

Presentation will begin at 12:03GMT

If you cannot hear us via WebEx / computer audio
you may need to dial-in using a phone

Global Webinar for Complementors



April 2024

Complementors Team

Agenda

1. Admin notices
2. Payment Experience – Alberto Barahona
3. Payment Pre-Validation – Mireia Guisado-Parra
4. ISO20022 – Marcos Cameron
5. Q&A

Admin notices

- This presentation is being recorded
- The content will be published on swift.com (<https://www.swift.com/standards/iso-20022/iso-20022-past-webinars>)
- Global Webinar for Complementors occur the last Thursday of every month and you can register 2 weeks before each event here: [Global Webinar for Complementors](#)
- To ensure you receive communications from us while we remain GDPR compliant please [update your preferences here](#) (you will need to login to / create your free Swift account) to include the interests 'Payments' and/or 'Standards' and we will ensure we keep you informed about:
 - Global webinar for Complementors Invitations
 - Relevant developments on ISO 20022 and Transaction Management
 - Updates from Swift's Market Practice team
 - The latest info on adoption enabling tools and support
- Support requests / queries should be raised via the [Support](#) page

The Payment Experience

Alberto Barahona



April 2024

Confidentiality: **Restricted**

Swift market research: The findings

According to our own market research, more than 50% of people prefer a non-bank for international payments. This project focuses on enabling Ease

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Payments
Experience

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Choosing a payments provider

44%

Prefer a bank for cross-border payments

56%

Prefer a fintech or money transfer operator (MTO)

What are the key drivers to select a cross-border payments provider?

Security & trust

for those preferring a bank

Ease, speed & cost

for those preferring a fintech or MTO

% that would use their bank if it matched the alternative offering

76%

of consumers

83%

of SMEs



Source: Swift end user research, n = 4,000+ consumers, 2,700+ SMEs in 8 countries (Australia, China, Germany, India, Saudi Arabia, South Africa, UK, US)

The G20 has set targets for Retail payments to improve the cost, speed, transparency and access of international payments.

Cost



Global average cost (fees & FX margin) < 1%
No corridor with cost > 3%

Speed



75% of payments funds available in <1 hour
The rest within one business day

Access



End-users to have at least one option for sending and receiving electronic payments

Transparency



All providers to share **total transaction cost**, expected **time to deliver funds**, tracking of **payment status** and terms of service

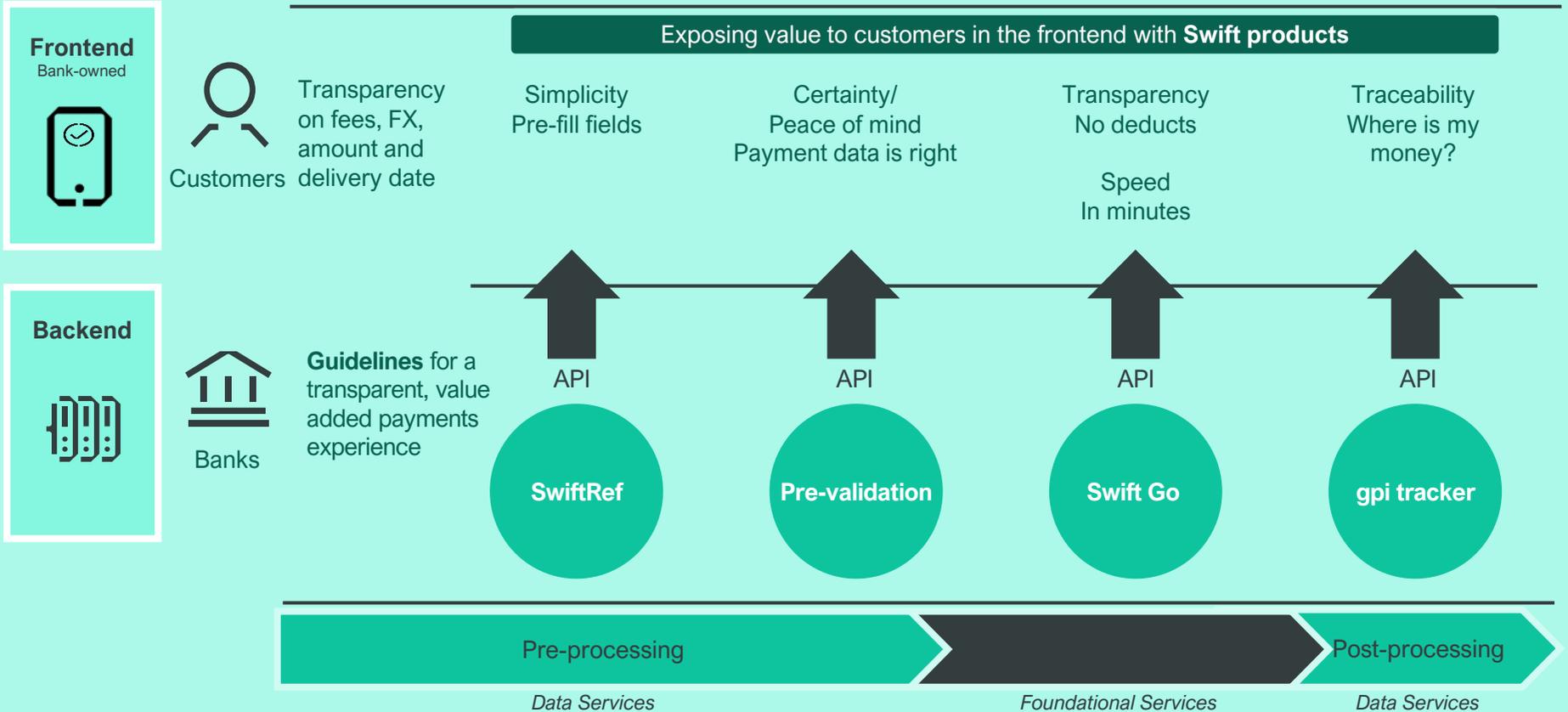
How Swift can support to reach the Transparency goal

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Our vision : to enable banks to raise the bar in Payments Experience
- Provide the value of Essentials to our Community
- Bootstrapping the technical use of the new API paradigm

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 Payments Experience

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25 Confirmed participants to the Proof Of Value + 15 in conversations

From different regions and sizes, and with different use cases and technical implementation

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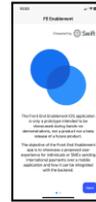
More than 100 institutions have shown interest in the PX initiative

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Payment eXperience material and resources:

Material and resources from Tech Enablement to the PX and PoV initiatives:

- Sample code in different languages: Javascript, Python, SpringBoot, Quarkus and .NET     
 - Help developers get up and running faster with a particular language
 - Sample code can be used as Quick Start templates for any other Swift API
 - Swagger UI graphical interface used to visualize and interact with the API 
 - Code available at [GitHub](#) 
 - Vulnerable dependencies fixed and patched automatically
 - Code always up to date with latest dependencies
 - Regression testing performed on every change
 - New developer portal content, build by developers for developers 
 - Mobile App Prototype, developing use cases and possible flows
 - Video of the Mobile App showing the features and uses
 - New test cases in sandbox and Postman collections 
- Self Adoption**
- Named Swift Solution Architects and API Experts to Support adoption of the APIs by each participant
 - Link between Swift members and Complementors, and other initiatives being run in parallel looking for accelerating and maximizing the benefits of the PX PoV
- PoV**



Our vision: Mobile App Prototype

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1 Transparency guidelines

Close My Bank Step 1-3

How much do you want to transfer?

You send
3701.99 EUR ▾

Exchange rate 1 EUR = 1.0805 USD
Guaranteed for 5 minutes
Expected delivery date 28th August
Payment fee 2.00 EUR

Recipient gets
4000.00 USD ▾

Note (optional)

Reason For Payment
Select a reason >

Account identifier
Select identifier >

Next

2 Pre-filling and validating data

< Back My Bank Step 2-3

Last Name
Smith

Account Number
13719713158835399

ABA Routing Number
021000322

Street N°
Oak Avenue 456

City Postal code
New York 67890

Recipient's Bank
 BANK OF AMERICA, N.A.
BOFAUS3NXXX
222 BROADWAY
NEW YORK NY 10038, US

Validated via pre-validation API

Pre-filled via SwiftRef API

Next

3 Exposing payment status

< Back Payment status

4000.00 USD to Michael Smith
Expected delivery 28th Aug

Payment reference
d9299585-b078-4435-a7b8-24e412278d72

Payment statuses

- 28 AUG 2023 19:22
Payment sent
- 28 AUG 2023 19:23
Payment in progress

Exposed via gpi tracker API

Example from a dummy bank
Swift does not intend to create a standalone App

Note: Regulatory assessment to be conducted, actions resulting from it to be evaluated at a later stage.

Our vision: Mobile App Prototype

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5:28

My Bank

Powered by Swift

Who are you paying?

First Name
Michael

Last Name
Smith

Account Number
13719713158835399

ABA Routing Number
021000325

The supplied national ID does not exist, does not exist with the supplied scheme or country code or has no BIC associated

Validate

Console

SwiftRef request
https://sandbox.swift.com/swiftrefdata/v4/national_ids/021000325/bics

SwiftRef response
https://sandbox.swift.com/swiftrefdata/v4/national_ids/021000325/bics

```
{
  "errors": [
    {
      "code": "REDA.API.BINF",
      "severity": "Fatal",
      "text": "The supplied national ID does not exist, does not exist with the supplied scheme or country code or has no BIC associated",
      "user_message": "No corresponding BIC found"
    }
  ]
}
```

5:29

✓ Your recipient's account information was validated

Powered by Swift

Who are you paying?

First Name
Michael

Last Name
Smith

Account Number
13719713158835399

ABA Routing Number
021000322

Recipient's Bank
 BANK OF AMERICA, N.A.
BOFAUS3NXXX
222 BROADWAY
NEW YORK NY 10038, US

Next

Console

Swift Pre-Validation request
<https://sandbox.swift.com/swift-preval-pilot/v2/accounts/verification>

```
{
  "context": "BENR",
  "creditor_account": "13719713158835399",
  "creditor_name": "Michael Smith",
  "creditor_agent": {
    "bicfi": "BOFAUS3NXXX"
  }
}
```

Swift Pre-Validation response
<https://sandbox.swift.com/swift-preval-pilot/v2/accounts/verification>

```
{
  "response": {
    "account_validation_status": "PASS",
    "creditor_account_match": "MTCH",
    "creditor_name_match": "MTCH",
    "creditor_address_match": "NOAP",
    "creditor_organisation_identification_match": "NOAP"
  }
}
```

Note: Regulatory assessment to be conducted, actions resulting from it to be evaluated at a later stage.

Payment Pre-Validation

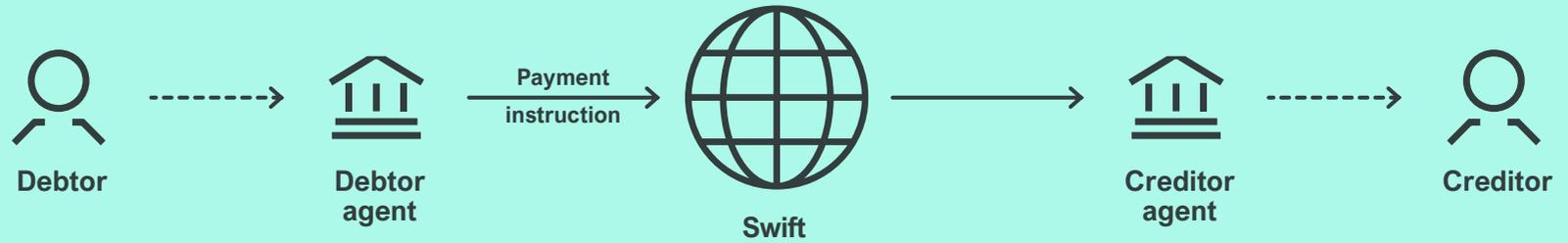
Mireia Guisado-Parra



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The current reality



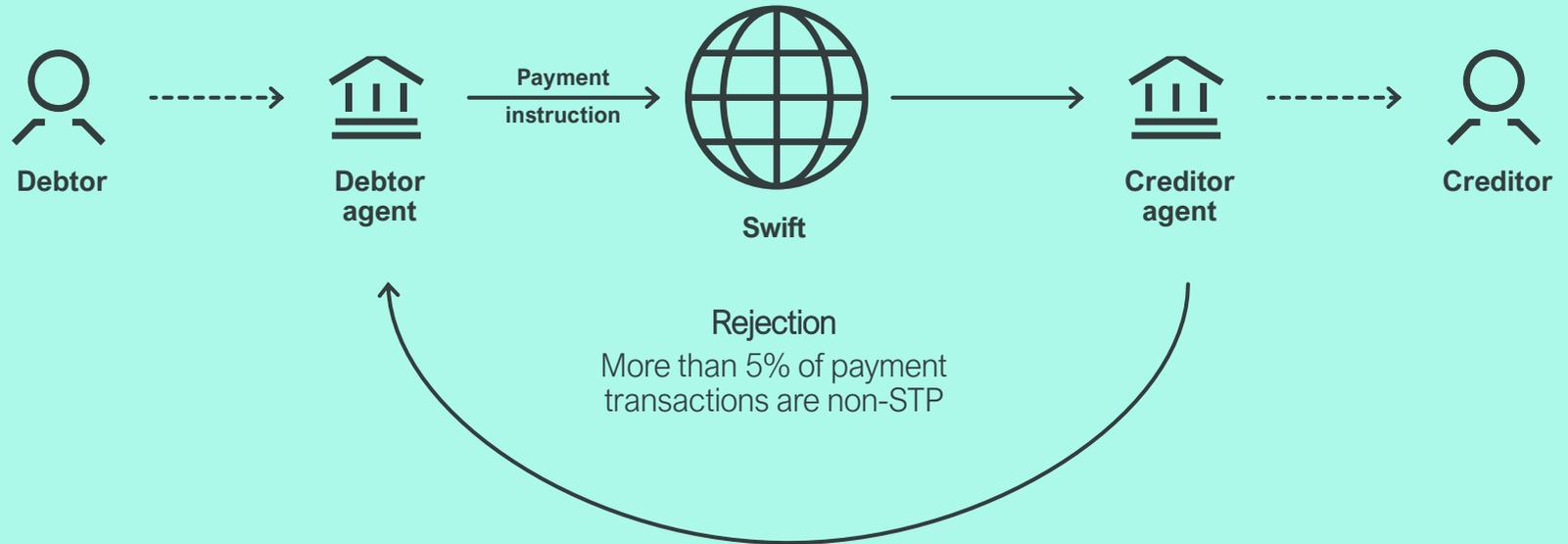
Uncertainty
Will the creditor receive the funds without delays?

2024
Payment
pre-validation
explained

The current reality

Industry cost and impact

2024
Payment
pre-validation
explained



This friction costs the industry around **2B EUR annually** and represents more than 35 million payment transactions.

The cost to handle a single non-STP payment is in the order of **50-100 EUR**.

Payment delays can take days to resolve at creditor, but also debtor, side and can result in late fees.

Handling issues (/repair costs) are often expensive manual processes to run and maintain.

The current reality

Understanding this friction

2024
Payment
pre-validation
explained

Rejected payments typically have **incorrect account details, identifiers and codes**



Debtor agent can be **unaware of local market practices at the destination**



Swift's added value services can help the industry remove friction upfront by prefilling and validating upfront payment data



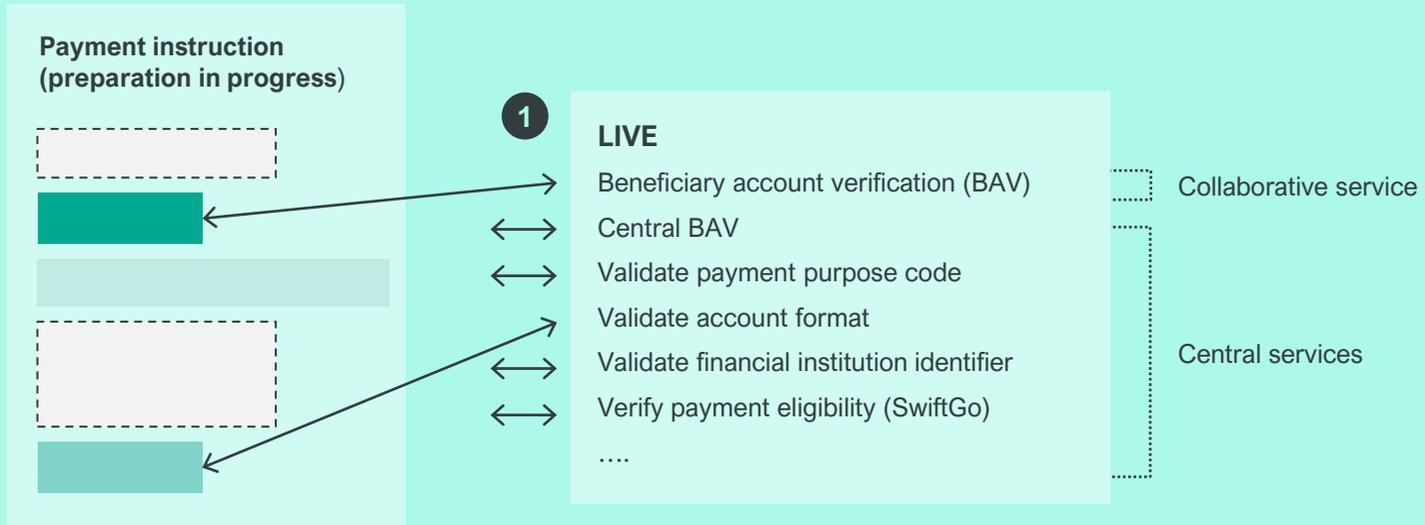
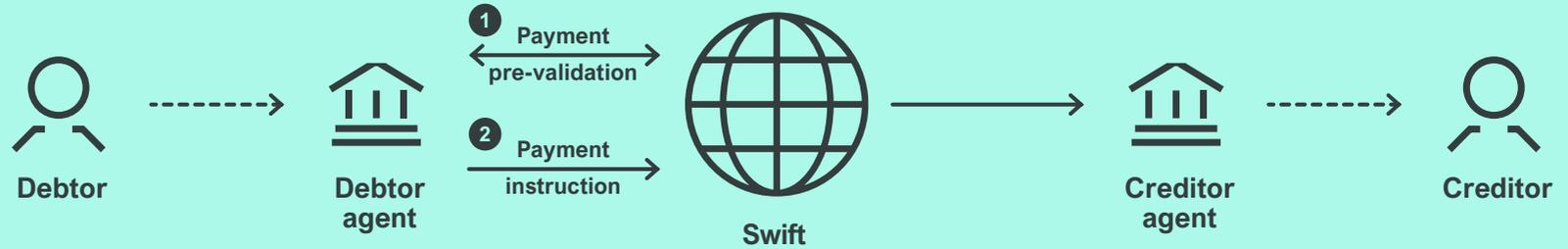
A trusted capability

Identifying potential friction up front

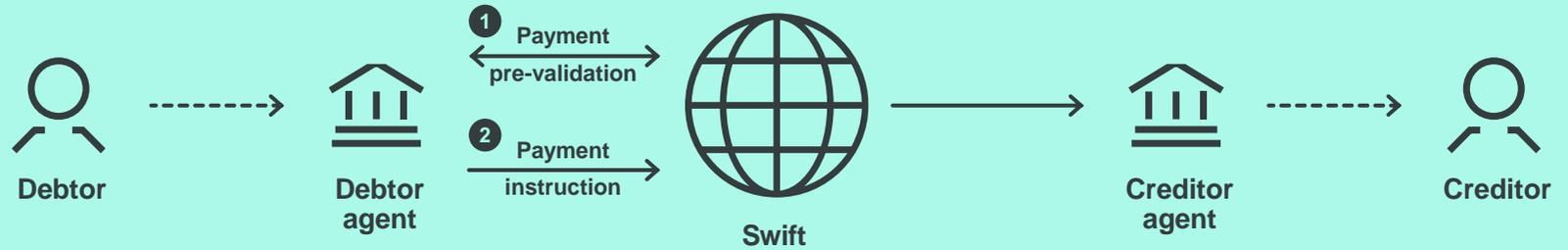
2024
Payment
pre-validation
explained

What is Swift's payment pre-validation service

2024
Payment
pre-validation
explained

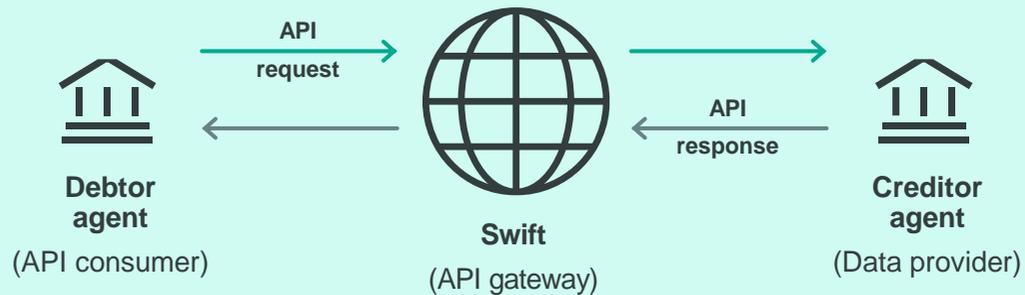


Collaborative service Beneficiary Account Verification (BAV)



1

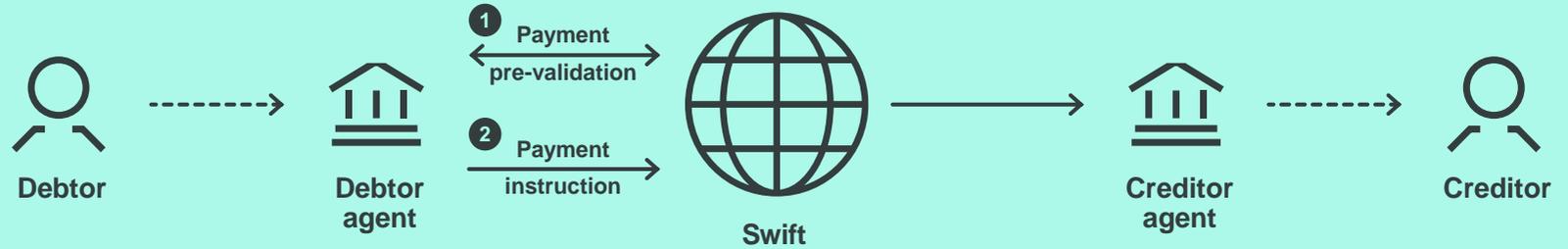
Beneficiary Account Verification: Can you, the creditor agent, check if this account is able to receive funds?
Optionally and dependent on the Data provider: Can you also check if this name matches this account?



2024
Payment
pre-validation
explained

Central service

Central Beneficiary Account Verification (CBAV)



1 **Central Beneficiary Account Verification:** Can you, Swift, check if this account is able to receive funds?

This diagram details the API interaction for step 1:

- The **Debtor agent (API consumer)** sends an **API request** to **Swift (API gateway)**.
- Swift (API gateway)** sends an **API response** back to the **Debtor agent**.
- Swift (API gateway)** also sends data to **Swift traffic* statistics** (server rack icon).



*Traffic from the whole community except those located in: AT, IT, CH

Overview of available central services

2024
Payment
pre-validation
explained

Central beneficiary account verification:

Can you, Swift, check if this account is able to receive funds?

Validate payment purpose code:

Is the payment purpose code present? If it is, does the code match one of the expected values? If it is not present, then it returns a list of valid codes

Validate payment purpose:

Is the payment purpose code present? If it is, does the code match one of the expected values and the description the expected format? If both the code and the description are absent, then it returns a list of valid codes

Validate amount:

Is the amount in line with currency number of decimals and in line with the payment MI specific amount limits?

Validate account format:

Does the account format (from IBAN to domestic, bank-specific format) match the expected formatting?

Validate category purpose:

Is the payment category purpose required, and if it is, does the purpose match one of the expected values?

Validate instructed institution:

Is the instructed institution (BIC or Clearing System Member ID) registered in SwiftRef as a financial institution?

Validate SwiftGo eligibility:

Does the payment satisfy the SwiftGo Rulebook eligibility requirements? If it does, then it returns payment predictability information

Adoption numbers, including BAV and CBAV service coverage

2024
Payment pre-validation explained

297

Banking groups subscribed

50+

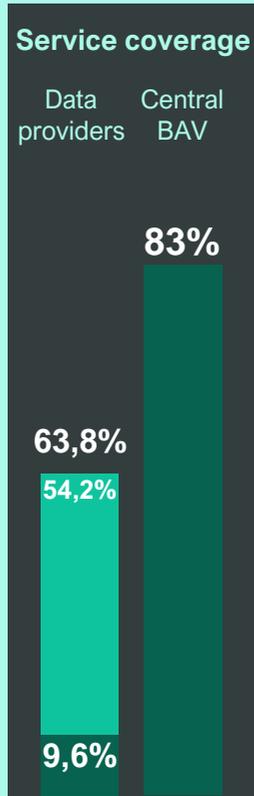
Banks Implementing

81

Live banks

16

Data providers live
HSBC, DB, Unicredit,...



Payment pre-validation

Key points

2024
Payment
pre-validation
explained

Friction creates risks to manage due to lowered predictability of an account receiving funds



- A payment may not be credited on time, potentially incurring late fees
- A creditor agent may need to resolve issues with the payment, same for a debtor agent but (days) later
- Handling issues are often expensive manual processes to run and maintain

Swift's payment pre-validation API services can address 65% of payment rejection root causes



- There are two main types of pre-validation:
- Central validation driven by Swift managed datasources
 - Data-provider collaborative validation driven by creditor/beneficiary banks

Swift is continuously looking to enhance the service by



- Expanding the number of validators
- Improving the quality of the validation results

ISO20022

Marcos Cameron



April 2024

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Highlights on CBPR+

March 1st, 2024 – March 31st, 2024

April 2024

Average Daily ISO:

Daily Average of 850,000+ ISO 20022 *payment instructions* are sent and received on FINplus service globally

850,000+

Total Sender BIC8s:

1050+ BIC8s sending domestic or international ISO 20022 messages on FINplus service globally

1050+

Total Receiver BIC8s:

5450+ BIC8s receiving domestic or international ISO 20022 messages on FINplus service globally

5450+

Total Sending Countries:

125+ countries sending ISO 20022 messages on FINplus service

125+

Total Receiving Countries:

200+ countries receiving ISO 20022 messages on FINplus service

200+

Adoption Rate:

20.3% of payment *instructions* traffic has already shifted from FIN to ISO 20022 messages (pacs.002, pacs.004, pacs.008, pacs.009 & pacs.009Cov)

20.3%



ISO 20022 migration update

Continued community effort

June 2024

Swift will continue working towards a successful end to the coexistence period in November 2025, and calls on community members also to play their part.

Swift Information Report IR 894 :

 COMMUNITY ENGAGEMENT	 SERVICES & SUPPORT
CORPORATES AND PAYMENTS EXPERIENCE INITIATIVES	 COMMERCIAL INCENTIVES AND DISINCENTIVES
 VENDORS AND PARTNERS	 PRODUCT ENHANCEMENTS

- Continued engagement with Top 175 customers to refine adoption forecast
- Global community engagement campaign and trainings
- Mandatory renewal of ISO 20022 Vendors Self-Attestation in Q1 2024
- Any commercial changes will be communicated in advance and will be phased in H2/2024 or 2025

Community engagement update

Bilateral engagement with key payments players

June 2024

Customer consultations to create visibility on planned adoption for next 2 years

Q4 2023

2024

Nov 2025

Key takeaways

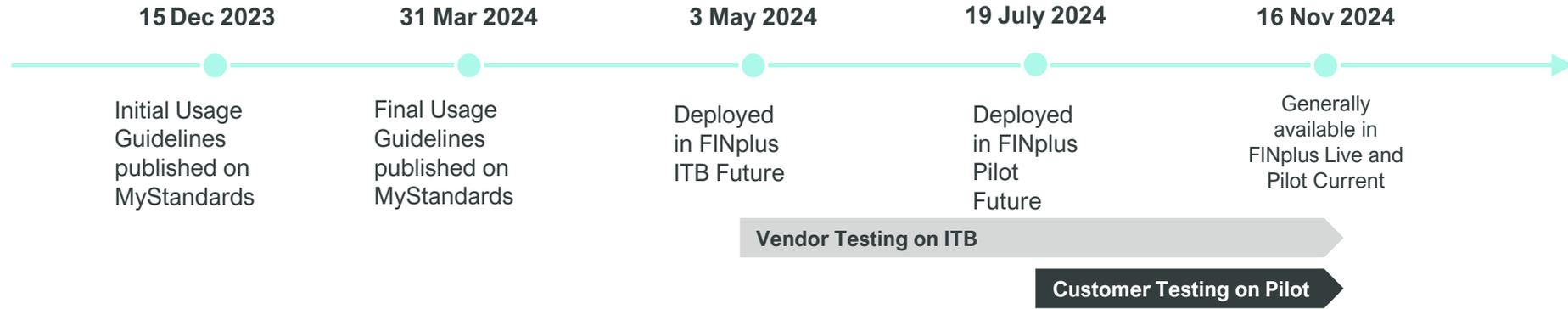
- Well-defined project for larger banks
- Significant ramp-up of pacs messages expected in 2024
- Mid-sized banks expected to migrate mostly into 2025
- Most working towards native adoption

Continue regular bilateral engagement throughout coexistence to

- Monitor progress against adoption forecast for payment origination flows
- Capture adoption plans for other dimensions like statements, rich data, ...
- Assist banks to anticipate growth in adoption from correspondents
- Gather feedback and suggestions on any aspect of the migration

CBPR+ release of November 2024 – Deployment plan

Q4 2023



Following will be published along with the final Usage Guidelines:

- CBPR+ User Handbook SR 2024
- MX/MT equivalence table

Readiness portals:

- Readiness Portal
- Vendor Readiness Portal

Scope			
camt.105.001.02	ChargesPaymentNotification	MT 190 / MT 290	In-flow
camt.105.001.02	ChargesPaymentNotification_MultipleCharges	MT 190 / MT 290	-
camt.106.001.02	ChargesPaymentRequest	MT 191 / MT 291	In-flow
camt.106.001.02	ChargesPaymentRequest_MultipleCharges	MT 191 / MT 291	-

Please note that there are 2 Usage Guidelines for camt.105 and camt.106 each as shown in the table above. In-flow translation will NOT be available for a multiple charges UGs for camt.105 and camt.106.

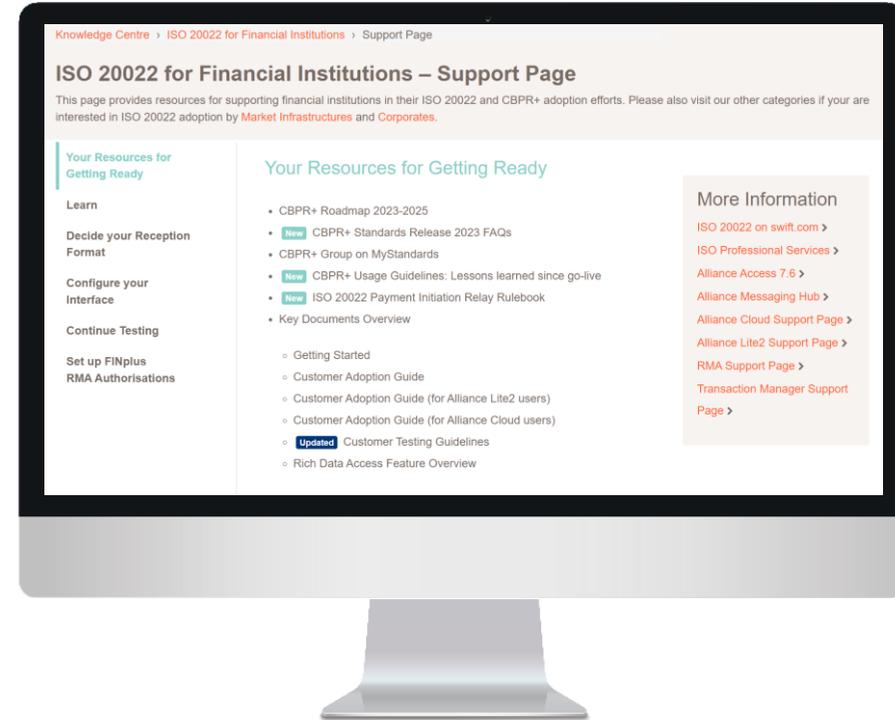
How to dive further: ISO 2022 for Financial Institutions – Support Page

September
2023

One-stop shop for all technical specifications

Protected, requires swift.com login

- Readiness Documentation
- Product Documentation
- Learning resources
- Top Knowledge Base Articles
- And much more ...



Questions

March 2024
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If you have any questions, please contact your Account Manager
or raise a case via the **Support** page