



## Instant cross-border SWIFT gpi payments test a success

SWIFT successfully trials instant cross-border payments service using the New Payments Platform, together with banks in Australia, China, Thailand and Singapore.

**Sydney, 21 October 2018**

SWIFT announces successful test results of its new instant cross-border payments proof of concept, involving banks in China, Singapore, Thailand and Australia.

The trial successfully demonstrated that by enabling gpi in real-time domestic systems, payments can be effected almost instantly, even when they involve domestic settlement and non-gpi banks.

Since going live in 2017, SWIFT gpi has removed many of the common frictions experienced in cross-border payments. 50% of gpi payments are now being credited to end-beneficiary accounts within 30 minutes and many of those within seconds. 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, this is already a live real-time cross-border payment.

However, when there are *multiple* banks involved in the payment chain, and the final leg needs to be cleared within the recipient country, the domestic payments are sometimes delayed owing to the limited operating hours of the local clearing systems.

With the advent of real-time payments systems, which typically operate 24/7, there is an opportunity to remove these frictions and ensure that many of these payments can be credited in seconds rather than hours.

The debut of Australia's domestic instant payment system, the New Payments Platform (NPP), enabled SWIFT and a group of banks from Australia, China, Singapore and Thailand\*, to study the feasibility of enabling the gpi service in NPP and to review how this would enable these cross-border payments to be sped up.

What the trial sought to establish was whether, by integrating and enabling the service via gpi members into a domestic instant payment system, the gpi experience could be extended deeper into domestic markets, to end beneficiaries' accounts, even outside normal business hours.

This trial has indeed confirmed that the SWIFT gpi "payments in seconds" experience can be extended seamlessly via domestic real-time payment systems to all NPP enabled bank accounts.

Key highlights from the trial:

- Twelve participating banks participated in this trial, with nine banks sending cross-border SWIFT gpi payments to Australia, and three banks in Australia processing the payments domestically via NPP.
- The trial covered three country corridors, namely China-Australia, Singapore-Australia and Thailand-Australia.
- Most real-world requirements were simulated in the test to ensure comprehensiveness, including: screening, payment validations, liquidity management, message transformation and real-time status updates to the SWIFT gpi tracker.
- The extension of operating hours was validated with incoming payments processed both during and outside business hours in Australia.
- The fastest SWIFT gpi payment in the trial was sent from China, reaching the end beneficiary account in Australia via NPP in 18 seconds.
- The fastest test payments from Singapore and Thailand were similarly credited to Australian end beneficiaries via NPP within 30 seconds.
- All the payments sent during the trial were processed end-to-end within 60 seconds.

**Mr. Eddie Haddad, Managing Director of SWIFT, Asia Pacific**, said: "These results demonstrate two important prerequisites necessary to realise an instant cross-border payment service. First, we are able to extend the window for processing cross-border payments outside traditional business hours. Second, by enabling cross-border SWIFT gpi payments via gpi members, through domestic real-time payment systems, we are able to achieve faster cross-border payments amongst a larger number of institutions. The linkage was achieved by participant banks like National Australia Bank processing incoming SWIFT gpi payments onward as NPP instant payments."

**Mr. Paul Franklin, General Manager, Payments, National Australia Bank Limited**, said: "NAB is proud to have taken a lead role in the recent SWIFT instant processing proof of concept for cross-border payments into NPP. We have demonstrated the ability for customers to have access to funds within seconds and dramatic decreases in end-to-end processing times. It has given us an opportunity to show that our 24/7 clearing capability through NPP can be used to process international payments to other banks outside traditional RTGS business hours, which offers the potential for much later cut-off times, which is especially useful for payments originated in Asian time-zones. The success of this pilot has come from the combined effort of the participating banks, and a mutual desire to deliver a better payment experience for customers."

This initial trial focussed on payments going into Australia through gpi banks into NPP, however findings from the trial are now being used to finalise a new SWIFT gpi instant cross-border payments service, designed to scale and integrate with other real-time payment systems across the world. SWIFT is in discussions, together with banks, with multiple domestic real-time payment operators and regulators to discuss how those payment corridors could also be enabled with gpi. The service will reuse existing SWIFT gpi infrastructure, adding incremental business rules to remove residual business frictions in the payments chain, thus avoiding the need for additional investment in new cross-border infrastructure.

Since its launch in January 2017, SWIFT gpi has been rapidly adopted by over 270 financial institutions, with more than USD100 billion in SWIFT gpi messages sent every day. Half of SWIFT gpi payments are credited to end beneficiaries in less than 30 minutes, many in seconds, and almost 100% of gpi payments are credited within 24 hours. Over 30% of all SWIFT customer payments are now sent on gpi. By the end of 2020, SWIFT will extend the benefits of its gpi service to all 10,000 banks on its global network.

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\*The banks participating in the instant cross-border payments trial are National Australia Bank, Australia and New Zealand Banking Group, Bangkok Bank, Bank of China, China Construction Bank, Commonwealth Bank, DBS Bank, Industrial and Commercial Bank of China, KASIKORNBANK, Siam Commercial Bank, Standard Chartered Bank and United Overseas Bank.

**For press use – Spokesperson quotes from participating banks:**

**Mr. Luke Perkins, Head of Clearing Services Product, ANZ:**

"The trial results demonstrate that we can achieve cross border payments in near real time on a consistent basis. For our customers, not only does this suggest fast payment execution, but just as importantly, the ability to realistically break down time zone barriers, freeing up the payments landscape."

**Mr. Sun Shangbin, Deputy General Manager of Clearing Dept, Bank of China:**

"Based on gpi and domestic instant payments, SWIFT is now working closely with global banks to build a cross-border real-time payments service. The service will substantially enhance cross-border payments efficiency, providing a high quality service experience for customers. Bank of China is one of the initiating banks involved in gpi innovation, and we look forward to continuing our involvement with other banks, to continuously improve cross-border payment efficiency as well as service levels."

**Mr. Albert Naffah, General Manager, Payments Development & Strategy, Commonwealth Bank of Australia:**

"This experiment showed that by linking SWIFT, NPP and our real-time core banking platform, our customers are able to receive cross-border payments in their accounts in under 60 seconds. By developing Australia's first real-time core banking platform, we have enabled our customers to prepare and take advantage of 24x7x365 commerce around the world."

**Mr. Atul Bhuchar, Group Payments Head, Global Transaction Services, DBS Bank:**

"DBS continues to be at the forefront of payments transformation and this successful trial marks another key milestone in the journey towards instant cross-border payments. By working together with SWIFT on this initiative, we are taking a proactive step in helping define the global payments framework and making the difference in transforming the customers' payments journey."

**Mr. Peng Hua, Deputy General Manager, Operation Management Department, ICBC:**

"ICBC is very pleased to be part of SWIFT's instant cross-border payments test. The results are encouraging and we are looking forward to implementing and promoting this program when it is realised. The service will offer ICBC customers an enhanced cross-border payment experience, including significantly faster cross-border payments and extended processing hours."

**Mr. Silawat Santivisut, Executive Vice president, KASIKORNBANK:**

"Faster gpi payments bring about keen competition in the international payment business and we are seeing both banks and agents alike competing to offer the industry increased channel convenience and speed. Real-time payments is already a common occurrence when it comes to domestic clearing, but the test demonstrates that the same results are also achievable with international transactions, and this is an exciting prospect."

**Mrs. Apiphan Charoenanusorn, Senior Executive Vice President and Head of the Retail Lending Products, Retail Payments, and Facility Management sectors, Siam Commercial Bank:**

"Siam Commercial Bank has made innovative technology and service development a priority in order to re-create the bank as a versatile digital platform transforming financial experiences for the better. Most recently, we participated in a pilot test with SWIFT to offer real time cross-border money transfers. With the bank's New Payments Platform (NPP) speeding up payments, this innovation truly fits with our Digital Payment Roadmap policy. The new service will enhance the efficiency of cross-border money transfers, and allowing payments to be sent and received in near real-time. This service is expected to increase the experience for customers, either those working abroad in locations such as Singapore or Malaysia and wanting to send money home, or those sending payment for education, e-commerce or SME imports and exports."

**Mr. Shirish Wadivkar, Managing Director & Global Head – Correspondent Banking Products, Standard Chartered Bank:**

"Connecting the new real-time local payment networks using SWIFT gpi allows us to deliver blazing-fast international payments for all our clients with the same gold gpi standard for transparency, rich payment data and traceability. Cross-border, just-in-time funding has benefits for all clients – retail, commercial, corporate and institutional and we at Standard Chartered, a founding SWIFT gpi member, believe that this is just the beginning!"

**Mr. Frederick Chin, Managing Director and Head of Group Wholesale Banking, UOB:**

"UOB's participation in SWIFT's real-time gpi initiative demonstrates our commitment to clients to provide borderless, reliable, efficient and effective financial solutions. With payment processing times reduced from a day to mere seconds, our clients can better manage their cash flow and working capital with greater certainty to meet their cross-border business and financial needs."

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## About SWIFT gpi

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 today being sent using the new gpi standard, and 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

As an initiative, SWIFT gpi engages the global banking industry and fintech communities to innovate in the area of cross-border payments while reducing their back-office costs. Since its launch in January 2017, gpi has dramatically improved the cross-border payments experience for corporates in over 700 country corridors. Key features of the gpi service include enhanced business rules and a secure tracking database in the cloud accessible via APIs.

Thanks to SWIFT gpi, corporates can grow their international business, improve supplier relationships, and achieve greater treasury efficiencies. Overall, nearly 50% of SWIFT gpi payments are credited to end beneficiaries within 30 minutes, and almost 100% of payments within 24 hours. Those that take longer typically involve more complex foreign exchange conversions, compliance checks or regulatory authorisations.

In addition to the more than 270 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.

## 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.

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