

SWIFT gpi: busting five myths for treasurers

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Cross-border payments have long been a pain point for corporate treasurers. Thankfully, SWIFT's global payment innovation (gpi) initiative looks set to change that. But the true benefits of gpi are not yet widely understood by the treasury community, and there are some common misconceptions about the initiative. It's time to set the record straight.

MYTH 1: There are too many initiatives trying to improve cross-border payments.

SWIFT gpi will get lost in the noise. It is true that a number of FinTech organisations have launched projects to improve cross-border payments. Ripple is a well-known example. Nevertheless, SWIFT gpi has significant advantages over these initiatives. SWIFT is already used and trusted by banks and corporates across the globe. SWIFT's financial network also has unparalleled reach, and this will be vital to the success of any scheme aiming to tackle the issues surrounding international payments. Furthermore, SWIFT gpi is set to be the standard for all cross-border payments by the end of 2020 – few other initiatives in this space have moved into the realm of standards.

Myth 2: Corporates won't have direct access to the SWIFT gpi tracker information and yet this is being quoted as a major benefit of SWIFT gpi. While corporates do not have direct access to the Swift Tracker, there are multiple possibilities for them to be able to collect SWIFT gpi information: Corporates can either access this information through their e-banking channels (this solution is live for corporates with BNP Paribas) or through the forthcoming 'SWIFT for Corporates' initiative where banks will be able to push the information directly towards corporates (or by contacting customer services). The self-service functionality will save a lot of time, effort and worry for all parties involved.

MYTH 3: Not all banks are ready for SWIFT gpi and the Tracker only works when every bank in the chain is gpi-enabled, so that's a fundamental flaw. Over 150 banks worldwide have already adopted SWIFT gpi – including the major transaction banks. So, a large proportion of the banking community that is already using SWIFT gpi. Of course, the success of SWIFT gpi goes hand-in-hand with the number of banks that are gpi-enabled, and SWIFT recognises this. In its November 2018 Standards Release, therefore, SWIFT will mandate that every bank has to be able to receive SWIFT gpi messages – including the Unique End-to-End Transaction Reference (UETR) that the Tracker uses – and have the ability to forward that UETR to the next bank. As such, even if a bank cannot provide customers with gpi functionality, it can still record the information required to update the gpi Tracker, thereby solving the challenge around breaks in the chain.

MYTH 4: Because you're moving money so quickly with SWIFT gpi, it makes it very difficult to get a payment back as the time window is so short. There has been a great deal of discussion around stopping and recalling gpi payments because of their speed and the lack of market standards around this. SWIFT has listened to the concerns raised by corporates and is rolling out a Stop and Recall Payment service (gSRP) as part of the second phase of gpi. This will allow funds to be recalled subject to the consent of the beneficiary bank, providing the MT192 is initiated using the same UETR as the MT103 for the original

payment.

MYTH 5: Getting up and running with SWIFT gpi requires a lot of effort from corporates.

With the right banking partner on hand, there is very little that corporates need to do in order to benefit from SWIFT gpi. At BNP Paribas, we provide gpi services without requiring our clients to make infrastructure changes to their systems, or even having to alter their payment files. We will automatically originate payments as gpi payments whenever possible, making it easy for corporates to have all the benefits of SWIFT gpi without any implementation work.

To find out more about SWIFT gpi and how BNP Paribas can help your treasury team to benefit from faster, more efficient, cross-border payments, please get in touch.

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