SWIFT gpi
Cross-Border Real-Time Payments

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World Bank Global Payments Week, Kuala Lumpur
Panel: Remittances & cross border payments: Innovations to improve Efficiency, Convenience and Risk-Management

4th December 2018
The challenges in cross-border payments.

- Speed
  - Roche

- Transparency
  - General Electric

- Tracking
  - Viacom

- Remittance information
  - Zoetis
Spotlight on Cross-Border Payments: SWIFT rails today

11,000
Connects financial institutions, Corporates & Market Infrastructures Globally

3000
Connects financial institutions, corporates & market infrastructures in APAC

200+
Countries & territories

7bn
FIN messages

3 days
Approximate annual value world GDP through SWIFT network

12%
Annual growth FIN Payment Traffic

Seconds
Bank to bank message sent anywhere in the world

Cents
Cost per message

Secure
Resilient
Always available

All currencies
Eg. $, €, £, ¥ etc
Cross-Border Payments: If Not Technology, What’s The Core problem?

Batching  Fees  Compliance  Reconciliation  Time Zone
FX  Documents  Liquidity

Business Process Friction

The above is illustrative only
Enhancing customer experience by delivering a new standard in cross-border payments

“Yesterday” | Traditional correspondent banking

- Slow, can take multiple days
- No transparency on costs
- No transparency on time
- No confirmation of credit

“Today” | SWIFT global payments innovation (gpi)

- Faster, same day* use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

(*) within the timezone of the receiving gpi member
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SWIFTgpi: Scalable Innovation Transforming Cross-Border Payments

Overlay Services and R&D
- Engage Fintech Ecosystem to Build Overlay Services
- Open Access via APIs
- DLT & API Sandbox

Innovation Roadmap
- Cross-Border Real-Time
- Stop & Recall Payments
- Extended Tracking

Address The Core Problem
- Faster, same day use of funds
- Transparency of fees
- End-to-end payments tracking
- Remittance information unaltered

Note: The above is illustrative, and includes live, planned and potential services over gpi
Unparalleled growth in adoption, traffic and corridors

100,000,000,000 USD
sent daily via gpi
Unparalleled growth in adoption, traffic and corridors

100,000,000 gpi payments sent

JUL 2017
1,000,000

DEC 2017
10,000,000

OCT 2018

JAN '17 FEB MAR APR MAY JUN JUL AUG SEP OCT
JAN '18 FEB MAR APR MAY JUN JUL AUG SEP OCT
Unparalleled growth in adoption, traffic and corridors

Very large community
- 300+ banks committed to implement, 60 of top 60 banks signed

Millions live payments
- 106 banks live, 35 top 50 banks
- 800+ country corridors
- 110+Mio payments sent as gpi since go live - 600K payments/day
- 50+% cross-border MT103 sent as gpi

Delivering real value
- Over 50% of SWIFT gpi payments credited within 30 minutes
- More than 100 billion USD are being sent daily via gpi
- Banks are saving costs thanks to quicker investigations handling and a significantly reduced number of payment enquiries
- Positive reactions from corporates

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SWIFT gpi is dramatically speeding up cross-border payments.

SWIFT gpi reduces cross-border payment times to minutes, even seconds

- 50% of SWIFT gpi payments are credited in less than 30 minutes
- Payments are being sent across 550 country corridors
- New corridors are being opened every day
- More than 100 billion USD in gpi payments made so far

GPI processing times:

- **Within 5 minutes:** 9%
- **Between 5 and 15 minutes:** 3%
- **Between 15 and 30 minutes:** 4%
- **Between 30 minutes and 1 hour:** 6%
- **Between 1 and 2 hours:** 4%
- **Between 2 and 4 hours:** 8%
- **Between 4 and 6 hours:** 5%
- **Between 6 and 12 hours:** 10%
- **Between 12 and 24 hours:** 9%
- **More than 1 day:** 5%

Many in Seconds!

95% within 24 hours

40% within 5 minutes

Over 50% of all SWIFT payments are now sent via gpi and more than 200 banks have already signed up to the service. By the end of 2020, the entire SWIFT Community will have universally implemented the service — meaning that all 10,000 banks on SWIFT’s global network will be using gpi for cross-border payments.
Residual friction after SWIFT gpi: Why payments still get delayed?

<table>
<thead>
<tr>
<th>Outgoing Payments</th>
<th>Incoming payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Time zone differences, causing delays when market of recipient country is still closed</td>
<td>• Liquidity issues (no funding or credit limit exceeded)</td>
</tr>
<tr>
<td></td>
<td>• Non-STP data, in particular wrong account number</td>
</tr>
<tr>
<td></td>
<td>• Compliance issues (sanctions hit)</td>
</tr>
<tr>
<td></td>
<td>• Additional documentation required from beneficiary</td>
</tr>
<tr>
<td></td>
<td>• Additional regulatory requirements for payments above a certain amount</td>
</tr>
</tbody>
</table>
The Next Stage Of Evolution: Real-time Cross-Border Payments with “SWIFT gpi Instant”

Use Cases In Progress

1. **Real-time cross-border payment, via gpi between 2 banks** (e.g. DBS -> NAB)
2. **Real-time cross-border payment, via gpi into domestic instant payment system** (e.g. DBS -> NAB - AU NPP -> NPP Bank)
3. **Real-time end-to-end payment, from one domestic instant payment system to another via gpi** (e.g. SG FAST -> AU NPP)

Illustrated for Singapore to Australia flow, but design scales across any corridor.
<table>
<thead>
<tr>
<th>Australia</th>
<th>China</th>
<th>Thailand</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>nab</td>
<td>ICBC</td>
<td>ธนาคารกสิกรไทย</td>
<td>Standard Chartered</td>
</tr>
<tr>
<td>ANZ</td>
<td>中国银行</td>
<td>Bangkok Bank</td>
<td>DBS</td>
</tr>
<tr>
<td>Commonwealth Bank</td>
<td>中国建设银行</td>
<td>SCB</td>
<td>UOB</td>
</tr>
</tbody>
</table>

SWIFT gpi Instant Trial Completed in October 2018 – With 12 banks in 4 Markets
The trial was completed successfully:
- Demonstrated extended operating hours by successfully processing SWIFTgpi payments via AU-NPP*;
- Industrialising faster end to end speed outcomes across multiple corridors

- 3 country corridors tested: CN-AU, SG-AU and TH-AU**, 12 banks
  - 9 sending cross-border gpi payments to AU
  - 3 banks in AU processing payments domestically via NPP

- Most real-world requirements were simulated - screening, payment validations, liquidity management, message transformation & real-time status updates.

- Extended operating hours validated via incoming payments processed during & outside AU business hours

- Fastest payment from CN to AU account via NPP, in 18 seconds
- Fastest payments from SG/TH to AU accounts via NPP within 30 seconds.
- All payments sent were processed end-to-end within 60 seconds.

*AU=Australia, NPP=New Payments Platform
**CN=China, SG=Singapore, TH=Thailand
SWIFT gpi Instant Trial Completed in October 2018 – Next Steps

• Finalisation of SWIFT gpi service rules - as a globally scalable design

• Further round of comprehensive community testing, before go-live

• Review gpi integration into other global instant payment systems# with:
  • Domestic real-time payment operators & regulators
  • Gpi banks participating in above instant payment systems

# Already in progress in few markets