

Swift Innovation Challenge

# Can you find AI solutions to streamline global transactions?



Briefing pack

November 2023

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# Why take part?

The Swift Innovation Challenge is your chance to develop innovative solutions to some of the most complex challenges facing financial institutions.

The winners and runners up will get the unique opportunity to showcase your company's innovation capabilities to the Swift community.

Register [here](#) on [swift.com](#)



# The business context

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## Leveraging AI to remove frictions from cross-border transactions

Our mission is to empower the financial community to deliver **instant** and **frictionless** transactions across the world quickly, seamlessly and securely, for all.

We believe that when the entire industry works together, positive change can be amplified many times over.

That's why this year's Swift Innovation Challenge is focused on innovating to reduce this friction. We are calling on you to propose solutions that leverage Artificial Intelligence to help the financial industry raise the bar on achieving this.

We'll be bringing together teams from across the globe to collaborate, share knowledge and show off their engineering and innovation skills.

## Eliminating friction from transactions

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In the world of financial transactions, friction represents any obstacle, inefficiency, or barrier that hinders the seamless flow of funds.

This friction serves as the formidable adversary to smooth, efficient, and secure financial operations. It embodies any hindrance, inefficiency, or obstruction that disrupts the seamless flow of value and information.

This unwelcome guest can manifest in various forms and is responsible for unwarranted delays in processes, misidentification, and inadequate prevention of fraudulent activities, adding complexity and cost to the transactional landscape.

In this challenging environment, the pursuit of innovative solutions to alleviate friction becomes paramount. This challenge is an opportunity to conquer these challenges and bring about a transformation in transaction efficiency and security.



## Ensuring speed & security

As we advance towards faster transaction processing, the time it takes for transactions to move from days to mere seconds, we stand at a crossroads where speed meets security. The race towards instant transactions carries a significant consequence: the potential compromise of our ability to thoroughly review and identify fraudulent activities. This accelerated pace, while transformative and customer-centric, significantly impacts our capacity to detect and respond to emerging financial crime risks in a timely manner.

The balance between speed and security has never been more critical. Faster transactions enhance the overall user experience, but they also create an environment in which bad actors can exploit the limited time window for their illicit activities. In this evolving landscape, our ability to stay one step ahead of fraudulent transactions becomes more challenging than ever before.

The need to strike this balance between speed and security, ensuring that transactions are both instant and safeguarded from financial crime, looms as a paramount challenge in the financial industry's relentless pursuit of innovation and efficiency.

## Leveraging breakthroughs in artificial intelligence

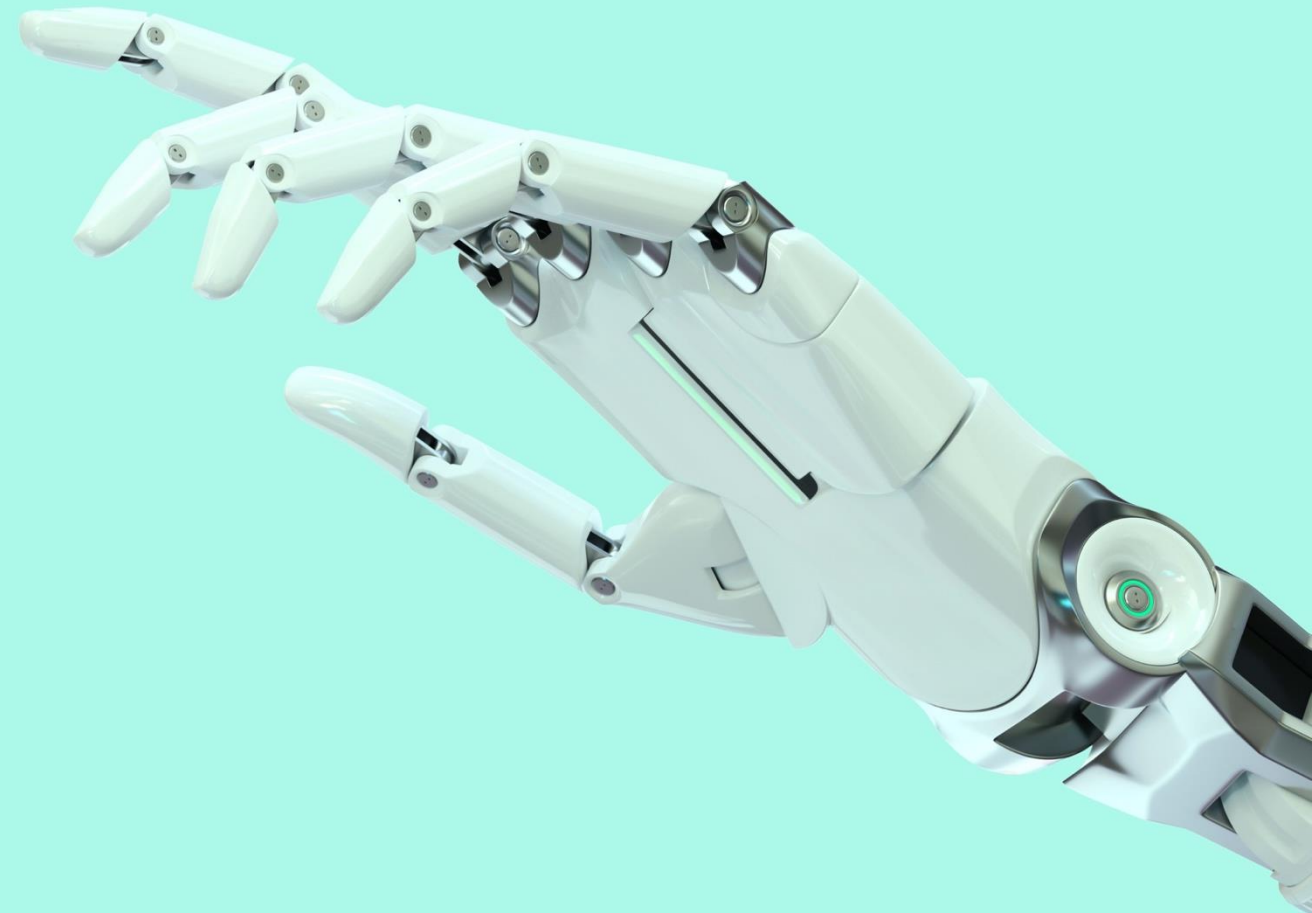
Over the past year, the extraordinary power of AI has moved sharply into focus throughout finance and beyond.

And as the world continues to make rapid progress in this field, it is becoming increasingly clear that machine learning can contribute to enabling the financial industry to achieve the G20 targets on cross-border payments around speed, cost, access and transparency.

AI presents a multifaceted approach to address the challenges at hand:

- Make informed decisions
- Speed up decision processes and improve accuracy of detection
- Create trusted sources utilizing a wide range of data
- Provide transparency into business decisions

**AI stands as a powerful tool to combat the issues the financial industry faces today.**





# The Innovation Challenges

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## Teams will design and develop solutions to two challenges

### Challenge 1

#### **Optimise**

How can we help institutions find the most instant and frictionless cross-border payment journey?

- Teams should be considerate of all touchpoints within the payments journey, including pre-transaction, routing, and post-payment tracking
- The solution should consider friction points around cost, speed, and transparency



### Challenge 2

#### **Detect**

How can we help institutions detect and mitigate risks associated with financial crime, such as fraud and trade-based money laundering (TBML)?

- Leverage AI and advanced analytics to create real-time risk detection mechanisms
- Develop strategies for identifying and preventing fraudulent transactions and money laundering activities

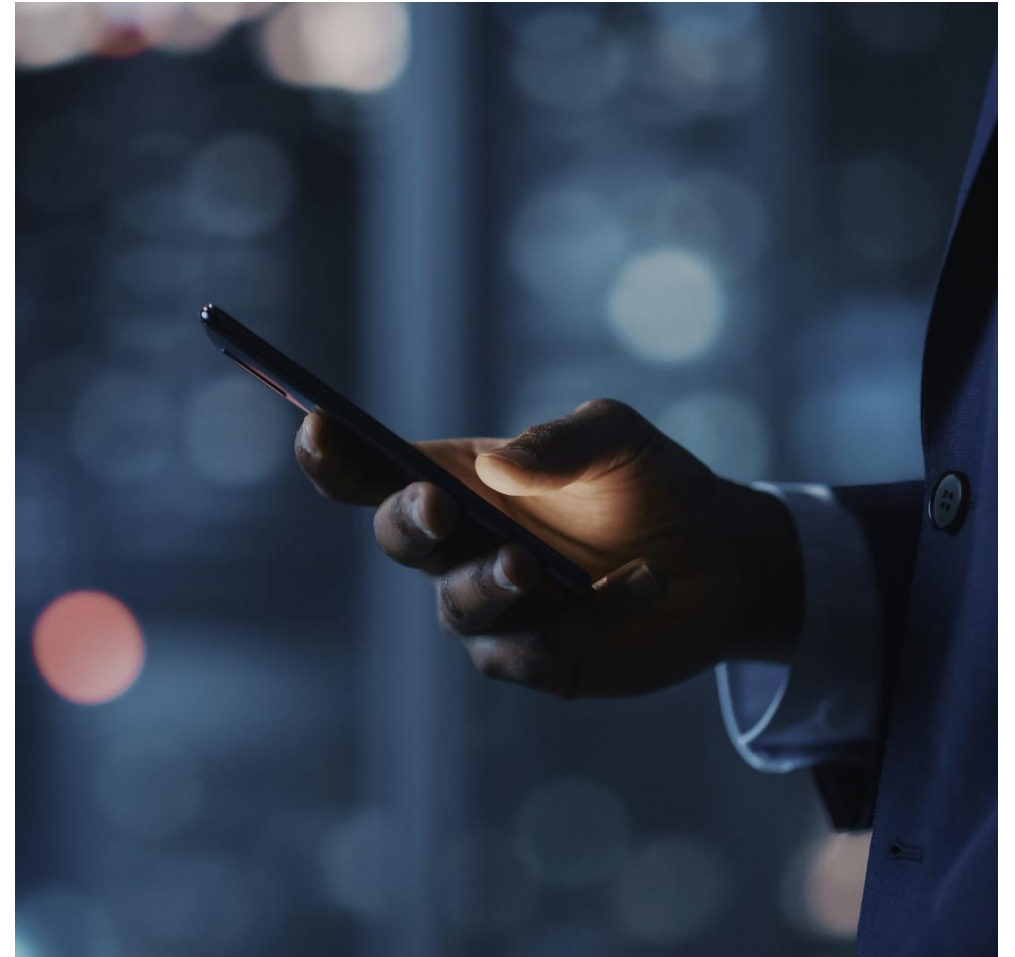


## Challenge 1: Optimise Description

While 89% of cross-border payments are processed over Swift within an hour, some international transactions can suffer prolonged processing times, and inefficient, intricate routing with multiple intermediaries. Financial institutions require solutions to optimise cross-border payments so that they can select the quickest, most cost-effective payment routes – removing frictions from the process, and offer the best experience to their customers.

Using the power of AI, the goal is to assist banks in discovering the channel which is the most cost effective, transparent, accessible, and fast to banks' customers. This should be accomplished by leveraging various Swift data points and APIs to support the proposed solution. The ultimate aim is to empower banks to be more competitive in the market by providing differentiated services from other competitors.

**Challenge solutions can focus on payment or trade flows.**



## Challenge 1: Optimise Objectives

- **Streamline Cross-Border Payments:** Develop solutions aimed at streamlining international transactions by reducing high costs, minimizing processing times, and simplifying routing with the aim of eliminating friction in global transactions.
- **Utilize AI for Optimization:** Harness the potential of (AI) to assist financial institutions in identifying the quickest and most cost-effective cross-border payment routes, emphasizing the role of AI in optimizing transaction processes.
- **Leverage Swift Data Sources:** Utilise a variety of Swift data sources to enhance the accuracy, efficiency and certainty of cross-border payments.
- **Promote Frictionless Transactions:** The primary objective is to promote and achieve frictionless international transactions, making the cross-border payment process more efficient and cost-effective for all stakeholders involved.



## Challenge 2: Detect

### Description

The financial sector faces a constant menace from financial crimes, encompassing fraudulent activities and trade-based money laundering (TBML). These unlawful deeds not only pose financial threats but also cast a shadow on an institution's reputation. To minimize disruptions in the financial ecosystem, institutions demand sophisticated analytics and AI-driven tools for the efficient detection and mitigation of these perils.

Harnessing the potential of transactional data is pivotal in the battle against the ever-increasing sophistication of financial crime. Fraud and TBML remain particularly difficult to effectively detect.

This challenge strives to diminish the impact of financial crime including TBML, fraud and money laundering risks.

The amount of money laundered each year is estimated at 1.87 trillion. The cost of TBML alone exceeding \$10 billion annually, the significance of this challenge is evident.

**Challenge solutions can focus on payment or trade flows.**



## Challenge 2: Detect Objectives

- **Identify and analyze financial crime Threats:** Scrutinize and identify various financial threats, including fraudulent activities and trade-based money laundering (TBML), to gain a deeper understanding of the risks involved.
- **Develop AI-driven detection tools.**
- **Utilize transactional data:** Leverage transactional data as a primary resource to enhance fraud detection, improve compliance measures, improve traceability and accuracy of data, and proactively prevent financial crime risks within the supply chain.
- **Foster transparency in the supply chain:** Establish a framework for transparency within the supply chain, ensuring that the flow of funds and information is clear, visible, and devoid of illicit activities.



# How the competition works

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# Registrations

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Please register [here](#) on swift.com

Deadline for registration: 15 January

Each participating organisation will be expected to complete a standard terms and conditions document





## The rules of the road

Each team should consist of a maximum of **10 participants from a single company.**

**At least 50% of members of the participating team must reside in a country in Asia-Pacific**

The **Challenge is open to all fintechs, partners, FIs and ecosystem players** that can meet the APAC regional requirements.

**Companies can register a team to complete in one or both challenges,** however only one solution per team can be submitted for each challenge

Participants should look to submit: a **demo of the prototype** (no longer than 5 minutes), alongside a **presentation**, and **any supporting material**

For both problem statements, **participants can access datasets provided by Swift and leverage publicly available data**

**Teams cannot submit existing solutions/products** as part of their challenge submission(s)

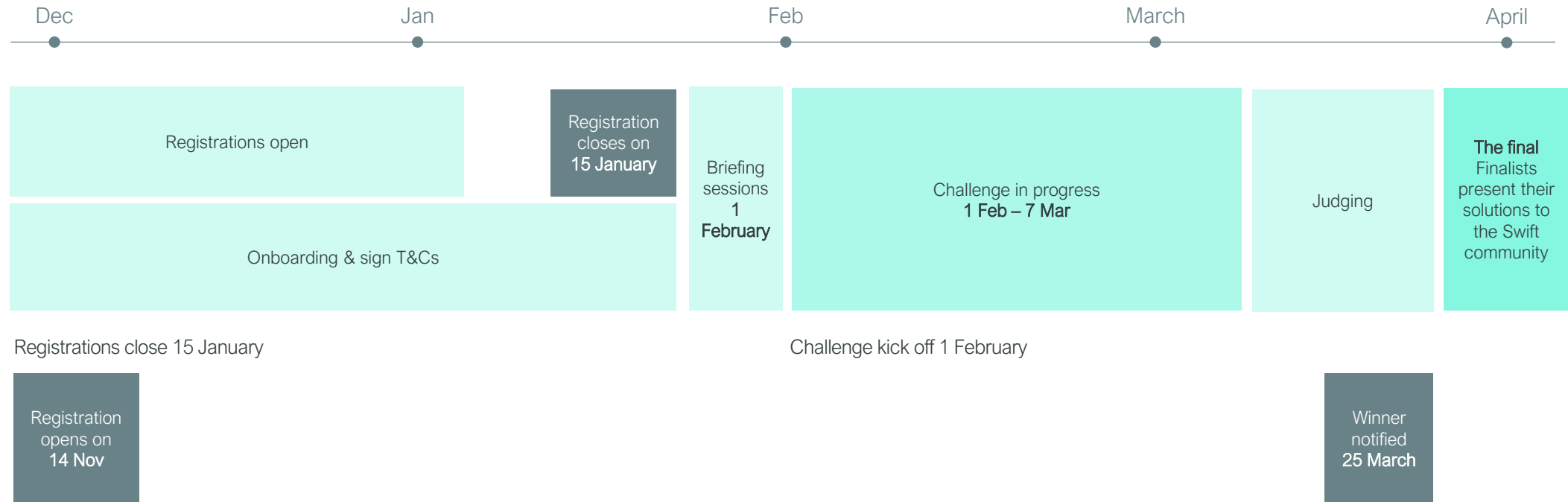
### The challenge environment:

Participants will have access to the Swift Challenge sandbox environment, which includes:

- Central communication for Challenge including all materials
- Access to datasets and APIs
- Integrated environment for collaborative development
- Submission portal

# Timeline

## Activities and key dates



The teams will have **5 weeks to create a pitch** and where applicable demo their prototype for the challenge submission.

Teams are expected to **submit their solutions on the 7th March** by 23:59 SGT

There will be **two finalists per challenge**, one representative from each will have the opportunity to present their solution at a **dedicated LinkedIn Live session online**



## Submissions

Teams can submit a single solution for one or both challenges

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### Presentation

This should include an overview of the problem statement, approach taken, key features of the prototype, as well as the business case, financial impact and key learnings through the project.

### Demo

This should showcase the core functionality and features of the solution, demonstrating how it addresses the relevant use case selected – the demo should be no longer than 5 minutes.

### Supporting material

Participants should include any supporting material that strengthens their submissions. UI design can be included if relevant to the solution created.

# FAQs

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## FAQs (1/3)

### What is the deadline for registrations?

All participants should register their team by 23:59 SGT on 15 January.

Swift will then share further details on the next steps and on-boarding process.

### How many people can make up a team?

The maximum number for a team is 10.

### Is it time zone specific or global?

It is an APAC focused Innovation Challenge that will bring together the wider community of major banks and fintech developers from the region.

The event will be remote, with introduction and briefing sessions.

In order to participate, each team must have a presence within the APAC region.

### What is date/timeframe for the Challenge development phase?

Teams will have access to the Challenge sandbox from the 1 February to the 7 of March to develop their solutions.

## FAQs (2/3)

### Is there a cost associated to participate?

The event does not include any entry costs.

### Is there a prize?

The winners and runners up will get the unique opportunity to showcase your company's innovation capabilities to the Swift community during a dedicated LinkedIn Live session online.

### What does each team need to submit on the 7 March?

Teams will need to submit a pitch deck, a demo of their prototype if applicable and any supporting materials.

### What tools / data / APIs can I use

Developers will have access to the Challenge sandbox environment which has mock payments and trade datasets and a variety of APIs available.

Teams are also free to use any open source, publicly available tooling / data / APIs to support their value proposition.

## FAQs (3/3)

### Can I submit an existing solution?

No, you may not submit an existing solution. We will be judging new and innovative solutions that have been built over the 5-week challenge period.

### Do I need to be based in Asia-Pacific to take part?

At least 50% of the participating team must reside in a country in Asia-Pacific.

# Thank you

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**Swift**