Q&A : Trade APIs deep-dive - Mar 20th 2024

Q. Are any corporates participating in the pilot? And if yes, which segment, industry, etc.?
A. Yes, we have large global MNCs participating in the pilot. They have different guarantee requirements across different business segments

Q. Wouldn't the API be used by banks and solution providers for corporates mainly? I guess most corporates have commercial solution instead of running something on their own?
A. The APIs will be used between a corporate and a bank. Of course, vendors and solution providers play an important role here to help their customers use these APIs.

Q. Can we get an example of the applications and other life cycle examples how they look like in practice?
A. These open APIs were developed for the entire life cycle ofdemand guarantees, standby letters of credit, dependent undertakings, counter-guarantees and counter-standbys in the corporate-to-bank / bank-to-corporate space. These APIs can be exposed by the banks/third party trade platforms for the corporates to consume.

Q. the MT798 instructions were not 100% clear and banks and vendors read them sometimes differently. Is this more waterproof?
A. We are really hopeful. Because of the known issues with the MT 798s. A combination of envelope, index and continuation messages add to the complexity since the content of 77E is not validated on the network. In contrast, the APIs can be validated with Schema, use widely accepted ISO 20022 elements, and add mapping to MT798 fields to help implementation.

Q. Is the model already also supporting Counter-Guarantees, or only direct Guarantees?
A. Yes counter included. These are specifically for Guarantees and SBLCs in the C2B / B2C space. No B2B at the moment although the current elements already allow for most of the interbank information too.

Q. It is really good to adopt to the ISO20022 and API standards which we are looking for from a very long time. Other than the existing set of bank guarantee functionalities, are there any APIs planned for Trade Finance reporting? E.g., customer requests for the report of all active guarantees from the bank via standard API through SWIFT network A. This is an interesting suggestion, thank you. We can envision adding such APIs in the future, should it be deemed a priority for the corporates and banks using the solution.

Q. Is Swift looking at a comparable MT-MX migration for the Trade messages? The limitation is within the interbank space.

A. Not in the near future. We are first focusing on the ISO migration for payments. It must also be said that we have currently not heard a big appetite in the industry to migrate the current interbank trade messages.

Q. How do you see the interoperability of the guarantee APIs and MT 759 working, considering the bank-to-bank MT 760 is not supported for sureties? Any best practices to be published, or allow DEPU for the MT 760 too?

A. DEPU is part of 760 today. So continues as today. We have received several requests from the community on what the next set of standards they would like to see developed. For example, we heard about the new message development for trade finance loans, supply chain, esp. asset distribution for primary or secondary distribution. We will first await the adoption and usage of the guarantees APIs before we start the next development.

Q. Do we have a platform to test the whole trade lifecycle with APIs where multi banks and corporates are onboarded?

A. Yes, the aim of our pilot is to create an environment where you can test APIs with multiple banks and corporates. You can always deploy the YAML file in a sandbox environment for self-testing. Swift will be glad to point to or bring in contact with people who support the implementation.

Q. You have restricted the reference to Max16 linked to FIN. Does the API include a second reference that allows the more common Max35? Otherwise you have an API MT798 from a reference perspective?

A. We have a two-way approach to this question. We firstly created full resources for bank guarantees, which is going to be registered with ISO. When the ISO resource is published, it is also available as open source where you will be able to expand your specifications to the ISO full length. In addition, the API implemented on the SWIFT network has the field length restrictions for the following reasons:We aimed tosimplify implementation for those who are using MT 798. If you allow for Max 35 in the APIs from your corporates, your bank needs to forward those details via the MT 7xx messages to the world of parties and those are MT messages. No truncation that was the first criteria we had in mind for an easy transition. That is why we made that limitation and also in characters that we made that limitation for easy compatibility. When there is eventually market appetite to move the interbank trade messages to MX or to APIs, the customers can easily adopt the full ISO API resources, which are very similar, though without MT field restrictions.

In addition, for the documentation fields in the MT 798 you have 15 * 65 characters a text field which has been replaced by one text field in a clean and elegant way. Also there are a number of 798 implementations that handle overflow. If you have a lot of text narrative that you need to add, then it would not fit in the first 798. You need all the specific 798 for the overflow. We looked at those links altogether and put everything together to 1 field so you do not have overflow mechanism anymore. It is still possible that the other side is still using the 798 and then again probably substantially still open in interoperate with the applicant side using APIs. Because all the data is transferable, I think that still has a compatibility there, so it also allows for an easier take up.

Q. My question was kind of answered that the MT that underlies it is not going away because it looks like this API is the skin over the MT message and you are using a few ISO codes. For party identification there were still relying on three address lines of 35 characters, which is notoriously Swift whereas the infrastructure is pushing structured address fields.

A. I would like to still stress to specify it is the API itself is really, not a skin over a MT message. It is a proper API the way how it interacts with the resource concept with ISO components. It is not just like the translation where you can take a theory for a MT to ISO or you have messages in API syntax. No, that is not what we do. It's a proper API with proper API interactions and flows. The MT 798 heritage was useful in the sense that the captured data set is very mature, with only little changes year to year – hence it made sense to base the data set on the MT798 instead of doing all the analysis from scratch again. You have otherwise, you answered indeed your own question. Because the address details have to be forwarded from API to the interbank space, you would have all kind of truncation issues. We are spending a lot of energy on that on expanding the text fields including the address fields that we have in the interbank messages. It is possible to map the address data of the API resource to the upcoming hybrid structure as used in interbank payments. Future versions of the API resources will continue that alignment. In any case, the superset being the ISO were released component without the limitations will be available on the ISO website if you want to use it. Maybe within one big market like China, for example, you would use this full ISO API.

Q. LEI is fine when only one company exists, which with that country, but useless when you have 10 and multiple systems. Is LEI mandatory?

A. LEI is an optional field because there are some countries they like to use it or it's growing interest. Currently you see the usage of LEI between cooperative banks. We already had LEI in the bank guarantee messages registered with ISO. They were the base for us when designing the resources here and inline with the evolving regulatory requirements.