributed ledgers

4. **Enable collaborative innovation:** open access to third-party banks, payments service and e-commerce platform providers, who use common APIs to integrate transaction management services in their specific customer experience thus enabling collaborative innovation, and broad reach to businesses and consumers in domestic payments systems by achieving global interoperability

SWIFT gpi as a platform for collaborative innovation

Innovation is an ongoing process, and through our R&D programmes and initiatives such as SWIFTLab, Innotribe, and the SWIFT Institute, SWIFT is ideally placed to offer insights into the future of global financial technology and work with our Community to make real world change really happen.

We practice an agile approach to innovation. SWIFT and the community work in tandem throughout the R&D process with iterative feedback taken at every stage.

Ideas are generated and prioritised together, business value is assessed and concepts that demonstrate value for the financial community are then built, tested and put into production.

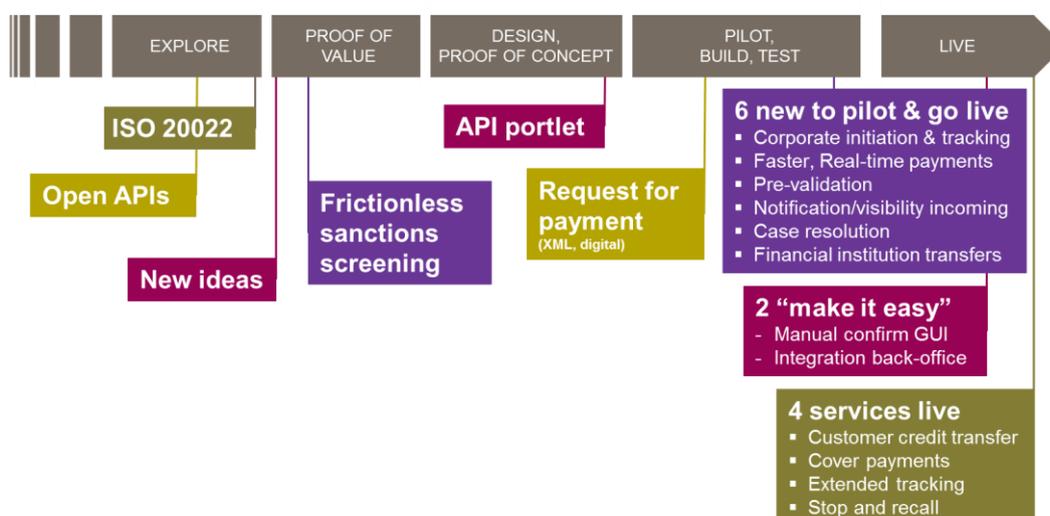
For 2019, the community priority is given to

- A pre-validation service, to improve the end-customer experience and end-to-end Straight-Through-Processing as of payment initiation (building on the concept previously known as International Payments Assistant)
- A case resolution service, to improve the customer service for enquiries and investigations related to gpi payments

In addition, the following areas are currently under exploration:

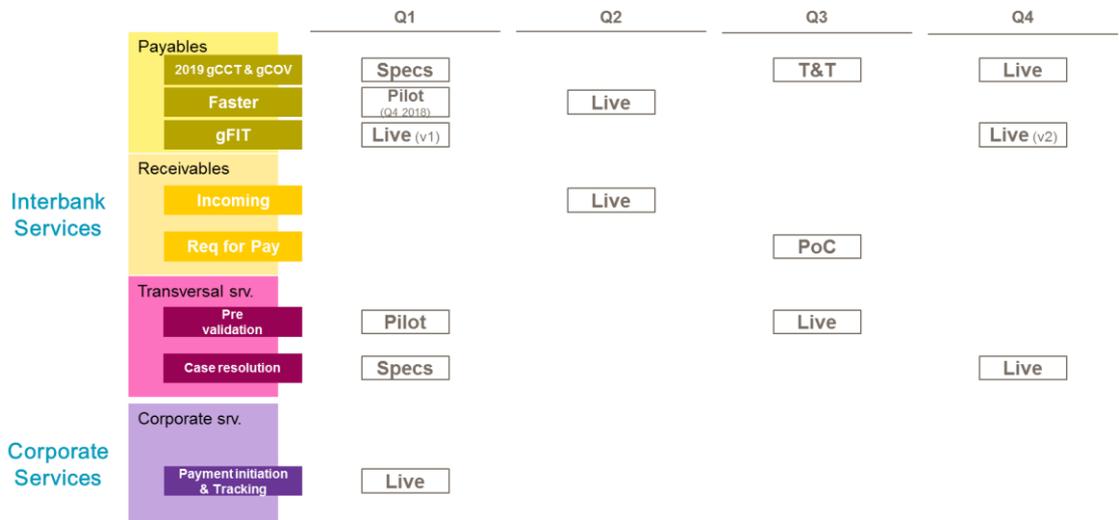
- The standardisation of bank-to-corporate tracking information, starting with a pilot for SWIFT connected corporates
- Tracking high value financial institution transfers (gFIT service)
- How gpi could be leveraged to facilitate “real-time” cross-border payments, by linking a fast cross-border leg via gpi into a domestic instant payments system
- Examine how a gpi ISO 20022 based service would operate, in tandem with SWIFT's ISO 20022 migration study
- Receivables services with banks and 2 FinTechs - winners of gpi industry challenge in September 2017: incoming payments notifications and request for payment
- Additional "make it easy" initiatives, including support by back office application vendors, integration services and manual solutions for small banks to adopt gpi

2019 priorities



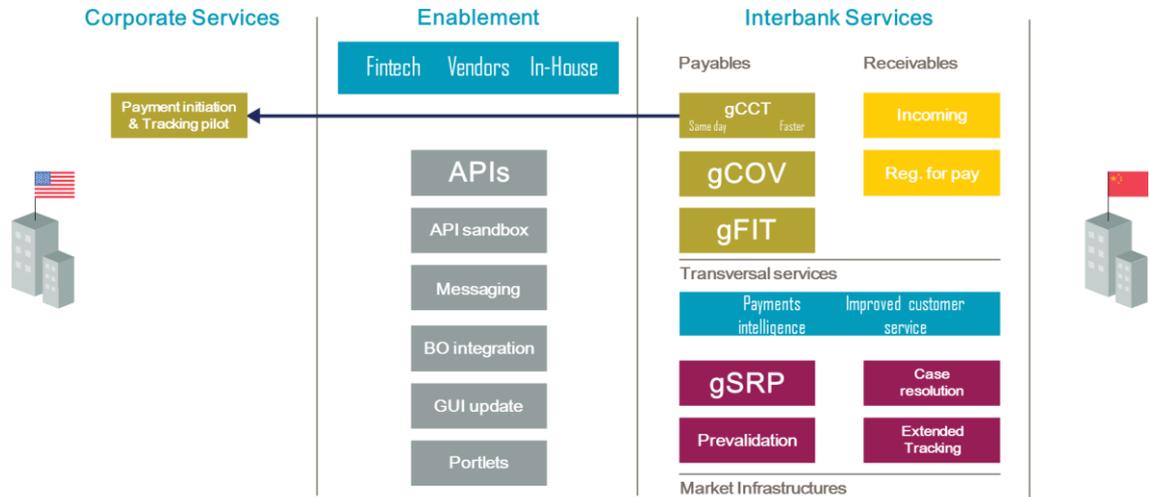
These initiatives will run through SWIFT's gating process before deciding on priority and next steps. Additional information on these initiatives is included in the "Initiatives under exploration" section of this document. **All gpi banks are requested to include in their 2019 budgets a provision for the service(s) your institution wants to pilot / go live with.** The following diagram provides a tentative roadmap for 2019:

Early, draft 2019 roadmap



Over time, SWIFT gpi's strategy for **collaborative innovation** is to provide common APIs to enable FinTech to develop overlay services at the bank's premises, which leverage the gpi platform for transactional messaging and end to end tracking and supporting gpi banks in providing those services to end customers.

gpi as the new cross-border payments ecosystem



2 Overview of gpi transaction management services

This table provides a high level overview of the gpi transaction management services live or going live in 2018.

Service	Rationale	Overview	Support	Availability
Customer Credit Transfer (gCCT) Service type 001	Improve cross-border payments experience	MT103 with UETR and Service Type Identifier, MT 199, API or GUI to provide status update, end-to-end tracking	Mandatory	Live since January 2017, with Extended Tracking as of November 2018. Manual GUI as of end September 2018
Cover payments (gCOV) Service type 001	Increase timely processing of gCCT payments when no direct account relationship between sender and receiver	MT 202/205 COV with UETR and Service Type Identifier, MT 299, API or GUI to provide status update, end-to-end tracking	Mandatory for each underlying gCCT settled through the cover method.	With standards release 2018, including Extended Tracking. Manual GUI as of end November 2018
Stop & Recall (gSRP) Service type 002	Immediately stop a payment, in case of fraud or error	Stop request sent to bank processing gCCT via MT 192, MT 199, API or GUI and UETR added to Network Cancellation List to prevent forwarding	Mandatory ability to process specific network NAK code, receive stop requests from and respond to the Tracker	End September 2018 for T&T; 18 November 2018 for Live. Manual GUI as of end November 2018

In addition, the following initiatives are currently under different phases of exploration.

Initiative	Rationale	Overview	Exploration Phase	Next steps
Corporates payment initiation and tracking Service type 003	Provide payment initiation and tracking/confirmation information to multi-banked corporates	Corporates send MT101 / pain.001 with UETR, receive MT 199 / pain.002 with status update, end-to-end tracking.	Pilot	Pilot with SWIFT connected corporates started in August 2nd pilot group being organised Live service target Q1 2019
Institutional Payments (gFIT) Service type 004	Bring gpi experience of speed and tracking to institutional payments	Minimal first version: MT 202/205 with UETR, Service Type Identifier and MT 299/API for key events on FIN. Full first version to include banks status update and end-to-end tracking.	Design	Testing minimal first version target Q1 2019 Availability full first version target Q4 2019

Initiative	Rationale	Overview	Exploration Phase	Next steps
Faster gpi payments Service type 005	Improve the customer experience with a faster processing of gpi payments, bilaterally first, adding real time payments settlement systems as they become available.	MT103 with UETR and Service Type Identifier, MT 199, or API to provide status update, end-to-end tracking. Participants, available 23h/5 days a week, clear bilaterally or via domestic real-time infrastructure.	Design	Pilot target Q4 2018
Pre-validation (formerly known as International Payments Assistant)	Improve customer experience by bringing verifications at payment origin	Focus first on beneficiary account validation and value-added static checks, explore calculation of end-to-end fees and time along a roadmap.	Explore	Working group to be started in 2H 2018 with view to organise a pilot
Case resolution (tentatively named gCASE)	Improve the customer service for enquiries and investigations related to gpi payments	Build on the gSRP service infrastructure, add additional E&I flows.	Explore	Working group to start design in Q3 2018
Notification/visibility of incoming customer payments	Enable and improve cross-border receivables' experience.	Enrich Tracker API to include party fields' information to beneficiary banks only.	Proof of Value	Conclude PoV by Q3 2018, agree next steps by Q4 2018
Request for Payment (new receivables method)	Improve cross-border payments experience by enabling a fully integrated procure-to-pay process.	MT 199 or pain.013 (request) and pain.014 (response) with UETR and Service Type Identifier exchanged by banks with the Tracker.	Proof of Value	Conclude PoV by Q3 2018, agree next steps by Q4 2018

3 Approved services

3.1 gpi Customer Credit Transfer (gCCT)

Business rationale

Traditional cross-border payments can take multiple days, do not provide transparency on costs and time, and lack tracking and a confirmation of credit to the beneficiary account.

The gpi Customer Credit Transfer (gCCT) service dramatically improves the customer experience by increasing the speed, transparency and end-to-end tracking of cross-border payments. It is designed to help corporates grow their international business, improve supplier relationships, and achieve greater treasury efficiencies.

Thanks to the gCCT, corporates can today receive an enhanced payments service from their banks, 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

Service overview

The Instructing Agent sends a MT 103 with UETR and Service Type Identifier code 001.

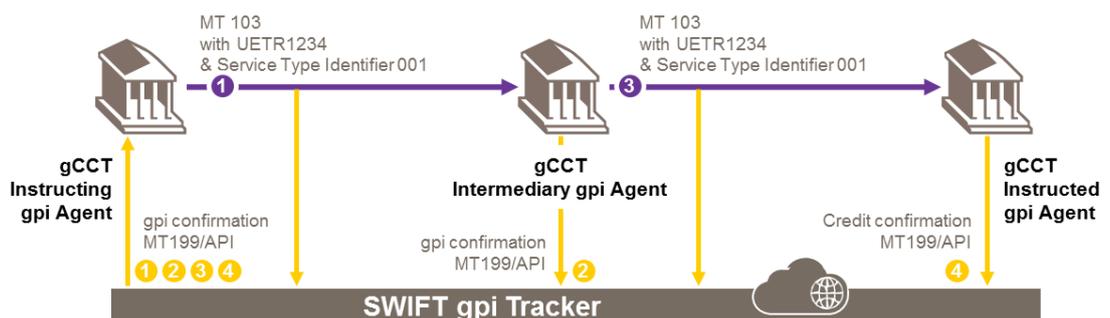
The next Intermediary Agents and Instructed Agent put the same UETR and Service Type Identifier in any transferred MT 103 belonging to the same transaction. They must confirm any potential issues to the Tracker using MT 199 or API including the transaction's UETR and Service Type Identifier, or via GUI update.

The Instructed Agent confirms the credit to the beneficiary account to the gpi Tracker via MT 199, API or GUI update, which provides any confirmations received to previous banks in the gCCT chain, in line with their configuration.

If a gCCT payment is not transferred immediately or credit is not confirmed same day (according to cut off time published by the receiving Agent for that currency in the Directory), a confirmation with status pending is provided by the Agents, latest at the end of their day.

Intermediary Agents must transfer remittance information unaltered to the Instructed Agent.

The following diagram provides an overview of the main workflow for gCCT:



Availability

gCCT is live since January 2017.

Pricing

Charges related to the use of this service are included in the gpi subscription fee.

There are no additional fees to generate or process gpi MT 103 and their related confirmations to/from the Tracker.

Implementation requirements

- Generate MT 103 with UETR and Service Type Identifier code 001;
- Process gCCT payments received immediately in real time (as opposed to batch) and include any deducts and same UETR, Service Type Identifier and remittance information on onward gpi payments;
- Provide confirmations to the Tracker, as per business rules, using GUI update or MT 199 or API including UETR and Service Type Identifier '001'.
- Receive confirmations from the Tracker using MT 199 or API, including related UETR and Service Type Identifier.

Observer performance measurements

The Observer will measure the performance of gpi banks (BIC8) for speed, traceability, transparency of deducts, and unaltered remittance for gCCT payments:

Role	Ratios / Performance Measures			
	1. Speed	2. Traceability	3. Transparency of deducts	4. Unaltered remittance
Instructing Agent	N/A	N/A	N/A	N/A
Intermediary Agent	Transfer payment "immediately"	Confirm payment status (in progress, rejected, ...)	Charge info added to confirmation, in line with gpi best practice	Transfer remittance information (hash) unaltered to next agent
Instructed Agent	Confirm same day value to creditor (in line with published gpi cut-off times)	Confirm payment status (completed, in progress, rejected, ...)	Charge info added to final confirmation, in line with gpi best practice	N/A

3.2 gpi Cover service (gCOV)

Business rationale

Financial Institutions receiving cover payments cannot always credit beneficiary accounts on a timely basis due to tracking or reconciliation issues and may take deducts on cover instructions as they consider it as part of a commercial transaction.

The gpi Cover service (gCOV), fully in line with the gCCT service, is designed to further increase the timely processing of gCCT payments and expedite credit to beneficiary when there is no direct account relationship between sender and receiver.

gCOV will reduce liquidity risk for beneficiary banks thanks to real-time communication on gCOV issues and confirmations of credit to their Nostro account, improve straight through processing for reconciliation, reduce exceptions and investigations through the use of the same UETR as the underlying gCCT and allow banks to opt-in for a value added service reporting on potential missing gCOV messages for gCCT payments.

Thanks to the gCOV, banks will be able to receive an enhanced cover service, with the following key features:

- Faster, same day credit of gCOV to Nostro account of Instructed Agent (within the time zone of the Last Reimbursement Agent)
- Provide full transparency on location and status of gCOV;
- Get confirmation of completion of gCOV flows (funds credited to Nostro Account)
- Identify potential missing cover payments.

Service overview

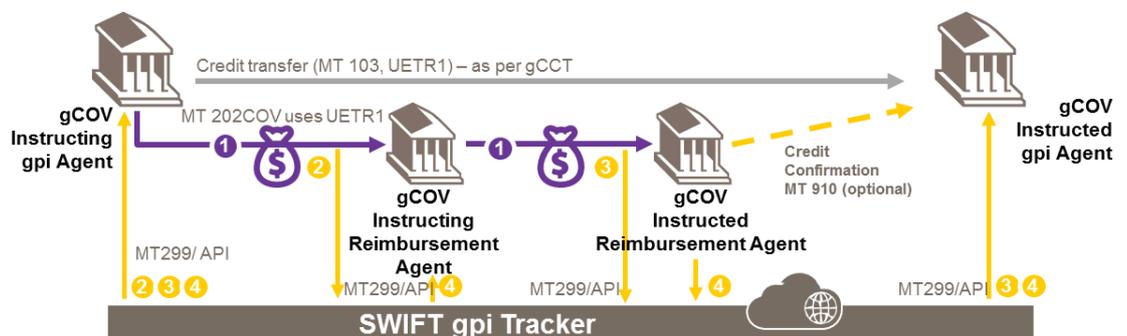
For each underlying gCCT settled through the cover method, the Instructing Agent sends a MT 202/205 COV with UETR and Service Type Identifier same as underlying gpi MT 103 to its Reimbursement Agent (settlement bank).

Reimbursement Agents need to populate the same UETR and Service Type Identifier in any transferred MT 202/205 COV messages. They need to confirm any potential issues to the Tracker using MT 299 or an API including the transaction's UETR and Service Type Identifier, or via GUI update.

The last Reimbursement Agent confirms the credit to the Instructed Agent via MT 299, API or GUI update to the Tracker, which provides this confirmation to previous banks in gCOV chain as well as to the Instructed Agent.

If credit is not confirmed to the Instructed Agent's Nostro account or gCOV payment not transferred same day, a confirmation with status pending will be provided by the Reimbursement Agent, latest at the end of its day.

The following diagram provides an overview of the main workflow for gCOV:



Target availability

The release of gCOV will be in line with the Standards Release 2018. All gpi banks that are already live at that date must support the gCOV service.

Pricing

There will be no separate gCOV service fee. Charges related to the use of this service are included in the gCCT subscription fee.

There are no additional fees to generate or process gpi MT 202/205 COV and their related confirmations to/from the Tracker.

Implementation requirements

- Generate MT 202/205 COV related to gCCT simultaneously or no later on the value in field 32A of that gCCT with same UETR and Service Type Identifier;
- Receive status updates and notifications related to cover flows from the Tracker via MT 299 or API;
- Receive gpi MT 202/205 COV messages, process them in real time (as opposed to batch) and relay to the next Reimbursement Agent immediately and no later than same day;
- Provide confirmations to the Tracker, as per business rules, using GUI update or MT 299 or API including UETR and Service Type Identifier '001'.
- Receive confirmations from the Tracker using MT 299 or API, including related UETR and Service Type Identifier '001'.
- gCOV Instructed bank: credit funds to beneficiary immediately after the confirmation of credit to Nostro Account is received from the Tracker.

Observer performance measurements

The Observer performance measurements will be aligned with gCCT for speed, traceability and guaranteed amount. These will be consolidated with the measures for gCCT payments to provide an overall view of the global performance of gpi banks.

Role	Ratios / Performance Measures		
	1. Speed	2. Traceability	3. Guaranteed amount
Instructing Agent	Send gpi cover at the latest on gCCT's value date	N/A	N/A
Instructing & Intermediary reimbursement agents	Forward cover immediately and no later than same day	Confirm cover status (in progress, rejected, ...)	No deduction from principal amounts of gpi cover payment
Last reimbursement agent	Confirm credit to Nostro account same day (in line with published cut-off times)	Confirm cover status (in progress, rejected, ...)	No deduction from principal amount of cover payment

3.3 gpi Stop & Recall (gSRP)

Business rationale

Today, stopping a payment in case of fraud or error is difficult, especially when two or more banks are involved. The existing practise is inefficient and operationally very intensive:

- the cancellation request is given typically given to the first initiating bank which has to 'chase' the payment, meaning that each intermediary has to create an investigation case, review the status of the payment (to find if it has been sent onwards or not), and then forward the request to the next bank in the payment processing chain, etc.
- as a result, the cancellation process is mostly unsuccessful in 'catching up with the payment' and in preventing the funds from being credited to the beneficiary account
- banks often call their counterparties in an effort to try to stop the payment and ask to open an investigation case, followed by more phone calls and emails for status reports, resulting in a highly manual, costly and error-prone process.

The gpi Stop & Recall (gSRP) service does away with these inefficiencies and can immediately stop a payment no matter where it is in a gpi transaction chain.

The gCCT service knows exactly where a gCCT payment is, using its UETR stored in the Tracker. With gSRP, a request for cancellation can be sent directly via the Tracker to the bank that has the payment whilst the UETR will be added to a Network Cancellation List to prevent any further forwarding of that payment by gpi agents. In case the payment was already credited, the gSRP service provides a market practice for the requesting and processing banks to have a clear view on the request reason and detailed request status.

The gSRP service rules and standards include structured responses to the request and replies providing further efficiency. Therefore, the gSRP will significantly reduce operational costs, increase customer satisfaction and enhance risk management.

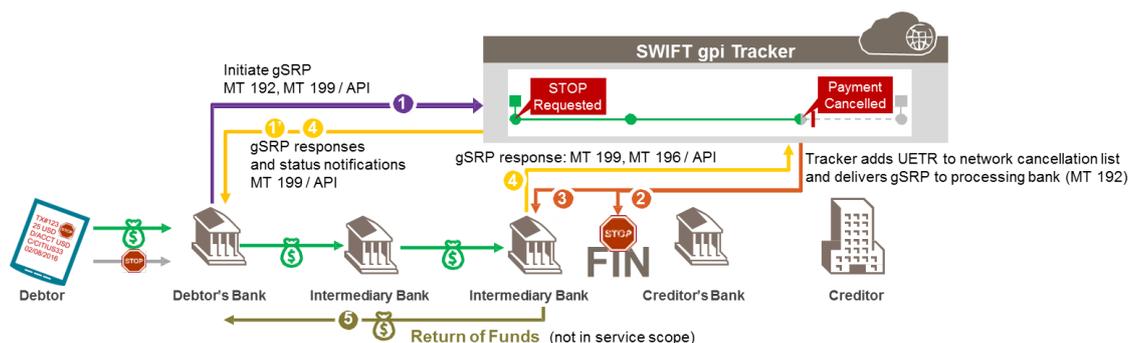
Service overview

The Requesting Agent sends a MT 192/199 or makes an API call to the Tracker including Service Type Identifier code 002, the UETR of the gpi transaction to stop & recall and a structured reason, or uses the Tracker GUI

The gSRP request is validated by the Tracker which will place a network stop on the transaction UETR and deliver a gSRP stop & recall request as a MT 192 to the gpi bank which is currently (or last known to have been) processing the gpi MT 103.

The gpi bank that received the gSRP request from the Tracker has to provide a structured response to the Tracker that the gSRP request is pending, payment is cancelled or gSRP request is refused. SWIFT will NAK that gpi payment if forwarded until a response with final status (payment is cancelled or gSRP is rejected) is provided to the Tracker. gSRP responses are provided via MT 196/199, API or GUI update to the Tracker, who delivers this information to the Requesting Agent (via same methods). The Tracker will also provide gSRP status notifications to the Requesting Agent via MT 199 or API.

The gSRP request is used to stop and recall an incomplete transaction (where the funds have not been credited to the beneficiary account), or to recall funds that already were credited to the beneficiary. The gpi bank will return the funds in accordance with existing market practice.



The previous diagram provides an overview of the main workflow for gSRP.

Target availability

gSRP will be available in Test & Training on September 2018 and in Live on 18 November 2018. The Observer for gSRP will be made available in 2019, at a date to be confirmed.

All gpi banks that are already live at that date must support the mandatory elements of the gSRP service, that is:

- Be able to process a NAK from the network which indicates that the reason is a cancellation initiated by another gpi user;
- Receive a gSRP request from the Tracker;
- Process the request and respond to the Tracker, as per the service rulebook.

Pricing

There is no separate gSRP service fee. Charges related to the use of this service will be on a per request basis (cancellation request initiated by the Tracker), starting from January 2020.

Implementation requirements

- Generate a gSRP request to the Tracker: GUI update or MT 192, MT 199 or API, including same UETR as related gpi payment and indicating Service Type Identifier code 002;
- Receive a gSRP request MT 192 from the Tracker: MT 192 with same UETR and Service Type Identifier as the SRP request;
- Provide service responses to and receive service responses from the Tracker: GUI update or MT 196, MT 199 or API with same UETR and Service Type Identifier as the SRP request;
- Receive gSRP status notifications from the Tracker: MT 199 or API with same UETR and Service Type Identifier as the SRP request;
- Receive a NAK from the network and liaise internally with payment operations team for further instructions.

Observer performance measurements

The Observer performance measurements will be specific to the gSRP service. These will be consolidated with the measures for gCCT and gCOV payments to provide an overall view of the global performance of gpi banks.

Role	Ratios / Performance Measures	
	1. Speed	2. Traceability
Requesting Agent	N/A	N/A
Requested Agent	Responds to gSRP request (minimum 'pending') the same business day (where received before published gpi cut-off times)	Confirms gSRP request within 10 calendar days with a positive or negative response.

4 Initiatives under exploration

4.1 Corporates payment initiation and tracking

Corporates already enjoy a multi-banking approach using SWIFT to connect to all their banks to send and receive financial messages. However as part of gpi there is currently not a single standard or recommendation in how banks can make gpi information available to automated customers connected through SWIFT or via proprietary host-to-host channels.

In order to understand the needs and requirements of multi-banked corporates, SWIFT has conducted several workshops and consultations with both corporates and banks. The results of these consultations are summarised in the points below:

- UETR generation: corporates would like to create the UETR directly to avoid the need to reconcile this with internal references later in the payment process.
- Multi-bank tracking: multi-banked corporates want a standardised approach to receive gpi statuses & confirmations from their cash management banks so they can be integrated with their ERP and TMS systems.
- [this is old stuff]Support of ISO 20022: many corporations have already invested substantially in ISO 20022, therefore, a corporate solution should support ISO payment initiation and tracking reporting flows.
- Inbound flows: corporates would like to receive notification and status information of incoming payments. They would also like to be able to query the status of specific instructions using the UETR (as instructing and beneficiary party).

SWIFT has started a pilot in 2018 with a select number of banks and corporates. The pilot has the following objectives:

- Standardise gpi flows between banks and corporates
- Provide a single gpi experience for multi-banked automated corporates
- Demonstrate gpi efficiencies in corporate payment processes

SWIFT has presented the end-to-end corporate-to-bank / bank-to-corporate flows supporting the pilot design:

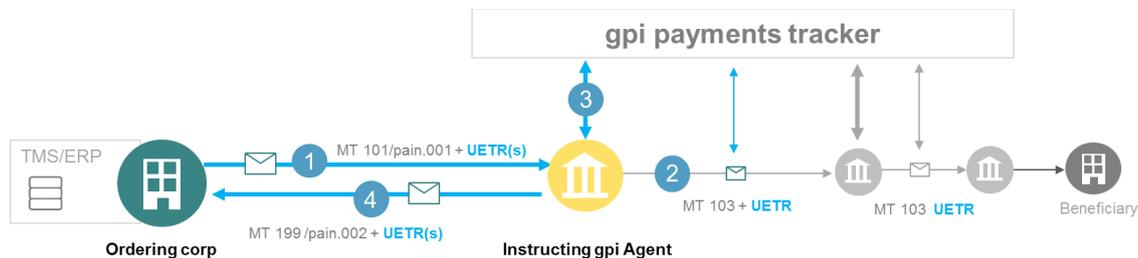
- Corporate payment initiation: Corporate generates and includes UETR in the payment instruction (MT 101 – unitary payment)
- Bank payment initiation: Bank creates MT103 including UETR generated by the corporate and the gCCT service type identifier.
- Bank to corporate confirmations: Tracker delivers "ready to use" service confirmations to Instructing bank with new service code '003'. Instructing bank relays back to ordering corporate (MT 199) as-it-happens.
- ISO 20022 based specifications (pain.001 and pain.002 version 3) have also been shared with pilot participants

Specific gpi corporate confirmations

- Corporates demand an interbank notifications flow that is focused on key events only and management by exception. Service confirmations provided by banks to their pilot corporates will thus follow a different logic than existing gCCT inter-bank statuses which do not meet these requirements.
- Service confirmations will also include a BIC list of financial institutions in the gCCT transaction and -if agreed between the corporate and their bank- the charges code (SHA/BEN/OUR) indicated when banks initiate or transfer each payment leg as well as any deducts/FX applied.
- The data provided in the service confirmations will be composed of a mandatory data set and an optional data set. The mandatory data set will be provided as-is by Instructing gpi Agents to their gpi Corporates. The optional data set includes FX

transparency, deducts and charge codes information for each bank in the interbank chain and can be provided by Instructing gpi Agents to their gpi Corporates at the discretion of each Instructing gpi Agent. The Tracker will provide both data sets in its service confirmations. Instructing gpi Agents can remove the optional data set before providing these confirmations to their gpi Corporates.

The following diagram provides an overview of the flows in consideration for the Corporates pilot:



- Banks receive FIN MT 101 or pain.001 with UETR (#1) and include same UETR in resulting gpi MT 103 (#2)
- Tracker provides specific MT 199 or API confirmations with UETR and Service Type Identifier "003" (#3) that are ready for the bank to route to its corporate customers (turn-key solution) as FIN MT 199 or pain.002 (#4)
- Service confirmations follow a specific data model, different from gCCT's, focused on management by exception and also providing transaction routing audit trail

This solution, validated through a series of customer calls and workshops:

- Is multi-bank, multi-standard and multi-channel
- Simplifies implementation requirements effort on both pilot banks and corporates to support these specifications; gpi banks receive ready-to-use confirmations from the Tracker
- Provides a future-proof solution for SWIFT gpi, allowing cash management banks to further evolve the gpi experience to their corporate customers without impacting the banks' core payment applications as well as any non-interested parties from the gpi community.

Next steps

- Pilot with SWIFT connected corporates started in August
- Second pilot group being organised.
- Live service target Q1 2019

4.2 gpi Financial Institutions Transfer (gFIT)

Business rationale

Financial institutions use institutional payments to settle their obligations towards other financial institutions as well as for institutional treasury operations purposes.

The lack of real-time visibility and settlement status for these critical high value transactions results in a series of issues such as the incorrect assessment of the intraday Nostro accounts' position and counterparty exposure, costly result of missed deadlines and missed opportunity, cost of misplaced liquidity.

Thanks to the gpi Financial Institution Transfer (gFIT) service, banks will be able to

- Track & trace of incoming and outgoing institutional transactions
- Reduce settlement risk and counterparty exposure
- Improve the quality of institutional intraday liquidity management and forecasting

This value proposition will be brought to the community of gpi banks in two releases:

- A first release, building on the mandatory presence by November 2018 of a UETR in all MT 202 and MT 205 messages on FIN and mandatory relay of a received UETR when they relay the institutional payment onwards. Such release will focus on tracking and forecasting the progress of institutional payment transactions over FIN, improving liquidity forecasting and providing the ability to monitor settlement risk.
- A second release, adding a rule book with tighter business standards and bank-provided gpi confirmations. Bank-provided confirmations will support the end to end tracking of gFIT transactions over non FIN networks and provide additional transparency about the final confirmation of credit to the Beneficiary Agent's Nostro account or on processing issues inside financial institutions, therefore increasing the value to intraday liquidity management and to gpi banks' payments and reconciliation operations.

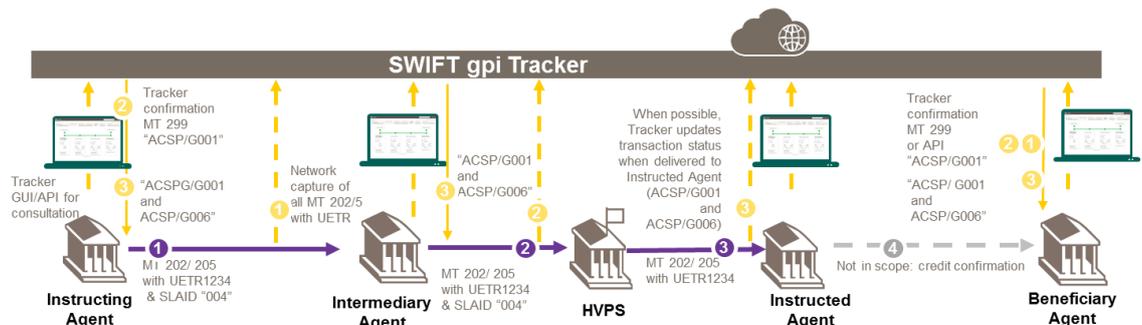
Service Overview for 2018 (to be confirmed)

The gFIT Instructing Agent sends an MT 202 with UETR and service type identifier code "004". The next gFIT Agents put the same UETR and service type identifier in any transferred MTs 202 or 205 belonging to the same transaction.

The Tracker provides updates to the transaction status in case at least one transaction leg included the service type identifier '004'. Tracker statuses include "In Progress" (ACSP/G001 – since there is no rule book) or "Delivered to Beneficiary bank as non gpi" (ACSP/G006) when the transaction has reached the Account Servicing Institution of the Beneficiary.

gpi Customers involved in the gFIT transaction can consult the transaction status in the Tracker and they can also activate the receipt of Tracker confirmations (MT 299) through the Tracker's administration screen. Similarly, the Account Servicing Institution of the Beneficiary can also consult and get confirmations for transactions progressing towards it.

The following diagram provides an overview of the main workflow for gFIT.



Target availability

The target availability for the first minimal service version is planned for Q1 2019. That version would include tracking the progress of gFIT transactions on FIN.

Implementation requirements

- Generate MT 202 and MT 205 with UETR and Service Type Identifier code 004
- Access tracker information according to bank preferences: GUI, API or received MT 299s with related UETR and Service Type Identifier 004.

Observer

As business rules are only under consideration for gFIT's second version, the Observer will not measure gFIT flows in the first version.

Service Overview to be evaluated for 2019

SWIFT will explore in 2018 the requirements for an advanced gFIT service for target live implementation around the November release of 2019, including:

- Tracking of transaction legs not on FIN;
- Visibility on the finality of the payments;
- Identification of potential issues for the payments;
- Stop and Recall functionality for MT 202/ 205 messages.

These functionalities could be complemented with business rules to further improve the timely availability of funds to the beneficiary account and to increase the straight-through processing of gFIT payments.

4.3 Faster gpi payments

Business rationale

gpi payments between banks are already fast, with 50% confirmed in less than 30 minutes and many within seconds. At the same time, the demand for “more real-time/instant payments” is growing with several major markets (e.g. EU, US, SG, AU) launching domestic instant payments (IP) initiatives and setting up instant payments clearing systems which are available 24x7 and offer fast turn-around SLAs with real-time confirmations. Whilst these IP initiatives are currently mostly single currency and domestic, it is expected that demand for real-time will continue growing and will also impact cross-border payments.

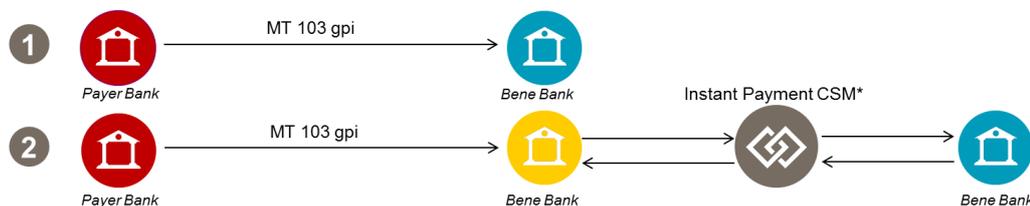
In this context, SWIFT and a number of (mostly APAC at the moment) gpi banks have reflected on the opportunity to further accelerate the execution of cross-border payments by leveraging gpi and also extend the cross-border service through domestic instant payment systems. An initial draft rulebook (i.e. supplementary rules to the existing gpi ruleset) has been developed to that extent and a pilot be organised in Q4 2018.

Initiative overview

A first version of a faster gpi service would concentrate on extending the participant banks' operating hours, processing gpi payments received with service type identifier 005 on a 23hx5 days a week basis and confirming to the Tracker 60 seconds after having received the payment instruction (by means of an MT 103 or alternative payment instruction standard from a domestic payments infrastructure).

For the purpose of payment settlement, two scenarios are being considered: a first one where payments are settled through a bilateral relationship and a second one which includes an additional leg where the settlement is done through a domestic instant payments market infrastructure.

The following schema provides additional information on the use cases and high level requirements under consideration:



Serial method using MT 103 gpi between 2 gpi banks having a direct Nostro relation, i.e. the payer bank and (#1) the beneficiary or (#2) an intermediary bank, with a leg-in through an instant payment clearing and settlement system to reach the BENE bank

Rationale for #2: Given the low latency and 24x7 capability of modern instant payments, this could be an attractive method to reach a BENE bank that is not a direct correspondent

High Level requirements overview

- MT 103 with UETR, Service Type Identifier “005” and MT 199/API to exchange bank confirmations with the Tracker
- New reason code to signify settlement completion at real time payments market infrastructure
- Time to report credit confirmation after reception of MT 103 is 60 seconds

Note: currently, only the Faster Payments (UK) scheme supports the clearing of incoming x-border payments; AU-NPP will support this approach soon (Oct 2018); going forward SWIFT will promote this method towards other IP schemes and seek their adaptation to support it.

*CSM: Clearing & Settlement Mechanism

Next steps

SWIFT is organising a pilot to kick off in Q4 2018.

4.4 Pre-validation

Business rationale

Challenged by a multitude of different local payment practices, regulatory requirements and account number specifics, banks and corporates lose a lot of time and money today when a transaction is suspended for review after initiation because of missing or wrong payment information, eventually with negative impacts into their supplier relationships.

In order to understand the root causes, SWIFT has conducted a series of workshops and consultations with both corporates and banks. The resulting issues for non-end-to-end STP are:

- 50% related to credit to beneficiary issues
- 20% related to routing
- 15% related to incompleteness of narrative fields, with absence of purpose of payment code as predominant reason.

The gpi pre-validation initiative will bring end-to-end processing intelligence to the payment origination, in order to further increase the speed and predictability of cross-border payments and improve the overall customer experience.

Pre-validation will aggregate information requested to gpi banks as well as existing information databases and go beyond basic payment validation checks by taking into account the end-to-end picture in which the payment takes place, like beneficiary account requirements and value-add STP processing requirements.

Initiative overview

The pre-validation initiative will first concentrate on dynamic beneficiary account verification, whilst exploring value-added static checks as well as the possibility to calculate at origination a transaction's end to end fees and time to beneficiary.

Next steps

SWIFT will organise working groups in the second half of 2018 with the objective to organise a pilot.

4.5 Case resolution

Business rationale

The current routing and processing processes for enquiries and investigations related cross-border payments can be inefficient.

Such process requires intermediary institutions to relay requests and responses between concerned institutions and is based on the exchange of unstructured messages which can not be routed efficiently within a given financial institution.

These inefficiencies can negatively impact the service provided to bank's customers which, for example, could be requested twice to provide the same information, or could see a payment blocked for several days while the requested information is obtained.

With the objective to enhance the customer experience, a gpi case resolution service would build on the basic Tracker information exchange capabilities introduced with the gpi Stop & Recall service in order to overcome these inefficiencies.

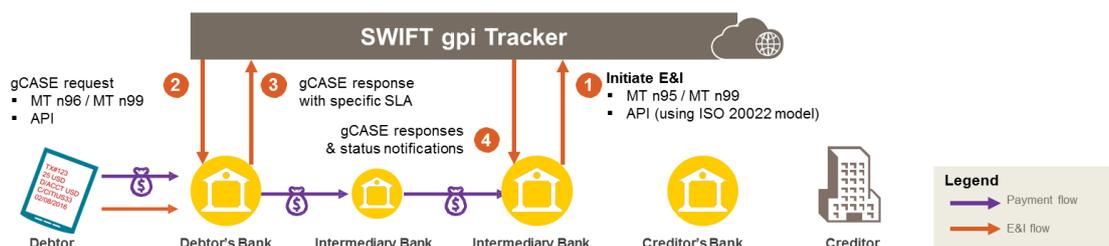
The following schema provides additional information on the use cases and high level requirements under consideration:

Value proposition

- ✓ Seamless conversation between gpi banks' case management tools
- ✓ Market practice for E&I
- ✓ Reduction of operational costs, increase processing efficiency and customer satisfaction

High Level requirements overview

- E&I requests exchanged between gpi bank processing gCCT and previous/first gpi bank
- Using MT n99, MT n95 and MT n96 and API to exchange information with the Tracker; exchange of rich data (documents) and ISO 20022-based E&I messages to be explored.
- Target availability: with SR 2019.



Next steps

SWIFT is organising a work group with a view to providing a first draft specifications before the end of 2018.

4.6 Notification/visibility of incoming customer payments

Business rationale

Thanks to SWIFT gpi, participant banks now know about payments coming their way before the payment message arrives at their institution.

However, they do not know today the final beneficiary of a payment until that message arrives, at which time they can credit the account and notify the customer.

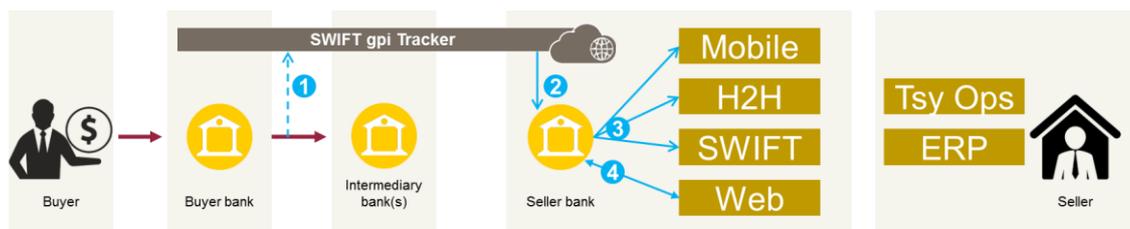
Corporate treasurers have no easy way to track in-flight payments coming their way unless they know the UETR up front and can ask their bank to look it up in the tracker.

By allowing the beneficiary bank to access the beneficiary account details of upcoming payments ahead of delivery, corporate clients could benefit from incoming payments notification services by their banks, increasing control over accounts receivables and enhancing exception management.

Initiative overview

As soon as a MT 103 with a new UETR is submitted to FIN, the Tracker would securely extract and store the transaction's party fields (in addition to the data being extracted today) and then allow the beneficiary bank identified in field 57 of that payment instruction to retrieve this additional information when querying the Tracker using the Tracker's search API.

The following schema provides additional information on the high level workflow under consideration:



Next steps

PoV to be concluded by Q3. Next steps to be agreed in Q4 2018.

4.7 Request for payment

Business rationale

Request for Payment (RfP) schemes are emerging around the world as a new way to collect from consumers and businesses. They are often linked to real time payments as a combined real time procure-to-pay solution.

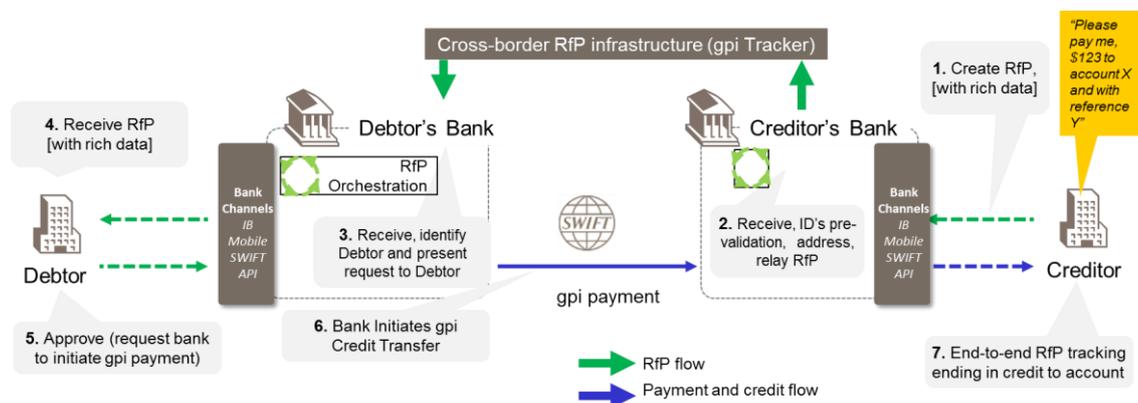
RfP has potential benefits over existing collection methods such as card, Direct Debit and Electronic Bill Payment Presentment mechanisms: reduced costs, fraud, chargebacks and better information.

Small and Medium Corporates routinely face receivables costs related to late payments when transacting across-borders with other corporates, which in turn translates on bigger working capital requirements. Root causes include process delays at debtor side to include the invoice in the ERP for settlement and payment delays due to incorrect beneficiary details.

With the development of a cross-border RfP capability, banks could offer their corporate customers more flexibility and decreased costs in handling cross-border receivables.

Initiative overview

The following schema provides additional information on the high level workflow under consideration:



From an implementation overview, we would consider using pain.013 and pain.014 messages (based on a market practice aligned with the MT 103 fields' capabilities) exchanged between the participating financial institutions and the Tracker.

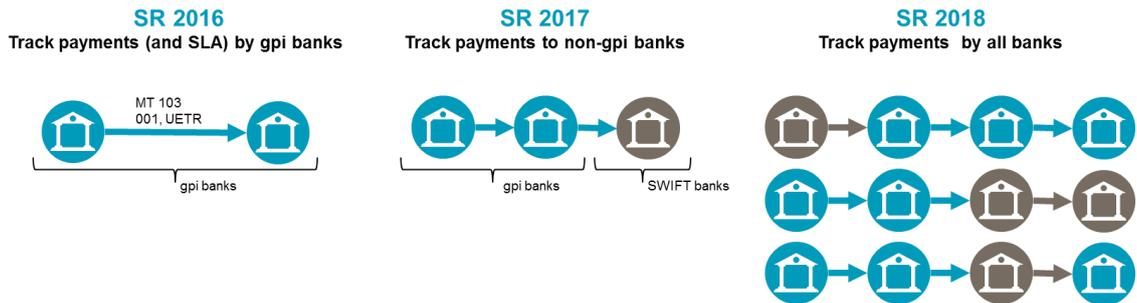
Next steps

PoV to be concluded by Q3. Next steps to be agreed in Q4 2018.

5 Extended Tracking

With the compulsory introduction and relay of a unique end-to-end transaction reference (UETR) for key payments messages in Standards Release 2018, SWIFT will enable the extended tracking by gpi customers of any gpi transactions they are party to (going beyond the scope of today's tracking which starts at the first gpi bank and stops with messages sent by the last gpi bank involved in a gpi transaction).

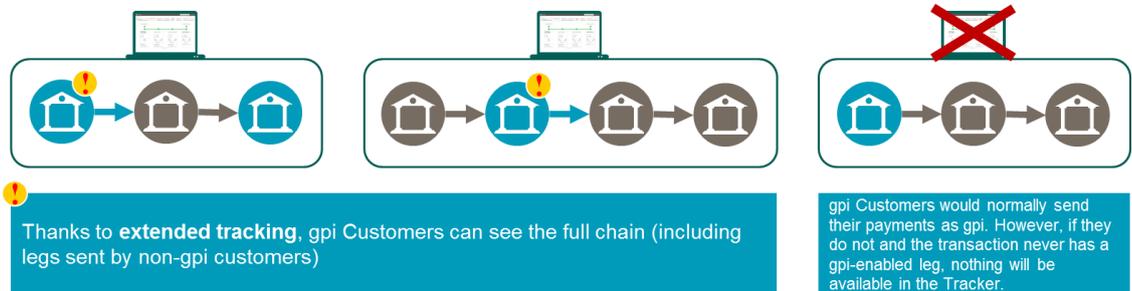
gpi customers will be able to use the tracker to track their gpi payment status along the full message chain on SWIFT, irrespective of whether the banks handling the transaction are gpi members. This will allow gpi customers to achieve end-to-end tracking of their gpi payment messages quickly, bringing even greater transparency and cost reduction to gpi customers during the gpi ramp-up phase, as well as helping to attract new customers to gpi.



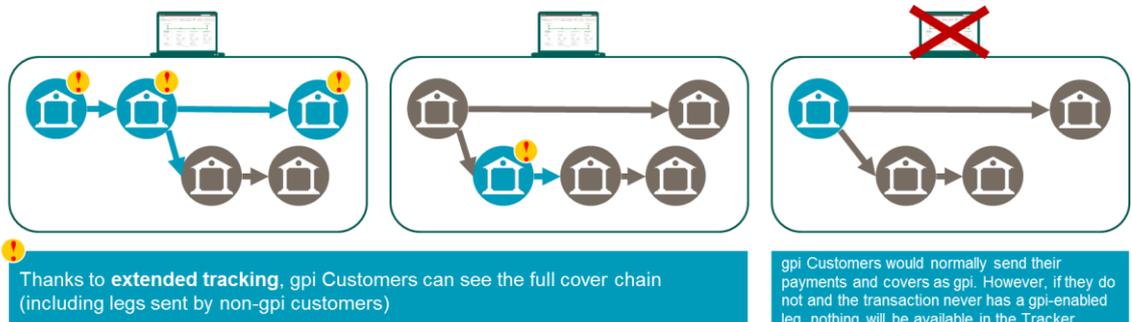
In above and below diagrams, banks with blue color are gpi customers and arrows with blue color are gpi-enabled gCCT and/or gCOV legs.

As a result, as shown in below diagrams, gpi customers will be able to receive (MTs 199 & 299) or consult in the Tracker the status of the end-to-end transaction chain on FIN, including previous or later legs sent by non-gpi customers.

Extended tracking for gCCT:

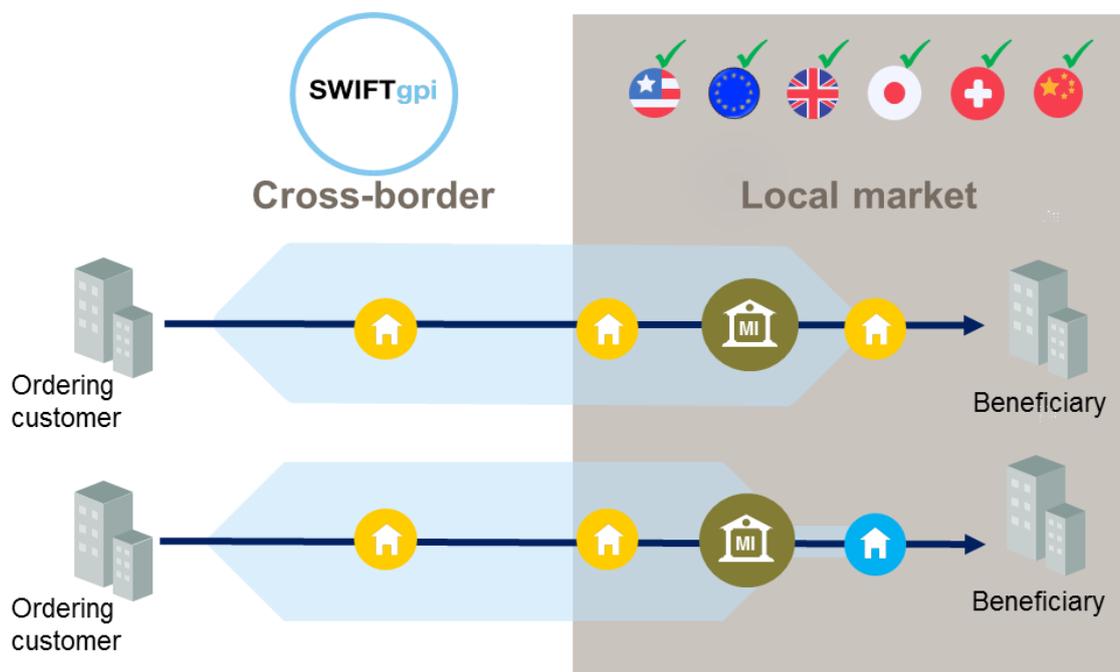


Extended tracking for gCCT and gCOV:



6 gpi for Market Infrastructures

Payments market infrastructures play a key role in the journey of a cross-border payment. As soon as an international payment reaches a domestic or regional market, market infrastructures typically come into the picture for local clearing and settlement.



SWIFT has therefore actively collaborated with local communities to ensure the smooth clearing of gpi payments between gpi member banks and achieve global interoperability with the gpi transaction management services:

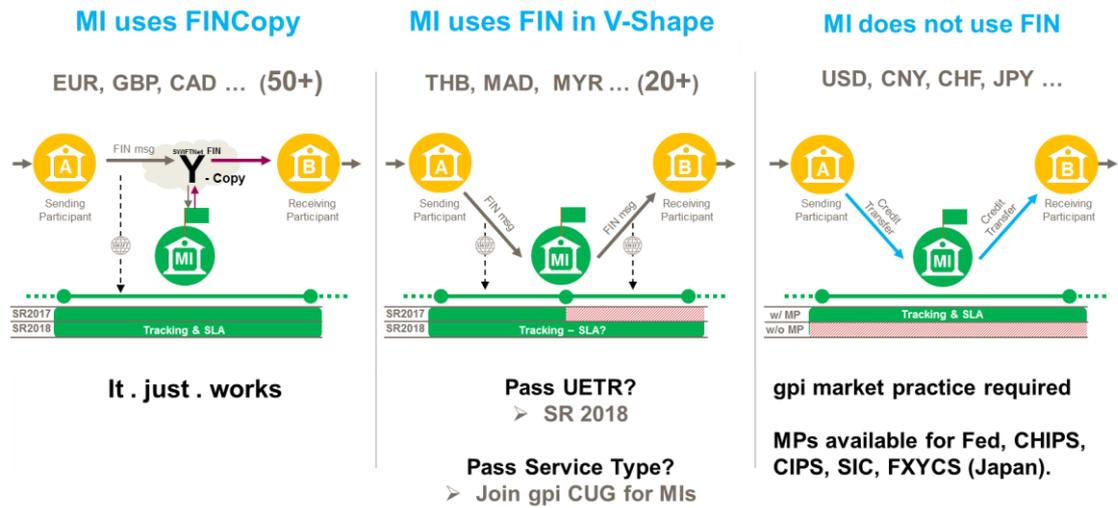
- The clearing systems of the most widely used currencies - AUD, CAD, CHF, CNY, EUR, GBP, USD, JPY by Nov. 2018, etc. – are already supporting the gCCT service (and in the future gCOV) because they use the SWIFT FINCopy service (56 markets) or have established a local market practice, in collaboration with SWIFT.
- Best market practices for gCCT and gCOV have also been defined for market infrastructures that are based on or plan to adopt ISO 20022.

In addition, SWIFT has developed a short step-by-step document on developing local gpi market practices for other payment market infrastructure communities.

In 2018, SWIFT gpi will:

- Describe the processing of gpi transactions through a new kind of market infrastructures: High Value Payment systems using SWIFT's FIN messaging in V-shape Mode. V-shape MIs will be provided with the opportunity to become gpi-compatible by allowing their participants to recognise transactions as gpi and process them according to the gCCT, gCOV or gFIT rulebooks.
- Discuss the evolution of existing local market practices to include gFIT as well as payment messages with just a UETR, no gpi service identifier.

How can an MI clear gpi payments?



SWIFT is also exploring the potential of leveraging the gpi platform for future innovations, lowering the barrier of entry for market infrastructure participants to access an improved cross-border payments experience.

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