



Standard Chartered Bank – SWIFT gpi: a catalyst for corporate growth in export-led markets



“SWIFT gpi substantially improves both the velocity and transparency around the payment helping clients with greater efficiency in managing their payments & receipts.”

Shirish WADIVKAR

MD & Global Head
Correspondent Banking Products,
Standard Chartered Bank

Live with SWIFT gpi since January 2017, Standard Chartered Bank - a leading international bank operating in the world's fastest-growing markets - is bringing the benefits of the service to its clients across Asia, Africa, the Middle East and beyond.

We have been facilitating cross-border payments for many years and our aim is to make this business easy for our corporate and banking clients,” says Shirish Wadivkar, MD & Global Head, Correspondent Banking Products, Standard Chartered Bank. Yet, he says, the correspondent banking system as it stands today does not guarantee a user-friendly payments experience.

Wadivkar explains this with an example. “When one of our clients in India sends a MT103 payment instruction, neither they, nor their end-customer, have any visibility on that payment once it leaves the bank – it’s a blind process for all parties. We cannot give our clients certainty on how long it will take to reach the beneficiary end-to-end except for a rough timeframe.”

Such lack of certainty poses a problem for our clients across the world, especially those exporting. “Exporters need to get their payments quickly so they can release the goods. When payments are held up, so are the goods. And when this is a recurring problem, it has a direct impact on trade flows.”

Similarly, the lack of transparency over fees under the current system also presents difficulties. “Taking the example of exporters again, margins are often tight in this business and they cannot afford unpleasant surprises such as being charged fees by intermediary banks. They sometimes work under ‘OUR’ payment terms, whereby the buyer pays all fees and the exporter receives the payment in full. Yet, intermediary banks often do not respect the ‘OUR’ terms and our client ends up with a bill for payment charges.”

SWIFT gpi: the solution

“I am glad to say that gpi will change all this and deliver a world of new possibilities to our clients,” enthuses Wadivkar. “When I first came across the concept of gpi at Sibos 2015 in Singapore, it opened my eyes to a new way of working that enables our clients to make fast and hassle-free payments and eliminate the lack of information we currently have on payments in transit while using our current systems.”

The SWIFT gpi service improves the customer experience in cross-border payments by increasing the speed, transparency and end-to-end tracking of cross-border payments. The most important part of gpi, according to Wadivkar, is that it allows clients to know a payment’s status at any given point. “The gpi Tracker shines a light on payments; clients can very clearly see the routing of a payment and the costs incurred.” This will have knock-on savings, he says. “Our clients will be able to evaluate the total cost and speed of payments. It will allow them to evaluate the most efficient route for each type of payment. This was never an option in the past.”

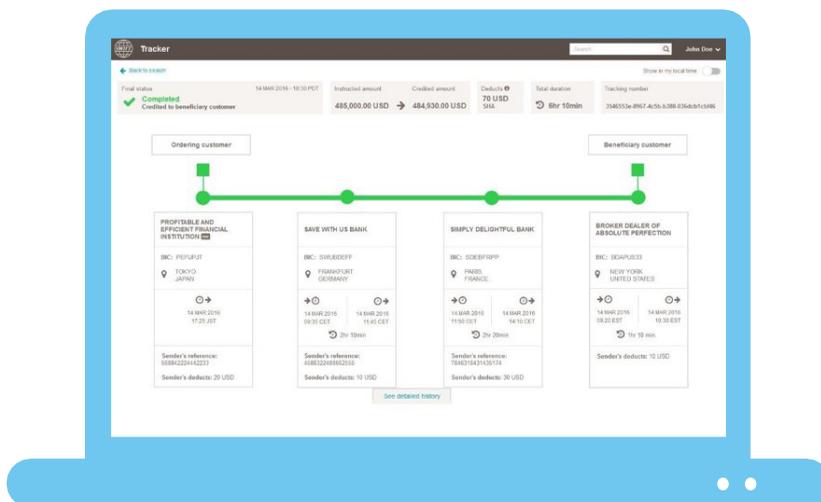
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Delivering value to clients

Standard Chartered's corporate clients are showing real interest in gpi. They want to know what it's all about and how they can take advantage. "Whilst it's still early days, we are in already advanced discussions with our clients about a solution that suits their needs." At first the bank will make gpi available to specific clients asking for a fast and trackable service, but as gpi expands they will look at making it the default payment option. Whilst the gpi Tracker is, for Wadivkar, one of the major strengths of the service, he strikes a note of caution about passing on a vast amount of information directly to corporates. "Many clients make thousands of payments a day and will not immediately be able to deal with this amount of data. We'll need to work with them and find out what information they need to know; and about which payments. They can then put processes in place to consume and leverage this data."

Standard Chartered will also offer indirect access to gpi to their banking clients. "If a bank makes a cross-border payment via an account they hold with us, we will make sure to offer them gpi capabilities. In turn we will ask our banking clients to become gpi compliant for their corridors so they can pass on gpi payments through their domestic corridors."

The SWIFT gpi Tracker



Implementing gpi

The gpi implementation was not a large undertaking for Standard Chartered. The bank had a team of between 10-15 employees working part-time on the project for less than five months. "We first focused on our main operation in Singapore as we could address this quickly. We will now implement gpi in each payment corridor we are active in so we can meet the needs of our unique multi-country client base." The bank will do this step by step, first focusing on the US corridor followed by their other main currencies RMB, EUR, GBP and INR.

For Standard Chartered the cost of delivering gpi is also not onerous. The bank sees it as part of the continuous investment in its digitisation agenda to improve their client offering. "We are a large correspondent bank and must be at the forefront of innovations in this space. SWIFT gpi will not only enable us to transform our client offering, but also lead to efficiencies inside the bank in our cross-border payments process."

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Future plans

Standard Chartered is keen to seize the opportunities that will be delivered in the second phase of services to be offered by SWIFT gpi (see box). "I am most looking forward to providing our clients with the ability to exchange rich data, such as invoice-overviews, with their payment instructions. Clients want to understand which invoices a payment is referring to so they can easily reconcile. The current limit of 140 remittance characters is not enough. I see the new gpi rich remittance service as potentially transformational."

Looking to the future, Wadivkar sees gpi as a catalyst for a significant shift in the cross-border payments business. "As an industry, we owe gpi to our clients. It is a collaborative effort, not a competitive one – if we don't march together we will not deliver to our clients."

SWIFT gpi Phase 2: The digital transformation of cross-border payments

In parallel with the roll-out of the first phase of SWIFT gpi, SWIFT is designing additional payment services that will digitally transform cross-border payments, by allowing banks to offer their clients:

- A Rich Payment Data Transfer service: Enabling corporates to transfer rich payment data along with their payments
- A Stop and Recall Payment service: Allowing erroneous payments to be stopped immediately, no matter where they are in the correspondent banking chain
- An International Payment Assistant service: Helping corporates ensure they initiate error-free cross-border payment instructions