SWIFT gpi setting the new global payments standard

A panel of international business leaders explain how the SWIFT gpi platform is alleviating industry pain points and addressing challenges in corporate payments.

SWIFT’s global payments innovation (gpi) solution has breathed new life into the correspondent banking model, which many believed was in danger of further decline. Within two years, gpi has been created and implemented, has signed up more than 120 banks, of which will be live by the end of 2017, and has processed more than 3 million payments to date.

Christian Westerhaus, head of clearing products, cash management, Deutsche Bank, says gpi will become “the new normal” in correspondent banking. “SWIFT’s gpi promises of same-day executions, transparency in a cloud-based tracker, and traceability of the transaction for all parties involved have all come true and are in practice now,” he says. This puts competition at a new level, as all correspondent banks can achieve transparency and traceability for their clients. Therefore, says Westerhaus, service becomes even more important and differentiation will lie in how swiftly correspondent banks initiate customer investigations and how they link other correspondent banking services to gpi.

“The achievements of gpi mean that correspondent banking is now at par with the expectations of financial institution and corporate clients.”

SPEED AND SIMPLICITY

The speed, transparency, and traceability of gpi are attributes that the clients of Silicon Valley Bank (SVB) are looking for in cross-border payments, says Dena Stefanopoulos, senior director, product and correspondent bank management at the bank, which services financial technology companies and other high-tech outfits.

“Customers are companies that are disrupting industries and introducing new ways of providing services,” she says. “And in their personal lives and with other business providers, they are used to simple and easy client experiences.” SWIFT gpi is matching that type of experience, she adds.

Initially, SVB will access gpi via a global bank. “Some of our correspondents that are live-on gpi have already approached us about giving us access to their channel, their online banking tool where we can query our payments and so forth. I’ve seen a couple of gpi payments and it’s a very different experience than what we’re used to today.”

Stefanopoulos says SVB helps its clients to send and receive payments to more than 100 countries. The believes gpi will help the bank to deliver payments more quickly and ensure that the beneficiary receives funds when it is supposed to. “There is an underlying contract that the client is fulfilling with that payment so, if there are any deductions, it is crucial that the client is fulfilling with that payment.”

So, banks must create that mass adoption, that needed to be fixed and we can fix it,” says Raymaekers. “But it is also a platform for innovation, and new services will be rolled out for the benefit of the corporate treasurer. We are building a strategic roadmap, in co-creation with the banking industry and with fintechs.”

In addition to the digital transformation of gpi, Westerhaus says another big step will be for banks to help corporate to leverage the capabilities of gpi. “We need to show corporates how they can integrate gpi payments into their ERP systems without interrupting or putting too much pressure on their treasury operations.”

“Rapid adoption of gpi by the banking industry is high on O’rinas’ wish list. The first priority is to encourage banks to adopt gpi, followed by extending the initiative from the common currencies, such as USD and EUR, to other currencies, to cover at least the main 20 currencies globally. WBAE is working with many currencies and in some countries in the Middle East and Africa the transparency gpi delivers will add greater value than it will in more developed countries in Europe and North America, he adds.

O’rinas says traditional transaction banks must evolve at the same speed as their competitors in payments if they are to survive. “I believe that gpi is a step in the right direction.”

Raymaekers has a longer term perspective. “The future enhancements planned for gpi will also appeal to clients, she says. “The future of gpi is digital and open APIs and I think this is the right direction. The correspondent banks really had to embrace this technology to stay relevant.”