



SWIFT trials instant cross-border gpi payments through TIPS

Banks from France, Germany, Italy, Luxembourg, Russia and Spain join with SWIFT to test real-time gpi cross-border payments through the Eurosystem's TARGET Instant Payment Settlement (TIPS)

Brussels, 21 May 2019

SWIFT today announces that a group of banks are to trial instant gpi cross-border payments in Europe using the TARGET Instant Payments Settlement (TIPS) platform.

The European Central Bank (ECB) and SWIFT have launched this initiative to extend the reach of instant cross-border payments deeper into the European market by enabling gpi in the TIPS system. Banks will carry the cross-border legs of the payments, which they will then settle through TIPS, allowing for instant crediting of accounts at ultimate beneficiary banks across Europe.

The ability to process gpi cross-border payments instantly, even when the final legs of the payments have to be cleared on arrival within the destination country, is key to ensuring ubiquitous availability of real-time cross-border payments.

Since its launch in 2017, SWIFT gpi has dramatically transformed cross-border payments, ensuring that, on average, 40% of SWIFT gpi payments are credited to end beneficiaries within five minutes.

However, when the final legs need to be cleared within the recipient country, payments are sometimes delayed owing to the limited operating hours of local clearing systems. With the advent of real-time, 24/7 payment systems and longer 'credit windows' enabled by the continuous availability of central bank money settlement, such as that offered by TIPS, these frictions can be removed, ensuring that payments can be credited in seconds.

Mehdi Manaa, Deputy Director General – Market Infrastructures and Payments at the European Central Bank, said: "The support of the ECB to this initiative is in line with our strategic objective of ensuring that our TARGET Services keep pace with the evolving needs and requests of banks in the payment landscape. By facilitating gpi, TIPS proves its flexibility to cater for additional use cases. This shows how the 24/7 availability of central bank money provided by TIPS can open new possibilities for the market."

A similar arrangement was successfully trialed by SWIFT in 2018 with Australia's domestic instant payment system, the New Payments Platform (NPP), and a group of banks from Australia, China, Singapore and Thailand. The trial successfully demonstrated that by enabling gpi in real-time domestic systems, cross-border payments can be effected almost instantly, even when they involve domestic settlement and non-gpi banks.

SWIFT is now working with its community to extend the scope of this initiative to other real-time systems around the world.

Alain Raes, Chief Executive EMEA and Asia Pacific at SWIFT, said: "This trial is another critical step in extending the reach and utility of our cross-border instant payments service. By linking SWIFT gpi and TIPS, our customers will be able to leverage their existing investments to deliver a superior service to their clients. The support we have from major European banks demonstrates their commitment to partnering with SWIFT to deliver a fast,

secure and seamless cross-border real-time payment service that scales globally. We look forward to sharing the results of the pilot at Sibos in London in September.”

The institutions participating in the European pilot include Banque Internationale à Luxembourg, BBVA, Deutsche Bank, Natixis, Santander, Sberbank and UniCredit.

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Press Contacts:

Finsbury
+32 (0)2655 3377
SWIFT@Finsbury.com

SWIFT gpi

The SWIFT global payments innovation (SWIFT gpi) is the largest change in cross-border payments over the last 30 years and is the new standard. SWIFT gpi dramatically improves the customer experience in cross-border payments by increasing their speed, transparency and end-to-end tracking. Hundreds of thousands of cross-border payments, totalling over \$300bn, are sent every day using the new gpi standard. Payments are made quickly, typically within minutes, even seconds.

SWIFT gpi allows corporates to receive an enhanced payments service, with the following key features:

- Faster, same day use of funds within the time zone of the receiving gpi member
- Transparency of fees
- End-to-end payments tracking
- Remittance information transferred unaltered

With SWIFT gpi, the correspondent banking community, together with fintechs, corporates, and others, is collectively removing frictions and reducing the costs associated with cross-border payments. Since its launch in January 2017, gpi has dramatically improved the cross-border payments experience for corporates in over 1,100 country corridors. Key features of SWIFT gpi include enhanced business rules and a secure tracking database in the cloud accessible via APIs. New gpi services are routinely developed with the gpi member community and rolled out to the growing network of banks.

Thanks to SWIFT gpi, corporates can grow their international business, improve supplier relationships, and achieve greater treasury efficiencies. On average, 40% of SWIFT gpi payments are credited to end beneficiaries within 5 minutes. 50% are credited within 30 minutes; 75% within 6 hours; and almost 100% within 24 hours.

Already, 3,500 banks accounting for 85% of SWIFT's total payments traffic have committed to adopting gpi and more than 55 payment market infrastructures are already exchanging gpi payments, enabling domestic exchange and tracking. Payment market infrastructures have a critical role to play in facilitating the end-to-end tracking of cross-border payments because as soon as international payments hit the destination country, they are typically cleared through local payment infrastructures.

About SWIFT

SWIFT is a global member owned cooperative and the world's leading provider of secure financial messaging services. We provide our community with a platform for messaging and standards for communicating, and we offer products and services to facilitate access and integration, identification, analysis and regulatory compliance.

Our messaging platform, products and services connect more than 11,000 banking and securities organisations, market infrastructures and corporate customers in more than 200 countries and territories. While SWIFT does not hold funds or manage accounts on behalf of customers, we enable our global community of users to communicate securely, exchanging standardised financial messages in a reliable way, thereby supporting global and local financial flows, as well as trade and commerce all around the world.

As their trusted provider, we relentlessly pursue operational excellence; we support our community in addressing cyber threats; and we continually seek ways to lower costs, reduce risks and eliminate operational inefficiencies. Our products and services support our community's access and integration, business intelligence, reference data and financial crime compliance needs. SWIFT also brings the financial community together – at global, regional and local levels – to shape market practice, define standards and debate issues of mutual interest or concern. SWIFT's strategic five year plan, SWIFT2020, challenges SWIFT to continue investing in the security, reliability and growth of its core messaging platform, while making additional investments in existing services and delivering new and innovative solutions.

Headquartered in Belgium, SWIFT's international governance and oversight reinforces the neutral, global character of its cooperative structure. SWIFT's global office network ensures an active presence in all the major financial centres.