



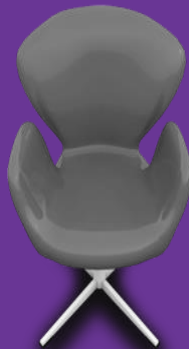
Fintech and Innovation: From disruption to real world change

Panel



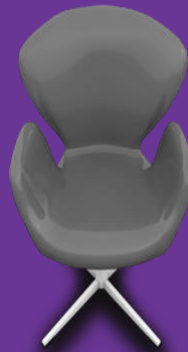
**Stanley
Wachs**

Global Head of
Bank
Engagement,
Global Payments
Innovation,
SWIFT



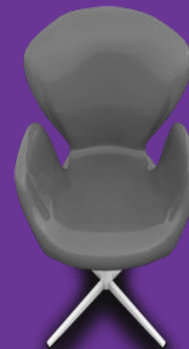
**Ekaterina
Frolovicheva**

Head of
Technology
Innovation
Center,
Sberbank



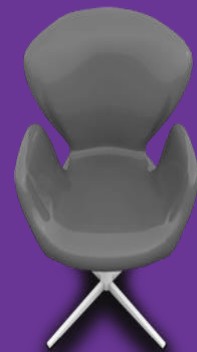
**Vadim
Kotov**

CTO,
Corporate
Investment
Banking,
Sberbank



**Artem
Duvanov**

Chief Architect,
NSD



**Damien
Vanderveken**

Head of R&D,
SWIFT

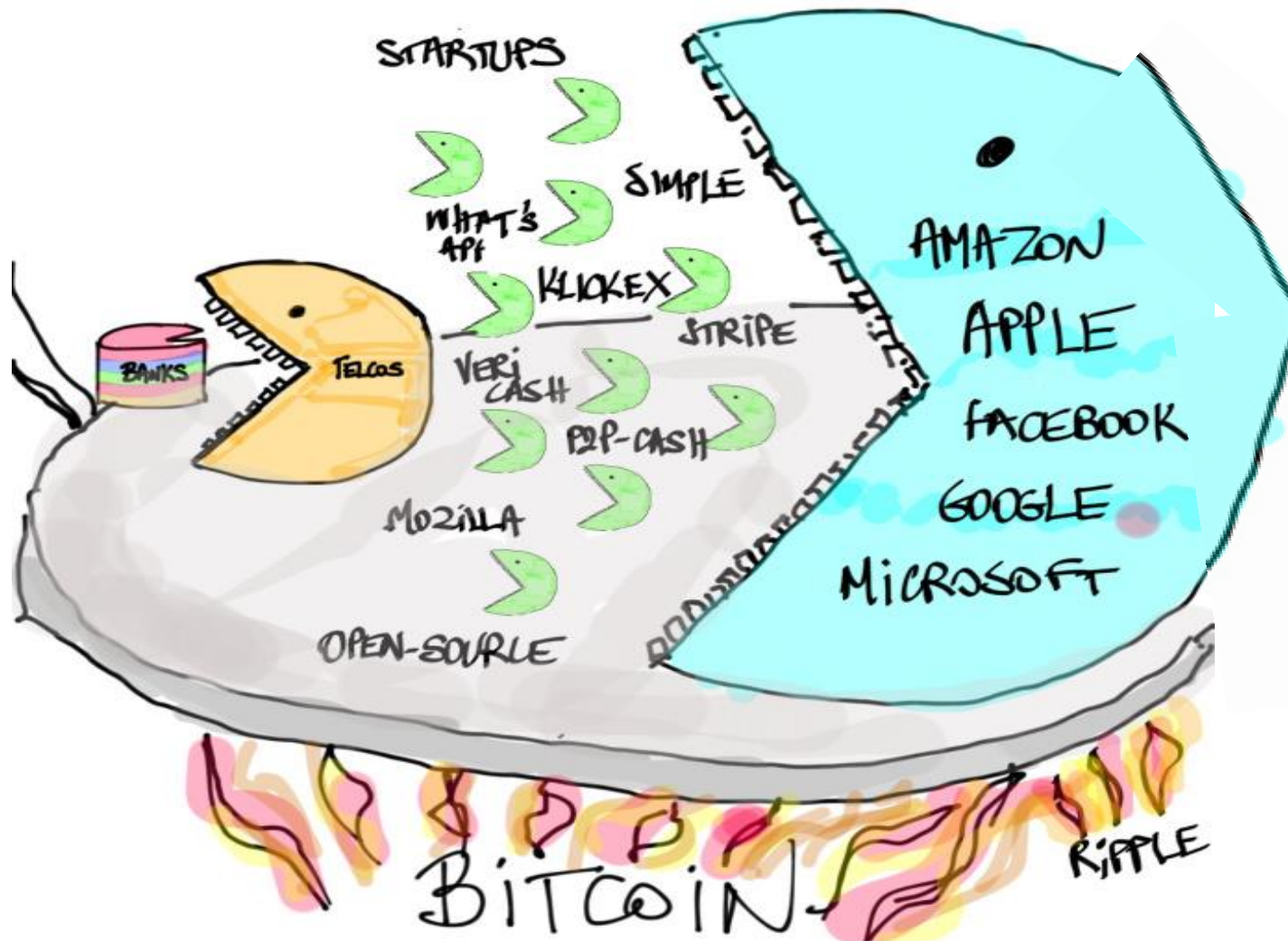
Joining via
Skype

Global payments innovation initiative (gpII)



THE DIGITAL DISRUPTION OF FINANCIAL SERVICES

COPERNICO
04/14



Correspondent banking model is under pressure



Customers and regulators push for better payments service



End customers increasingly demanding



Domestic payments going real-time



Banks rationalize their correspondent banking networks



Regulatory intensity and increasing costs



Network rationalization



Digital innovators offer new disruptive solutions



Disintermediation



Enhanced value proposition

Objective: deliver a better customer payment experience

“Before”

Traditional correspondent banking

1. Slow, can take multiple days
2. Expensive, multiple deducts
3. Secure and compliant
4. No transparency and predictability on cost and time
5. Convenient and ubiquitous
6. Open and inclusive (global reach)

“After”

The global payments innovation initiative

1. Fast(er) (start with “same day”)
2. Higher efficiency & less intermediaries
3. Secure and compliant
4. Transparent and predictable, with payments tracking
5. Convenient and ubiquitous
6. Open and inclusive (global reach)

The objective is to first fix these key pain points

Note regarding prices: it will be at the discretion of each gpII member to decide the pricing strategy vis-à-vis its customers, including other financial institutions

The global payments innovation initiative

Delivering a new standard in cross-border payments

- Proactively respond to evolving customer needs for more **speed, transparency and predictability of time and cost** in cross-border payments
- **New multilateral rulebook**, initially focused on business-to-business payments
- Building on the foundation that banks provide in **security, resiliency and compliance**
- **Delivering real-world innovation**: building on existing platform, embrace new technologies along a strategic roadmap
- **Global reach**, collaborative industry-wide initiative, organised by SWIFT
- **Open model**, participation based on operational quality

✓ **Fast**

✓ **Transparent**

✓ **Predictable**

✓ **Secure**

✓ **Resilient**

✓ **Compliant**

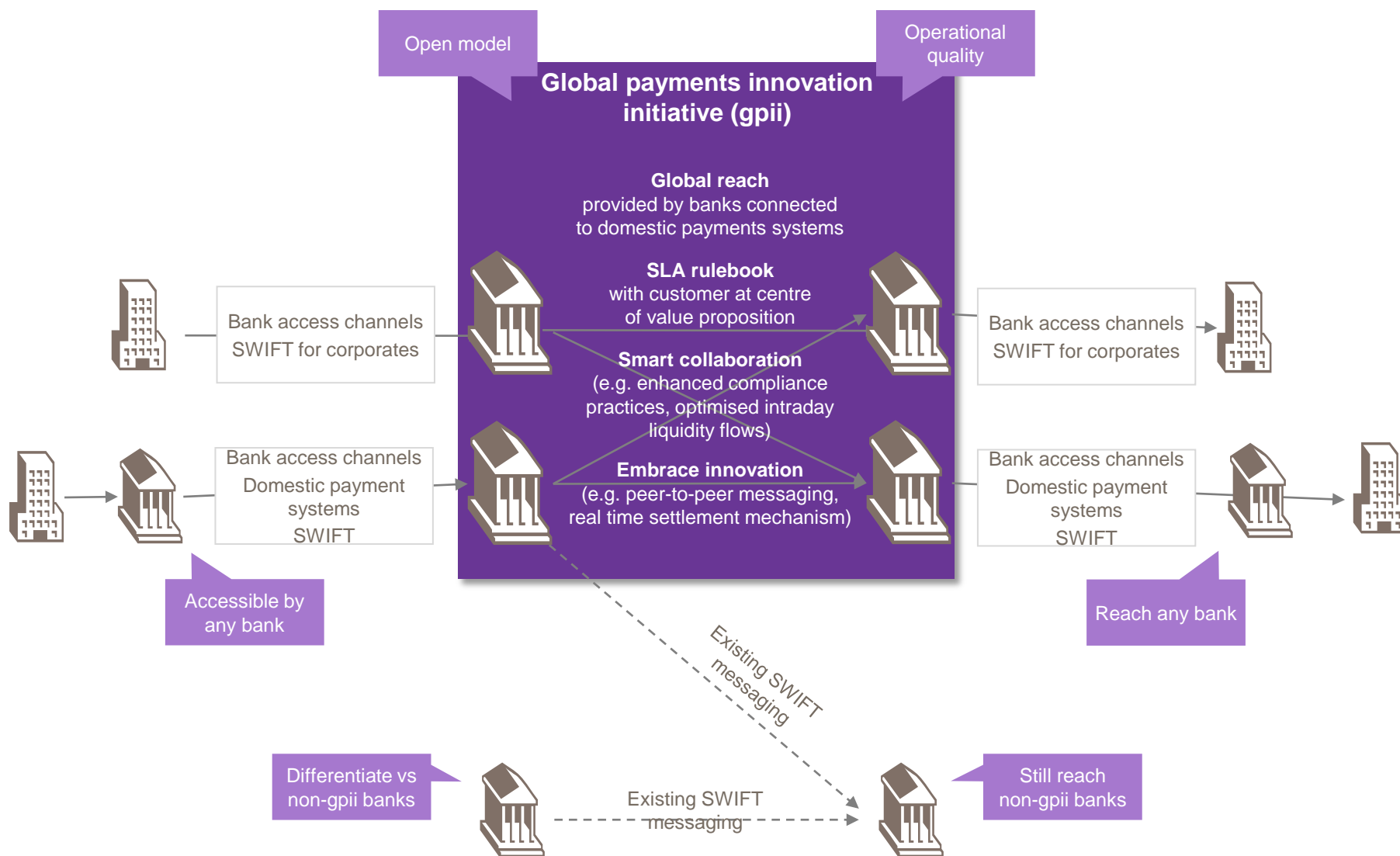
✓ **Real-world innovation**

✓ **Global reach**

✓ **Open model**



The global payments innovation initiative (gpII)



Value proposition for corporates

The core principles of gpII

Payments with same day use of funds

Transparency and predictability of fees

End-to-end tracking of payments

Transfer of rich payment information

Benefits for a corporate

Grow international business

Enhance supplier relationships

Increase treasury efficiencies

Value proposition for banks



Grow volumes

- Offer distinctive payments service
- Retain and attract new customers
- Protect and grow transaction volumes
- Comply with regulation (Dodd-Frank, PSD2, ...)
- Sell payments services to third parties



Reduce cost

- Lower network management cost, avoid proprietary connections in non-strategic countries, access global quality network
- Enhanced compliance practices
- Optimised intraday liquidity flows
- Increased straight through processing

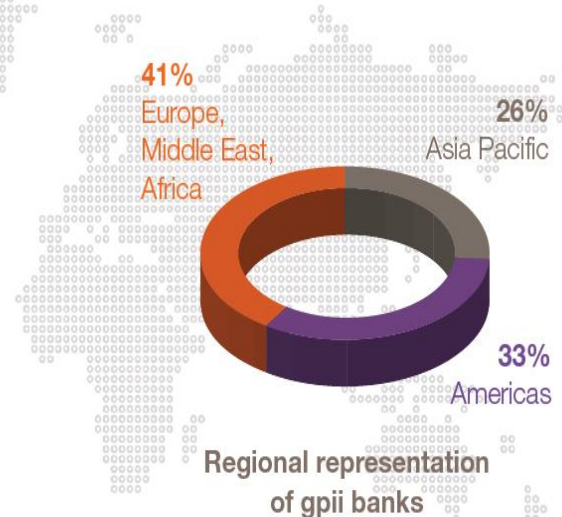


Lead innovation

- Reputational benefit
- Leader in global payments innovation

Initiative banks

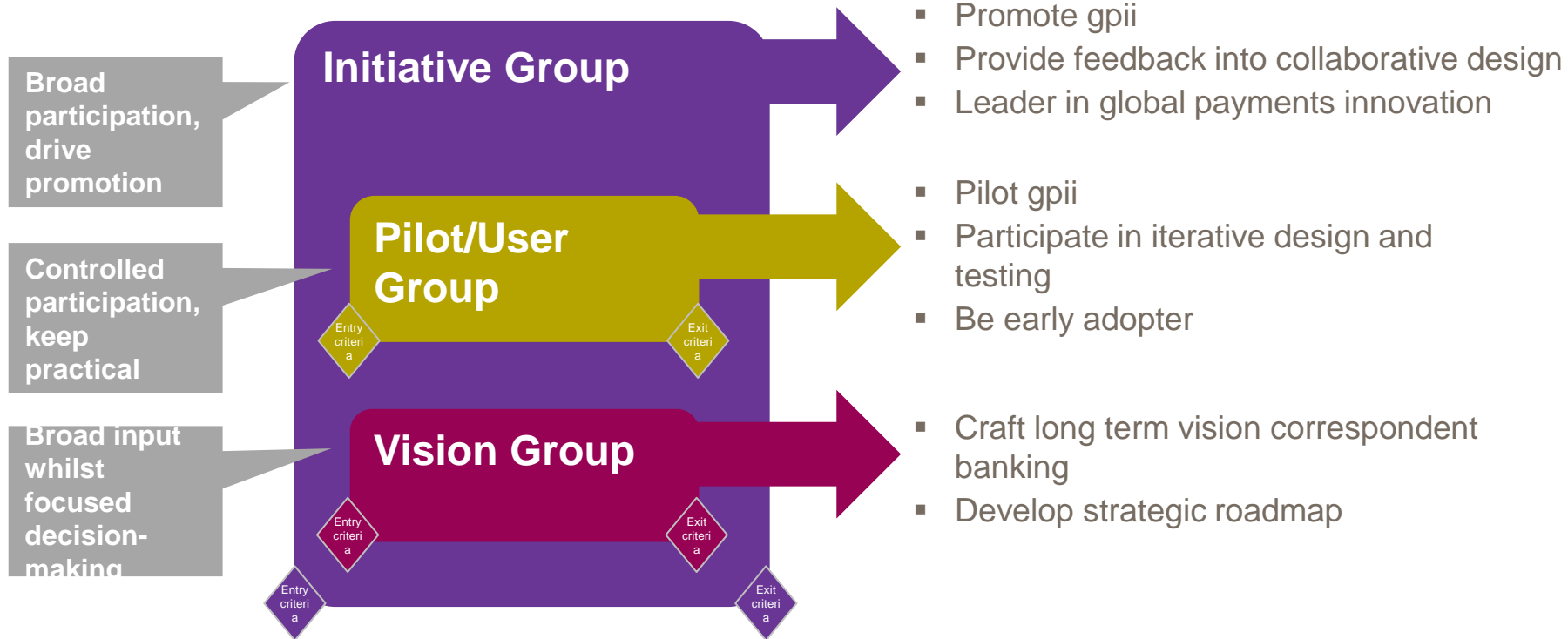
- ABN AMRO Bank
- Australia and New Zealand Banking Group
- Banco Bilbao Vizcaya Argentaria
- Bank of America Merrill Lynch
- Bank of China
- Bank of New York Mellon
- Bank of the Philippine Islands (BPI)
- Bank of Tokyo-Mitsubishi UFJ
- Banco Santander
- Barclays
- BNP Paribas
- Citibank
- Commerzbank
- Credit Suisse
- Danske Bank
- DBS Bank
- Deutsche Bank
- Ecobank
- FirstRand Bank
- HSBC
- Industrial and Commercial Bank of China
- ING Bank
- Intesa Sanpaolo
- Investec
- JPMorgan Chase
- Kasikornbank



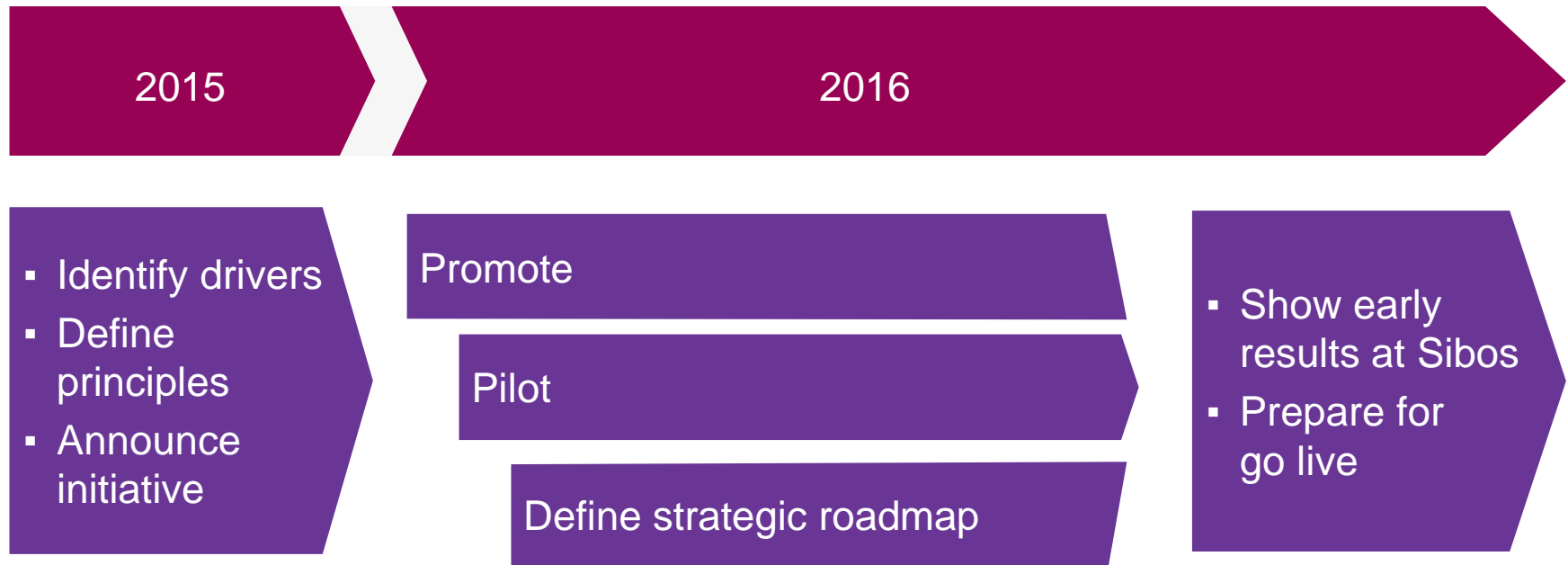
- KBC Bank
- KEB Hana Bank
- Lloyds Banking Group
- Maybank
- Mizuho Bank
- National Australia Bank
- Natixis
- Nordea Bank
- Oversea-Chinese Banking Corporation
- Raiffeisen Bank International
- RBC Royal Bank
- Resona Bank
- Royal Bank of Scotland
- Sberbank
- SEB
- Société Générale
- Standard Bank
- Standard Chartered
- Sumitomo Mitsui Banking Corporation
- Tadhamon International Islamic Bank
- TD Bank
- UBS
- UniCredit
- United Overseas Bank
- Wells Fargo.



Organisational set-up



Timeline





Contact us

swiftforbanks@swift.com

www.swift.com/gpi

Distributed ledger & blockchain technology



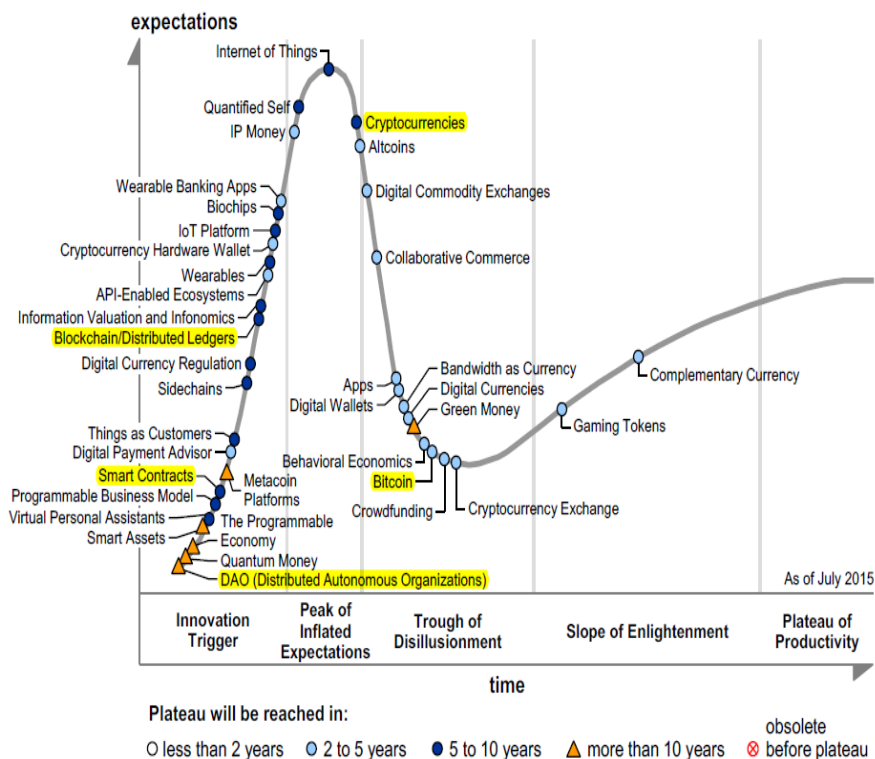
Distributed Ledger – SWIFT position & strategy

Blockchain and distributed ledger technology have a lot of potential but are not yet mature.

A number of issues need to be fixed and addressing a number of them will involve relying on a neutral & central party.

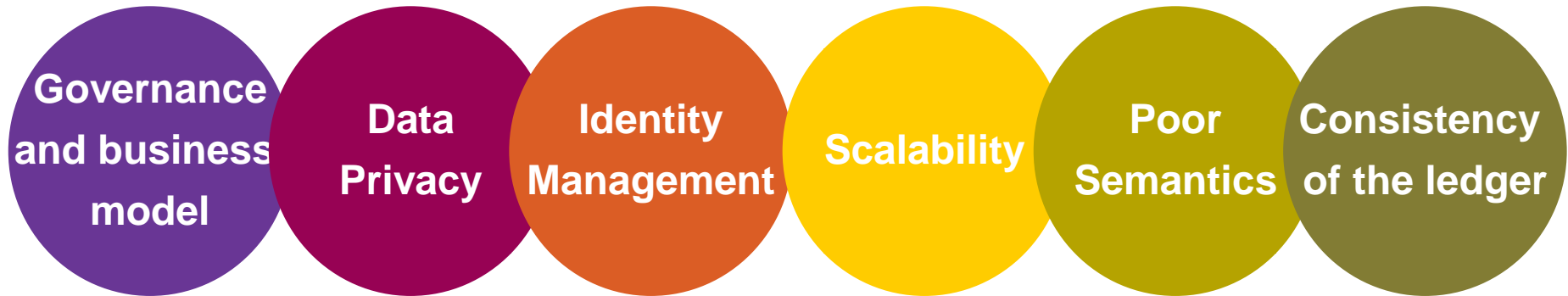
Adherence to Financial crime compliance requirements, data privacy and other regulations must be taken into account.

As a platform provider, SWIFT is building some capabilities to support DLT service when the technology will mature and when concrete business use cases will emerge



Source: Gartner (July 2015)

Challenges – that need to be addressed for broad usage of blockchain



Opportunities – that can be leveraged using blockchain and related technologies



DLT - ongoing activities @ SWIFT



A number of DLT related PoC are ongoing in SWIFT labs covering the following topics:

- Plug SWIFT PKI and access control mechanisms to build a SWIFT permissioned ledger
- Build a SSI database for OTC markets
- Apply SWIFT standards expertise and ISO 20022 methodology to DLT context



The SWIFT Institute

2 research papers on DLT will be published in March and June 2016



An industry challenge will be organized in April 2016 to assess impact of a DLT solution on issuance and asset servicing with fintech starts up and SWIFT members.

GPII ISSA



- SWIFT is engaging with its community to explore potential business use cases in payments (e.g. GPII vision group, FSS), Securities (e.g. ISSA blockchain working group) and Trade finance

- SWIFT is building its value proposition for a DLT offering leveraging SWIFT expertise in operating standardized mission critical solutions for the financial industry



- SWIFT has joined the Linux foundation initiative to create a industry ready open source distributed ledger implementation
- SWIFT is surveying the vendor landscape for DLT technology (Ethereum, Ripple, Eris, BigChainDB, HyperLedger, etc.)





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