

Unlocking the full potential of SWIFT gpi

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Since its introduction in 2017, SWIFT gpi has completely transformed the international payment landscape. Cross-border payments used to be renowned for their many pain points: one never knew when the payment would arrive at the beneficiary side, nor the exact amount that the beneficiary would receive, due to the fees possibly deducted at various points in the payment life cycle. But with businesses becoming more global and the advancement of new technologies quickly taking hold, there was an urgent need to re-shape cross-border payments, and this is how SWIFT gpi quickly delivered on its promises of speed, traceability and transparency. International payments handled according to the SWIFT gpi rules offer a real-time and end-to-end tracking of the payment status until its completion, with full visibility on the processing fees and exchange rate costs deducted by all banks in the payment chain, with an additional guarantee of complete and unaltered remittance data handling. Thanks to its community approach, this new way of processing payments was quickly adopted by numerous banks and financial institutions all over the world, who also contribute to its development along with corporates, fintechs and other market players. So far, more than 4100 financial institutions have joined the initiative, and gpi payments can be made in more than 150 currencies, along 2170 country corridors[1]. 65% of all SWIFT customer payments are now sent as gpi, 96% of which are processed within 24 hours[2].

BNP Paribas, as a major international bank, was involved early on in this global project, immediately recognising the many benefits it could bring to our clients. BNP Paribas was part of several pilot programmes launched by SWIFT in relation to gpi, to design the standards of each initiative and assess its relevance for our customers. Delivering added-value to our clients is and has always been our core principle driving our innovation roadmap. So far we have already deployed gpi in several countries, with many more to be added within a year. In June we went live with g4C Pay&Trace for our corporate customers, delivering gpi tracking information in near real-time directly into their treasury software. This gives them a crucial visibility and control over their international payments, in a standardised format which is consistent across all their banking partners. Adoption amongst large Corporates is growing rapidly, and SWIFT gpi is unquestionably becoming the new normal. With universal confirmations soon to be mandatory ? all financial institutions receiving payments (MT 103 messages) will have to confirm when a payment has been credited to the account of the beneficiary ? Corporates will always have the certainty that the payment has been received by the beneficiary, even if it goes through a non-gpi intermediary bank. Being able to offer this guarantee is a fundamental piece in making gpi a truly seamless payment experience that any company doing international business will no longer be able to do without.

Another major milestone in the gpi eco-system is Inbound Tracking, and BNP Paribas is amongst the first major international banks to implement it. It will first be available for the g4C customers in September, but will also become an additional service into our e-banking platform Connexis Cash by the end of 2020, with the ambition in 2021 to cover also local channels. For corporates, having direct visibility on incoming payments holds great potential: not only will it undoubtedly improve their cash forecasting and liquidity management, it can also change their business process (logistic, sales, etc), the certainty on incoming funds

allowing them to shorten their supply chain cycle and speed up the delivery process. The transparency on deducted fees will also greatly improve their invoice reconciliation process ? the difference between the instructed amount and the credited amount will no longer be a time-consuming burden to investigate and reconcile. There?s no need to contact the ordering party anymore, which in turn helps foster improved business relationships and facilitates the expansion of business into other territories. Moreover, for g4C customers, having this information centralised in a standardised and multi-bank overview embedded into their treasury infrastructure is a substantial enhancement. The next advancement in the g4C product suite will be API connectivity, offering a different and easier consumption model for gpi information. In today?s world where everything is expected to be instant, we see more and more Corporates eager to leverage API connectivity and be in the driving seat when it comes to obtaining data. With the Corporate to Bank API, they will be fully in charge of when they request the gpi information and the response provided will be immediate. BNP Paribas is part of the pilot phase with SWIFT and we are confident that once fully deployed, g4C will be even more attractive for corporate customers.

It?s important to underline that the key to making gpi the new industry standard was collaboration ? between banks, applications vendors, and of course with our clients. Understanding which problems to tackle and making sure the end solution fulfils our customers? requirements is paramount to us. This is also the reason for our co-creation initiative, which in the case of gpi resulted in the BeneTracker, available soon for all our customers. Being able to follow in real-time all stages of the payment lifecycle, from beginning to end, has largely reduced the number of payment enquiries and investigations, for financial institutions and customers alike. Furthermore, the remaining enquiries are now resolved much faster. This all works more efficiently and without friction if all parties involved have access to the information, and this is the purpose of the BeneTracker: to give payment beneficiaries the same tracking capabilities as the payment initiator. Customers using this new BNP Paribas service can proactively send a link to their beneficiaries after the payment initiation, so that the beneficiaries can track the payment coming their way in real-time, just like tracking a package via a postal delivery service. One might say Inbound Tracking has the same objective, which is true, but the audience of both services might not be the same, as BeneTracker is intended to be more inclusive, giving gpi tracking information to beneficiaries who otherwise do not have access to this data. The payment beneficiaries do not need to subscribe to a service or be a BNP Paribas client to benefit from the information ? it is the initiating customer who is in the lead and decides to share with them the tracking capability, as a token of their good business relationship.

The gpi services are of course not limited to large multinationals ? by integrating the gpi tracking information into our e-banking platforms, we have made sure that all our business clients from all segments can freely access the information and trace their international outgoing payments by themselves, easily and without additional costs. The new transparency into the payment lifecycle, including routing and processing time, has also led us to develop data analytics services for our clients to help them optimise their performance. Thanks to the richness of the gpi information, all our customers will be able to benefit from enhanced reporting in order to derive useful insights into their payments, such as the average throughput time or fees per destination country, beneficiary bank or per currency pair. The positive reactions from the first test clients show us that there is a growing appetite for cost-efficient solutions that allow them to harness and better understand the complexities behind international transactions.

This is only a short and partial overview of the current gpi world, and certainly the initiatives which we feel most passionate about. As a leading international bank, BNP Paribas is deeply committed to building this new world of frictionless cross-border payments and unlocking the full potential of SWIFT gpi for our customers. Believe the hype: SWIFT gpi is here to stay and is the new must-have in international business.

[1] (SWIFT gpi - Monthly Newsflash - July 2020 Edition, 2020)

[2] (SWIFT gpi - Factsheet June 2020)

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