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SWIFT pilots integrated payment validation service as gpi captures more than 50% of payment volumes

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14 major banks join pre-validation pilot focused on error detection

Brussels, 5 December 2018

SWIFT today announces it will begin piloting an integrated pre-validation gpi payments service, focussing on enabling the speedy identification and elimination of errors and omissions in payment messages.

The pilot is the first stage in the roll-out of the ambitious gpi validation programme. The goal of the pilot is to build the foundation of a new integrated and interactive service that will significantly improve efficiencies in the payments process and which will ultimately be made available to all 10,000 banks across the SWIFT network.

Fully integrated with gpi payments, the service will facilitate real time dynamic bank-to-bank interaction using APIs to improve the predictability and efficiency of international payments, and look at using predictive analytics. It will later be complemented with a post-payment investigation and reconciliation service that will allow for fast resolution of the remaining factors, typically arising from compliance or regulatory requirements, which can slow down the payments process.

Following widespread interest and demand from a large number of banks, SWIFT has established the first targeted pilot with a subset of fifteen major banks from around the world.*

The launch of the pilot comes as SWIFT gpi has rapidly grown to capture more than half of all SWIFT's cross-border payment volumes. While more than 50% of SWIFT gpi payments are credited to the beneficiary in less than 30 minutes, many arrive in just seconds. Errors in payment data, such as incorrect or missing beneficiary or incomplete regulatory information, which is necessary for compliance purposes, often hold up those payments that take longer. Correcting these preventable errors and omissions before the initial instructions are sent will result in a far more efficient payments experience.

Based on a real-time API-based mechanism, the pilot will enable sending banks to send and receive API calls over SWIFT to seamlessly check beneficiary account information with the ultimate receiving banks. This will allow banks to speedily remedy any inaccurate or missing information, reducing delays and costs.

Luc Meurant, Chief Marketing Officer, SWIFT, said: "SWIFT gpi has already created a fast and frictionless cross-border payment experience for many banks and corporates – but we know that there are still payments which can be sped up further by ensuring the correct information is provided at the start. By embedding this new capability in the same payment messaging channel, thousands of banks will benefit from the resulting efficiencies, thus boosting the financial services industry as a whole as we move toward universal implementation of gpi in 2020."

Manish Kohli, Global Head of Payments and Receivables, Citi Treasury and Trade Solutions, said: "The gpi pre-validation pilot is a significant step forward for the payments industry in building a platform on which banks can interact with each other in real-time, both

pre-transaction and post-transaction. It demonstrates how banks can leverage SWIFT gpi to continue to transform cross border payments. This service is an enabler of our goal to provide real-time ubiquitous cross border payments by allowing banks and our clients to rectify any issues at the point of origination, achieving seamless end-to-end fulfilment along the payments delivery chain.”

Christof Hofmann MD and Global Head of Payments and Collection Products, Deutsche Bank, Germany, said: “We believe the gpi pre-validation service will add significant value to our clients, increasing the overall gpi client experience. Beneficiary account validation addresses an important pain-point in cross-border payments; it will help increase STP ratios while reducing fraud and exception handling.”

Together with the pilot banks, SWIFT will agree the global industry specifications for the gpi pre-validation service by the end of 2018, while the pilot is set to commence in early 2019. Over time, the service will be expanded to provide up front transparency on fees, based on the exact routing of the payment message. This will give payment originators and beneficiaries complete transparency and predictability on costs, routes and expected delivery of their funds.

**The 14 banks taking part in the pilot are: Bank of America Merrill Lynch, Bank of China, Barclays, BBVA, BNP Paribas, Citi, Deutsche Bank, E.SUN Commercial Bank, ICBC, J.P. Morgan, National Australia Bank, Piraeus Bank, Societe Generale and Wells Fargo.*

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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, with a combined value of well over \$100 billion. 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.