

EACT Briefing

Focus : SWIFT gpi



THE
EUROPEAN
ASSOCIATION
OF
CORPORATE
TREASURERS

SPOTLIGHT ON CROSS-BORDER PAYMENT CHALLENGES

SPEED:

“Critical business requires faster payment execution”

Martin Schlageter
Head of Treasury Operations
Roche

TRANSPARENCY:

“Many times we don’t have visibility on the fees lifted along the way”

Peter Claus-Landi
Director banking initiatives
General Electric

TRACKING:

“I’m not able to tell when the money hits the beneficiary’s bank account”

Brooke Tilton
Vice President, Treasury Operations
Viacom

REMITTANCE INFORMATION:

“We miss information regarding the invoice and the payer for timely reconciliation”

Michel Verholen
Director, Global Treasury Center
Zoetis

TREASURERS TOP PRIORITY

47%

PREDICTABILITY
OF TOTAL COST

54%

TRACKING
PAYMENTS

BANK SELECTION CRITERIA :

57%

COMPETITIVE AND
TRANSPARENT
PRICING

84%

EFFICIENT
PAYMENT
PROCESS

INTRODUCTION



EACT, the European Association of Corporate Treasurers, representing 23 national associations of corporate treasurers has always been at the forefront of innovation and new regulations. It is my pleasure to introduce this EACT Briefing focusing on cross-border payments. I hope that it will help treasurers in their day-to-day activities. As the world becomes more and more international so is our activity of treasurer. For this edition of the EACT Briefing, we have focused on gpi, the new SWIFT Global Payment Innovation, which will significantly improve international payment processes and address many of the issues treasurers are facing today.

Jean-Marc Servat,
Chairman EACT

The classic correspondent banking model is under pressure. Treasurers have pushed for years for getting better payment services. The banks have rationalized their correspondent banking networks and eventually, digital innovators offer new disruptive solutions these days. The domestic payments are going real-time or are even instant-payments in some countries, end-users are increasingly demanding more services, regulatory costs are increasing and require intense efforts from banks, networks must be rationalized, bank disintermediation is a reality and all corporates are expecting enhanced value proposition from their banks. That is the context in which SWIFT decided to innovate and to be proactive in a moving landscape with new technologies emerging.



François Masquelier,
Vice-Chairman EACT

gpi

IN SHORT

SWIFT gpi, an innovative new service launched by SWIFT, currently has over 250 banks signed up. It provides corporate treasurers with a much better experience for cross-border payments, which are processed faster, more transparently and with end-to-end real-time tracking.

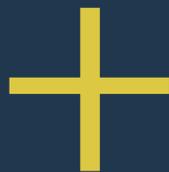


200+

countries covered

70+

banks live
35 of the top 50



50%

SWIFT gpi
payments credited
to end beneficiaries
within **30** minutes

90%

same
day

600+

Country corridors

100
billion USD
\$

sent daily
via gpi

INTERVIEW

VIEW



Sebastian Rojas (SWIFT): Payments without borders

Sebastian Rojas, Head of SWIFT gpi for Corporates, says the gpi brings a dramatic transformation of cross-border payments processes for corporate treasury.

Why did SWIFT create a payment tracking solution for its network?

SR: Change is coming to cross-border payments with local markets going real-time and regulators advocating for transparency with initiatives like the EU's PSD2 making open banking a reality. Why should international payments take three, four or more days compared with seconds for everyday retail transactions; and why are the payments made by corporations across the world so hard to trace? We initiated discussions with the community to analyse the obstacles that corporates faced in their cross-border payments business and decided how to best tackle them by minimising friction and improving payment processes. We needed to take in consideration the business processes in different countries and regions to ensure same-day payment services. It is not replacing one technology with another, but addressing the key problems with a pragmatic and scalable approach.

In concrete terms, how can corporates use gpi?

SR: Currently more than 250 banks have joined gpi and 70 of these, which have already integrated it into their systems, can provide same-day payments and immediate responses to queries. Furthermore, leading cash management banks are starting to integrate gpi into their e-banking portals, enabling corporates to track and trace payments, including details such as routing and transaction cost. Fifteen banks now provide this functionality to their customers, passing on the transparency directly to their users.

What impact will gpi have on corporates that use multiple banks?

SR: SWIFT is working with corporates, banks and treasury vendors to define gpi multi-bank standards supporting FIN and ISO messages. The big change for corporates is the ability to generate a gpi tracking number (unique end-to-end tracking reference - UETR) at payment initiation and the possibility of receiving harmonised gpi tracking statuses from all their banking partners directly in their treasury systems. This will also ensure a consistent experience regarding fees and

payment routing from their gpi banks. SWIFT is currently testing this new standard through a pilot programme with ten multinationals including Airbus, Booking.com, Borealis, General Electric, IATA, LVMH Moët Hennessy Louis Vuitton, Microsoft, Ping An Group, Roche & RTL Group as well as 12 leading transaction banks.

The pilot group aims to bring this standard into production in the coming weeks. In the meantime, we are looking to open this new service to more gpi banks and corporates before the end of the year.

How is SWIFT ensuring that treasury vendors are ready?

SR: SWIFT is working with leading cash management and treasury providers to support the integration of gpi standards in their applications. As part of the gpi for corporates pilot, several providers such as FIS, SAP, DataLog and Calypso are already supporting gpi implementation for their pilot customers. We are also in contact with additional providers ensuring that all information is available for them to start their gpi integration. In addition, corporate demand for the gpi service is helping to encourage vendors and providers to enable their gpi capabilities.

How are corporates contributing to the building of the gpi roadmap?

SR: Corporates have a fundamental role to play as banks start to enable services on top of gpi. Not only by asking their banks about gpi capabilities but also by becoming early adopters of new solutions or services. Such an approach will help to ensure that future solutions meet their evolving requirements and priorities. For instance, in the context of gpi for corporates, SWIFT has designed the standards through a series of SWIFT-led co-creation workshops with pilot banks and corporates. At SWIFT we are always listening to the feedback from corporates, identifying business requirements and developing new solutions based on the community feedback.

What's next after payments tracking?

SR: SWIFT will extend gpi to all cross-border payments, starting in November this year by making all cross-border payment messages trackable in the network. By the end of 2020, every bank on the network will be able to offer same-day, end-to-end delivery with full tracking and transparency, throughout the payment chain. In November we will also launch Stop & Recall, a new service allowing banks to stop payments after initiation. This service looks at optimising a very complex and slow process requiring multiple bank interactions and phone calls to perform a simple but time-critical task. Stop & Recall will enable gpi banks and corporates to stop a payment in the network by using its tracking number. This new service will enable corporates to address manual mistakes such as double-payments or even in some cases quickly act on any fraud concerns. /

TAKE AWAYS

CONTEXT:

The treasury associations and EACT have welcomed this new solution SWIFT is developing but also the idea of involving their members into working groups to further understand their needs and expectations in terms of payment in the years to come. The classic correspondent banking model was under pressure. Customers have pushed for better payment services. In this context, SWIFT decided to innovate and to be proactive in a moving landscape with new technology players emerging.

“ SWIFT gpi addresses some of the major pain points corporates currently experience when they initiate cross-border payments. ”

THE SWIFT GPI PRODUCT SUITE ON OFFER TO BANKS:

- A directory (to provide operational information on BIC, currencies, cut-off times and essential reference data).
- A tracker (to monitor progress of a gpi payment and to track a payment's path in real time - like a parcel bought on-line - to obtain transparency on deducts and to confirm that payments have been credited on the counterparty's account).
- An observer (a sort of BI dashboard showing bank compliance with gpi SLAs, to ensure control, monitoring and enforcement of SLAs and therefore a good service quality).

“ The gpi Tracker will be the ‘revolution’ in payments. ”

TREASURERS EXPECTATIONS:

- An increased comfort on these types of payments, which sometime are low amounts and cause disproportionate levels of resource to deal with queries or investigations.
- More standardization of formats and especially with the XML ISO 20022 because they have in general invested heavily in this international standard format. EACT believes that the payment landscape is moving fast(er) especially with FinTech's and market disruptors. Therefore, we are pleased to see that market infrastructure players are undertaking their essential role in this payment revolution.
- The speed of gpi will be an asset. **The fact that payment is faster, efficient with less time in investigation should represent a positive business case for banks and corporates. Hence reduce costs.** The consequent amount of time spent by back-offices to track payments would be easily compensated.
- The corporates would like to know where a payment stands and if it is confirmed, rejected, on progress, on hold or delivered (when delivered to a non-gpi bank). This piece of information will be “pushed” by banks to corp's.

CONCLUSION:

We would like to thank the pilots (i.e. banks and corporates) who accepted to test and help finalise this new product until go-live. Such a collaboration was excellent and successful. We hope it augurs other future cooperation between SWIFT, banks and corporates.

**By François Masquelier, Vice-Chairman of EACT, Treasurer RTL Group,
Chairman of Luxembourg Corporate Treasury Association ATEL**

CONCLUSION

AN APPETITE FOR MORE

In short, EACT's conclusion is that SWIFT gpi has started on very strong tracks.

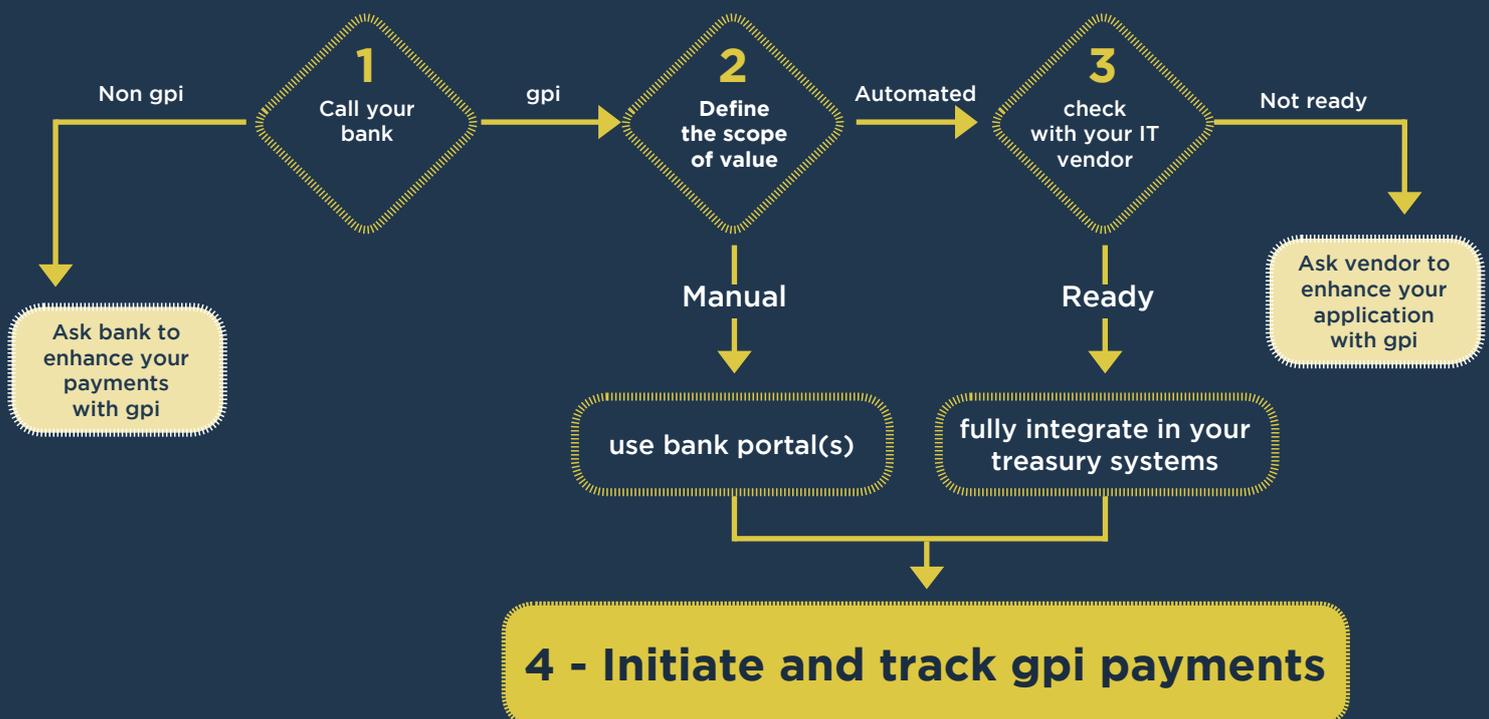
Immediate benefits for our industry include faster payments, higher control on costs, easier tracking and a reduction of inefficiencies. This initiative allows us to better understand how our banks operate and sometimes to assess or challenge their performance.

We feel that this solution needs further developments. For example, the same benefits that the payers receive could be extended to the beneficiaries in areas such as forecasting cash management or improving collection processes. We also believe that enhancing control of the quality of the payment data before initiation of the transaction would reduce rejected payments or repairs and sometimes fraud.

To conclude, in the PSD2 context, we hope that an API will allow all corporates to get a direct access to the whole gpi value chain.

IMPLEMENTATION STEPS

start here





THE
EUROPEAN
ASSOCIATION
OF
CORPORATE
TREASURERS

13,000+
PROFESSIONALS

23
NATIONAL
TREASURY
ASSOCIATIONS

6,500
COMPANIES
REPRESENTED

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