



SWIFT:

A new normal for corporate payments

The days of 'pay and pray' are over. A new normal of fast, transparent international payments has begun as companies around the world embrace SWIFT's global payments innovation (gpi).



Corporate treasurers, as individual consumers, are fully accustomed to ordering goods, paying instantly and being able to track the progress of shipments and payments online. So when they come into the office on Monday morning, why should they have to go back to a time where payments take days, are opaque and cause supplier and employee friction?

For Roche, the Swiss healthcare company, there had to be a better way. Since October 2018, it has been using SWIFT's global payments innovation (gpi) for corporates, to ensure its payments are fast, transparent and easily tracked. "The process of resolving queries about payments has gone from taking two weeks to a couple of minutes," says Martin Schlageter, head of treasury operations at Roche. "And in a couple of minutes we have the full picture – compared to the previous system, where the information we received after a couple of weeks might still only include 90% of the details."

THE NEW STANDARD

SWIFT gpi allows corporate payments via banks to be completed in minutes or seconds, rather than days or weeks. It allows for full

transparency, reducing the number of queries and the time taken to resolve those that do arise.

Roche is not the only multinational to take advantage of this revolution in corporate payments. According to Sebastian Rojas, head of gpi for corporates at SWIFT, over half of all payments now undertaken by SWIFT are via gpi. Banks on the network could have thousands of corporate cash management clients benefiting from gpi. These clients understand that 'pay and pray', five-day time lags and unexplained deductions are no longer acceptable: SWIFT's gpi for corporates is the new standard.

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The highest level of integration of gpi for corporates allows for multi-bank payments to be undertaken and monitored in the corporates' in-house enterprise resource planning (ERP) or treasury management systems. "A typical multi-national corporate (MNC) doesn't want to log into five or more different bank portals and check the status of their transactions. They want to have all information regardless of which bank was used at their fingertips within their treasury management system

gpi information can deliver for corporates," states Citi's Kohli. "Gaining transparency into vital transactions, such as M&A, urgent payments or tax payments, is a game changer for treasury, which is why this is so important."

UNLOCKING THE BENEFITS

The pilot phase of this project began in the summer of 2018 and the full system has been fully live now for a few months. Fifty-five large MNCs, banks and vendors are using the system, including Microsoft, Airbus, GE, Booking.com and Roche. What these corporates see is that gpi will result in a substantial reduction in manual workload, alongside lower fees and immediate access to information on the status of payments.

Looking further ahead, Schlageter at Roche says gpi will also enable the treasury to analyse which currency flows are more expensive in order to identify opportunities for improvement. As a result, he expects that Roche will avoid working with banks that do not support gpi for corporates in the future.

"This is the real benefit of gpi for corporates," Schlageter comments. "Some flows are more expensive than others, so what we are talking about is getting full transparency over what is happening, and using this information to identify better, faster or cheaper routes. Basically, gpi enables you to organize yourself completely differently where cross-border payments are concerned – there's no doubt that this is a completely different ball game."

DELIVERING ADDED VALUE

From next year there will be further enhancements to gpi, including real-time confirmations when payments reach beneficiaries on all cross-border transactions, whether they were processed by a gpi member or not. "Corporates now expect single standards that are channel-agnostic," says Rojas at SWIFT. "And banks understand that collaboration is key to achieving global coverage and service."

Further developments will also see the ability for corporates to track inbound payments, enabling greater visibility on collections, as well as better forecasting. This new feature will facilitate liquidity management and reduce the need for lengthy investigations.

Kohli believes "the next generation of banking and transactions will rely on innovations such as gpi, which will empower corporates with a bold vision for digital cash management within their organizations. By offering multiple options to implement gpi, SWIFT is leading the charge in facilitating this exciting future for payments," he notes. As banks offer new country and currency coverage and gpi becomes embedded in the international payment architecture, companies will be able to add real value to their treasury operations and to their wider supplier and employment relationships.

or ERP system in a standardized and consistent format," says Christof Hofmann, global head of payments & collection products at Deutsche Bank.

A COMMON GOAL

SWIFT set the wheels in motion for this in November 2017, by creating a working group focused on the integration of SWIFT gpi within corporate treasury management and ERP systems. The working group participants included Deutsche Bank and Citi, two of Roche's key partner banks.

"Citi has long been a champion of creating standards that enable payment transparency and tracking that is truly bank-agnostic," explains Manish Kohli, global head of payments and receivables, Treasury and Trade Solutions, Citi. "We believe such industry standards are key for corporates looking to take advantage of the latest advancements in payment technologies."

As a result, corporates can access gpi payment information within their own systems, without the need to contact external parties. "In today's fast-changing world of payments, we understand the value that access to