

SWIFT'S PAYMENT STRATEGY REFRESH



CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer

DANIEL LYNCH

Payments Innovation Manager, SWIFT



WHAT

How the transaction management partner can help your understanding of payments.



WHEN

Wednesday May 12, 2021
2:00 PM – 3:00 PM EDT



WHERE

Live Online Presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer and SWIFT

ABOUT THE SPEAKERS

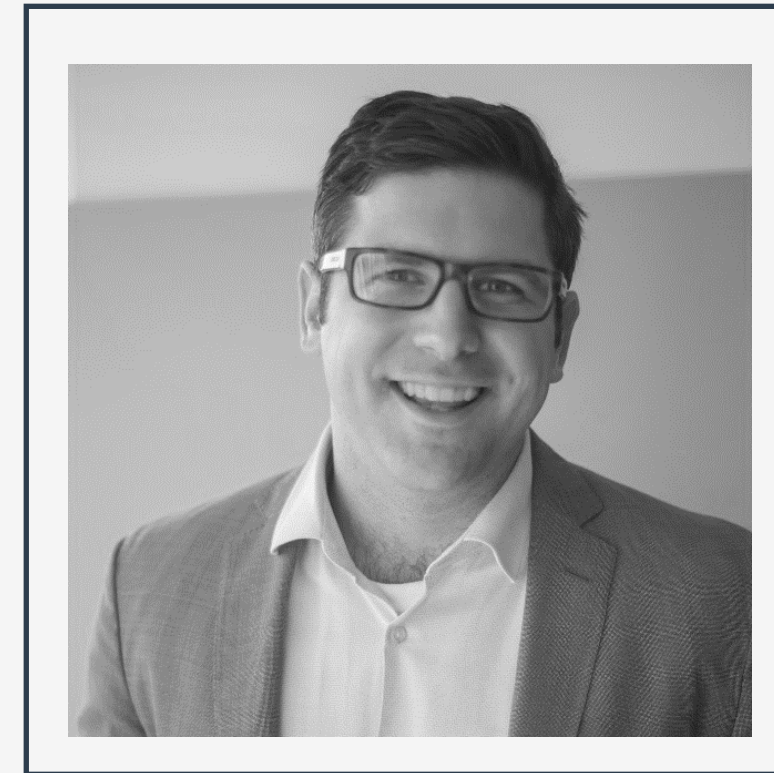
GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



DANIEL LYNCH

Daniel Lynch is a Payments Innovation Manager for SWIFT Americas and is passionate about transaction management and the banking community's journey to it. Previous to this role he has worked in SWIFT's Business Development, Business Intelligence and Reference Data teams.

Before joining SWIFT he worked in supply chain finance across banking, fashion, food service and healthcare.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS



EVOLUTION OF MESSAGING



RELEASE ONE



TIMING & FUNCTIONALITY



MESSAGING DATABASE



KEY TAKEAWAYS

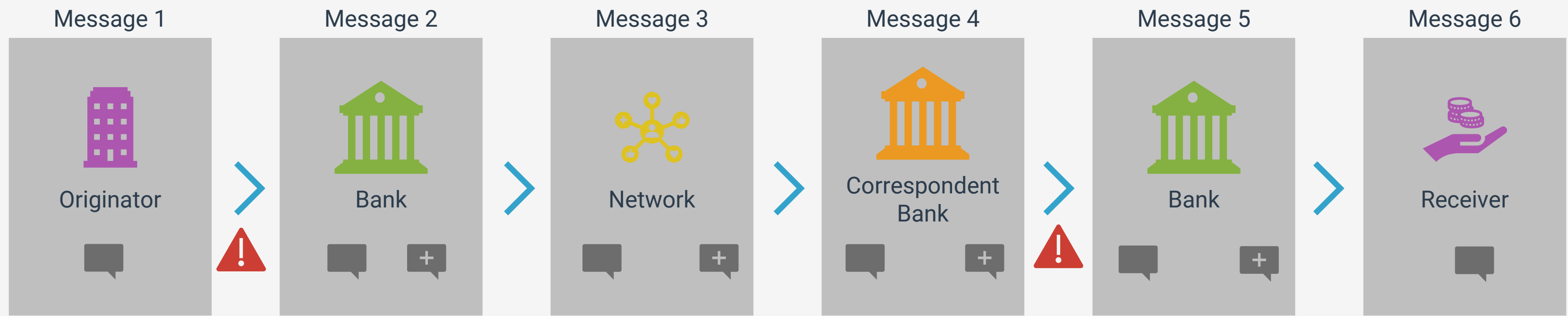


Q&A

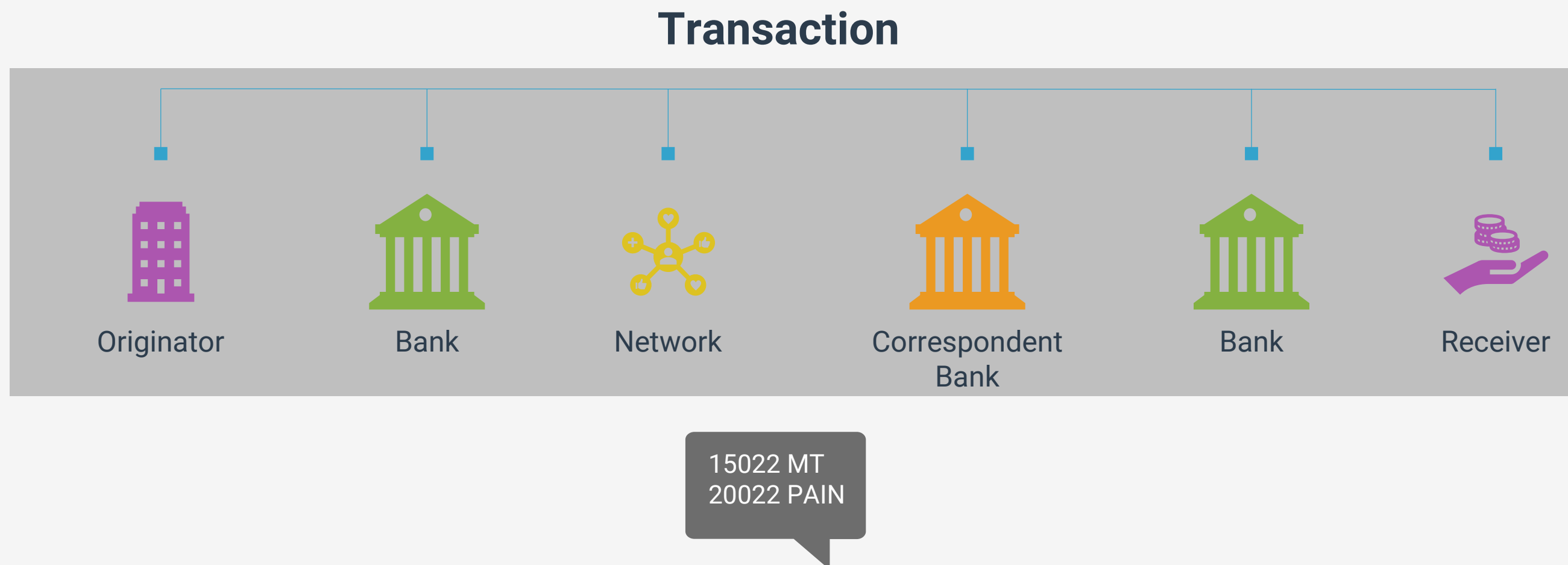
MESSAGING vs. PLATFORM

CONCEPTS

LEGACY MESSAGING



TRANSACTION PLATFORM



POWER OF A NETWORK

SIZE | FUNCTIONALITY | FLEXIBILITY OF USE

LEGACY



Members Only



Data Loss



Broken/Fragmented Research



Multiple Messages That Can Change



Data/Message Interdependence

NEW



Exposed Services to Non-Members



Data Enrichment



Repair at Closest Point



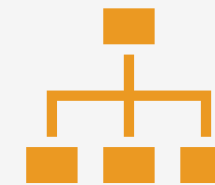
Single Improving Version of the Truth



Transaction Independence from
Interaction Method

THE HISTORY OF MESSAGING

FROM POINT-TO-POINT INTO END-TO-END



MESSAGING
1970s - 2017

PAYMENT TRACKING & SLAs
2017 - 2020

TRANSACTION MANAGEMENT
2021 and Beyond

- ✓ Standard
- ✓ Secure
- ✓ Integrity and Availability
- ✓ Community Reach

- ✓ Transactional Referencing (UETR)
- ✓ Business Service Levels and Quality Controls
- ✓ STP Enhancements
- ✓ E2E Tracking and Insights
- ✓ Controls

- ✓ **Frictionless Payments**
Ensuring accuracy and unaltered rich data across the transaction
- ✓ **Instant Processing**
End-to-end orchestration and built-in value added services
- ✓ **SME and Consumers**
Enhanced user experience through tighter SLAs and quality assurance

SWIFT STRATEGY

INDUSTRY CO-OPERATIVE



Frictionless Payments

Instant and frictionless transactions from account to account anywhere in the world, building on and extending gpi



Smarter Securities

Smarter securities services for greater simplicity and efficiency



Rich Data

End-to-end integrity and rich data services, enabled by ISO 20022, to help our users innovate and grow



Open State-of-the-Art Platform

State-of-the-art digital platform that enables messaging and transaction services with effortless customer experience



SMARTER



FASTER



BETTER

FRICITIONLESS PAYMENTS

TRANSPARENCY AND PREDICTABILITY



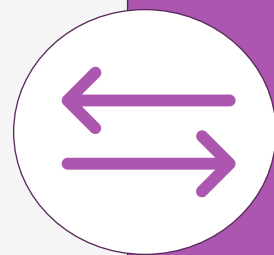
Instant & Frictionless

- Payments will be pre-processed and pre-validated using SWIFT and 3rd-party data
- Optional mutualized services for data management and FCC will be available directly from the platform



Support Customers in Higher Growth Segments

- Enable our customers to capture volumes over the SWIFT platform in additional areas, including SME and consumer payments
- Continuously innovate to facilitate existing and new settlement and clearing models



Better Migration to ISO 20022

- Ensuring financial institutions can migrate at their own speed
- Bridging between players using different formats to allow the whole community to capture the value of richer data

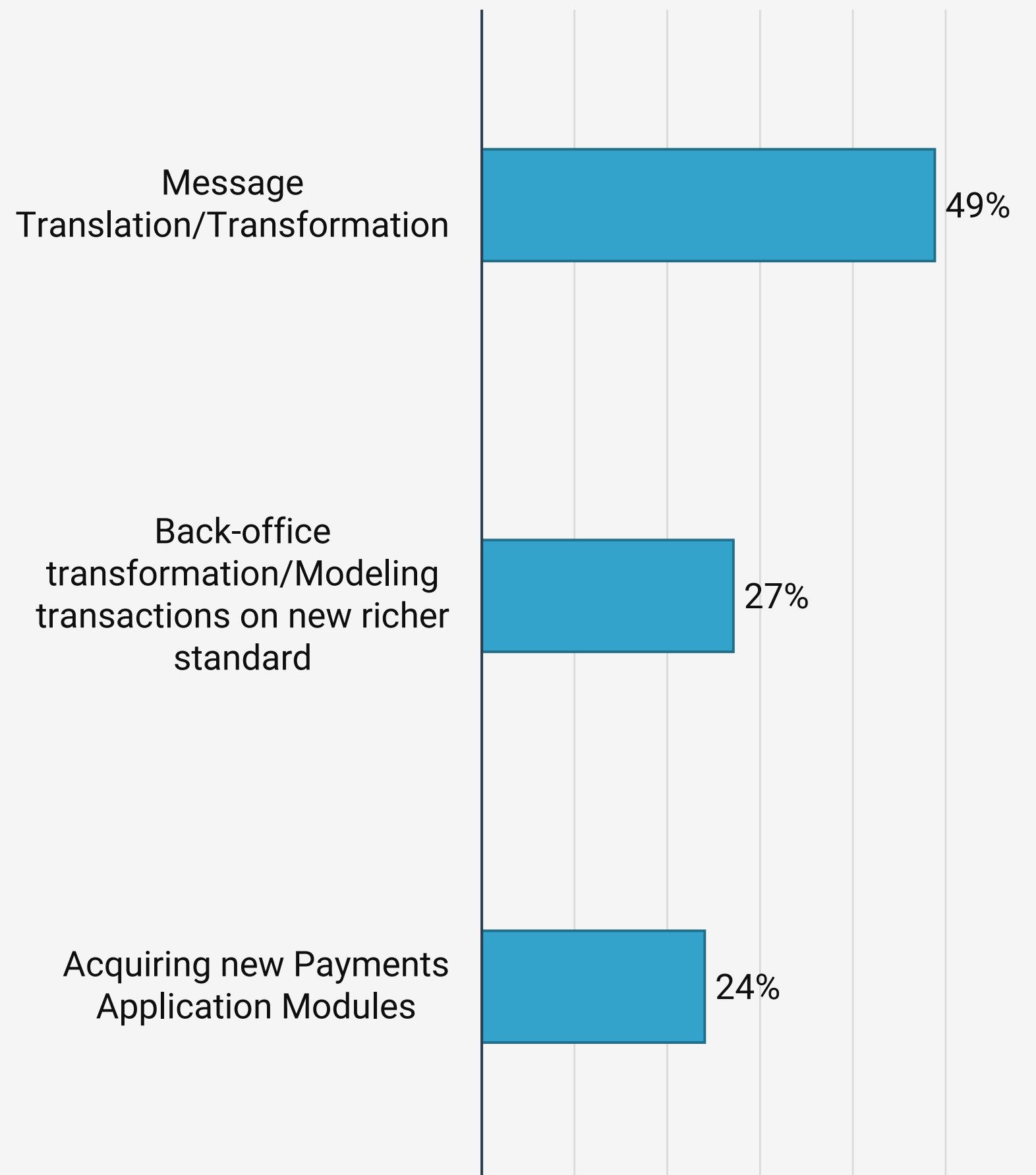


Enhanced Customer Experience

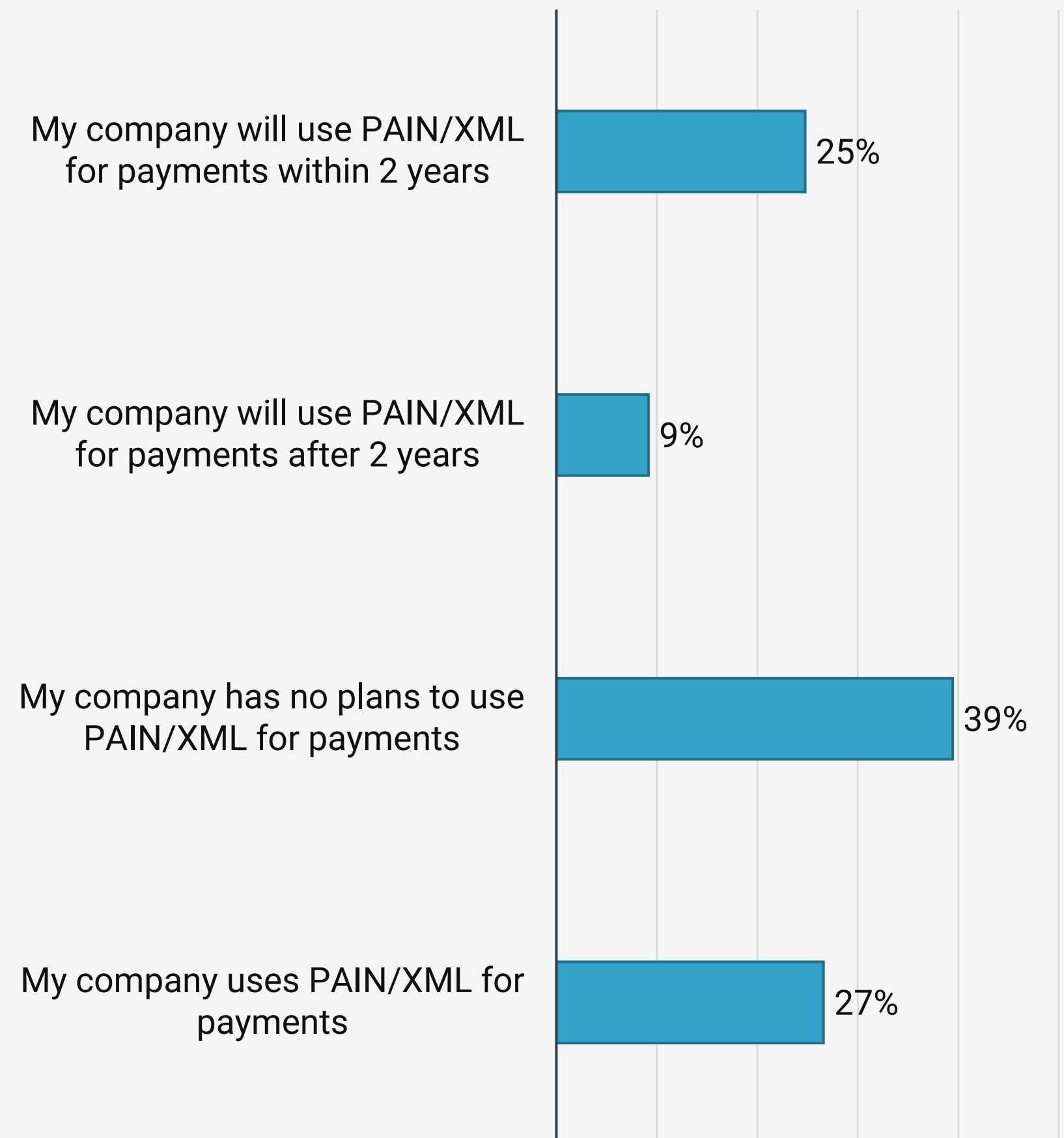
- With upfront predictability through tighter rulebooks and SLAs
- To provide transparency, deliver a framework for how fees and processing times are exposed

POLL QUESTION

Banks: How are you approaching the ISO 20022 migration as part of SWIFT's move to TMP?



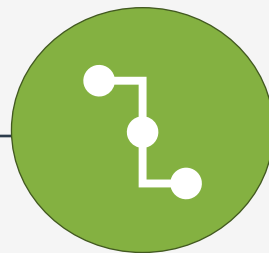
Corporates: Which of the following best describes your organization's current use/plan:



RELEASE ONE

2022

Builds a data-rich foundation, allowing end-to-end tracking, validation & review services with a complete audit trail.



INTEROPERABLE SERVICES

The "innovate as you go" approach enables banks to participate according to their implementation roadmap

- Structured data improves regulatory requirements and reporting
- End-to-end data integrity adds value to CX
- Bridge FIN/ISO 20022; message or API-based improves interoperability



FRICTIONLESS PAYMENTS

Efficient payment processing with integrated capabilities that enhance certainty and automation

- Standard sanctions screening & fraud detection
- Increased STP by removing automation handoffs
- Built-in solution for exceptions and investigations



SUPPORT BUSINESS SOLUTIONS

While using the platform from day one, banks can enhance the CX with data integrity, quality assurance and faster integration into their front-end channels

- End-to-end support to all payment types and SLAs
- Quality processing with predictable fees up-front (SLVP)
- Extend value to end-customers facilitating bank channel integration

RELEASE ONE

2022

EVOLUTION OF EXISTING OPTIONAL SERVICES



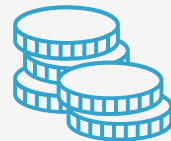
Pre-Validation



gpi Customer and FI Transfers



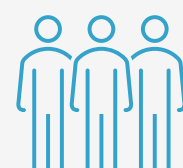
Embedded Transaction Screening and Payment Controls



Tighter SLA for Low Value Payments



Case Management and Stop and Recall

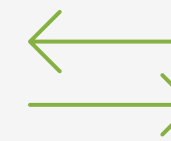


Integration Tools and Community Standards

NEW CAPABILITIES



Multi-Channel/Format Support



Transaction Orchestration and Tracking



Transaction Enrichment

FUTURE SOLUTIONS

FOR ALL CORE SEGMENTS



CORPORATES

- **Integrate pre-validation services** into bank and vendor tools, reducing returns, repairs and post processing fails
- **Extend solution to support centralized investigations**, tracking and monitoring, providing easy access and instant information on all payment flows



FINANCIAL INSTITUTIONS/NBFI

- Integrate routing engine that allows **predictive and dynamic payment routing**
- Continue **tighter integration with back-office processing** with additional investigation cases, facilitation of return of funds and fraud alerts
- Enhance existing solutions by **integrating third-party information**

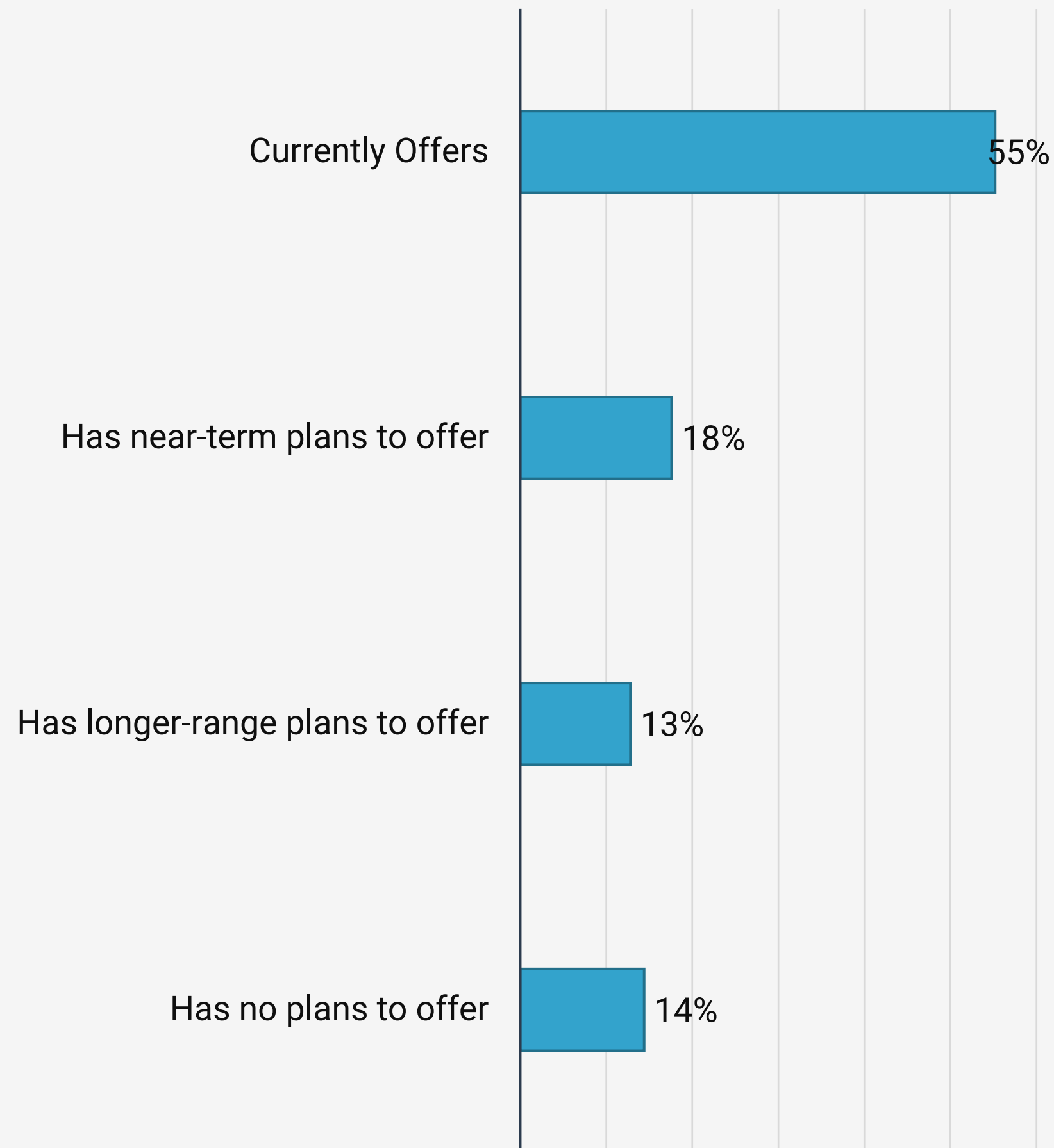


PAYMENT MARKET INFRASTRUCTURES

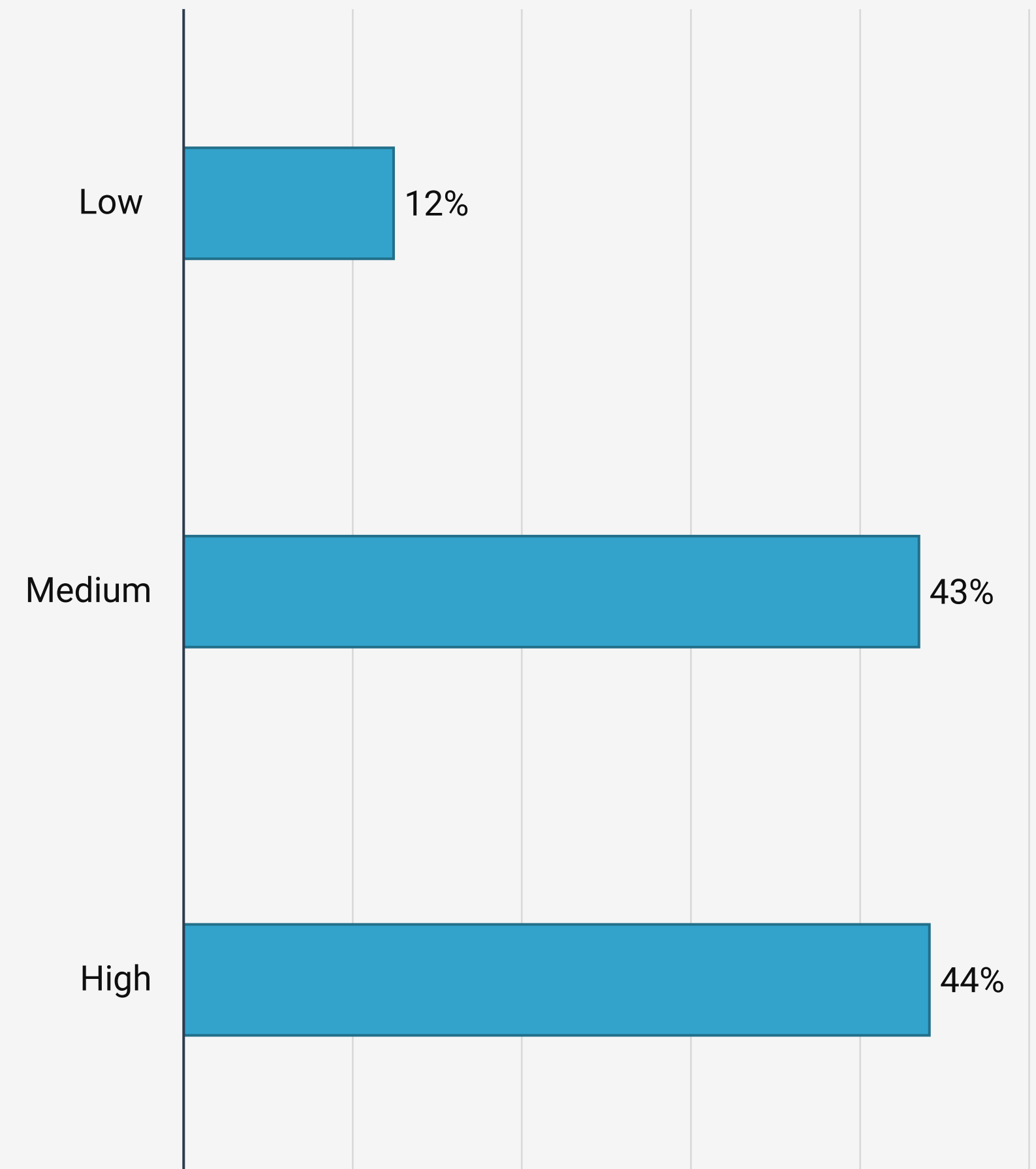
- **Progressively integrate the platform with PMIs** to facilitate instant, cross-border payments, building on gpi Instant
- Explore central bank digital currencies
- Leverage platform connectivity to **facilitate routing into local instant networks**, cross-border real-time payment rails providing options-based payment types and client preferences

POLL QUESTION

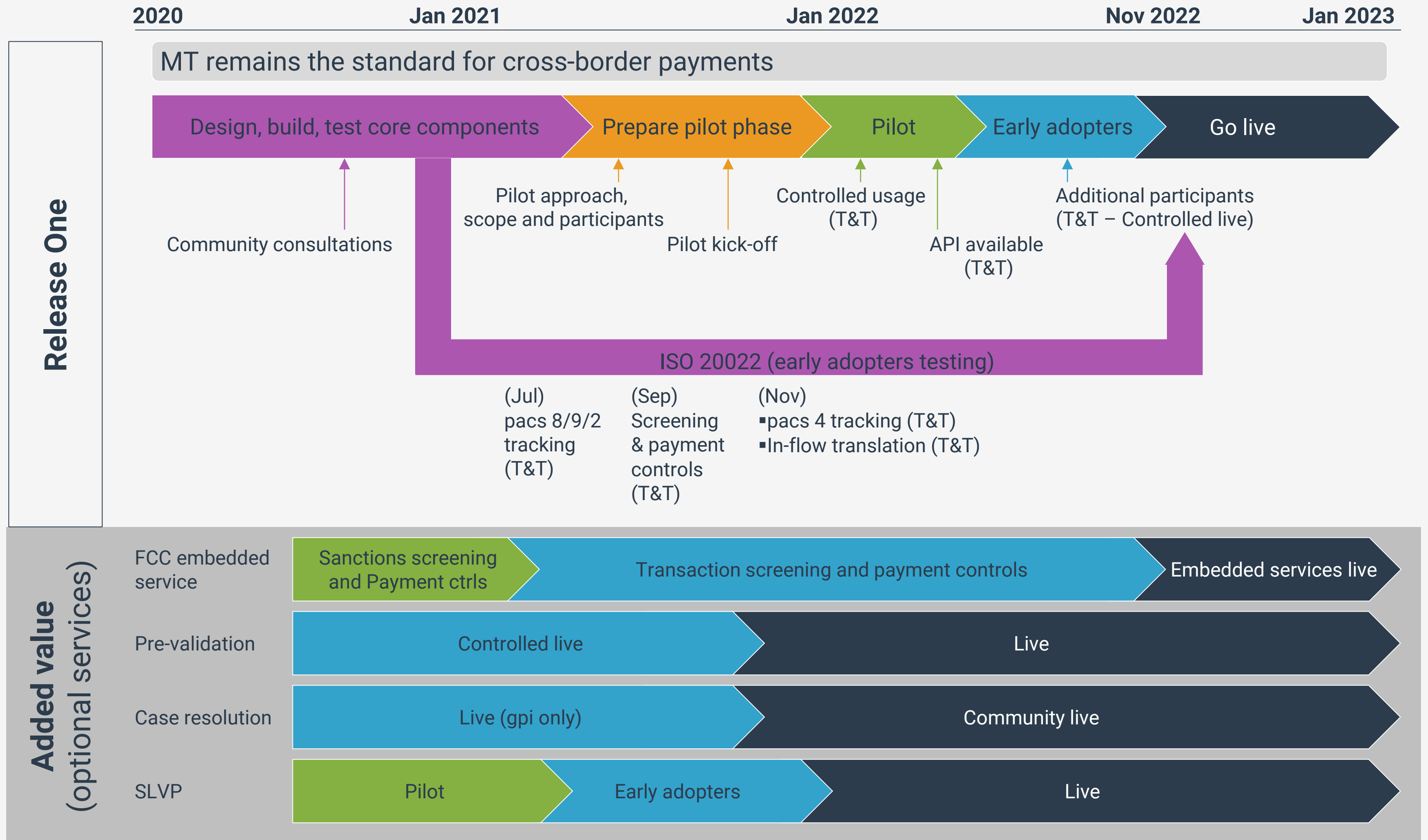
Bank: Our bank _____ validation services for payments.



Corporate: My company views values validation services at a _____level?



TENTATIVE TIMING AND MILESTONES



COVERED FUNCTIONALITY

PRE-VALIDATION OF THREE CORE TRANSACTION ASPECTS



BENEFICIARY VERIFICATION

Account & Name

- Beneficiary account exists
- Beneficiary data matches

Format of Accounts

- Account is correctly formatted (central resource)

Fraud and Mule Accounts

- Account is not used for fraud

- + Verification of Beneficiary account and usability prior to sending payment instruction
- + Name matching (jurisdiction dependent)



PAYMENT VALIDATION

International Guide

- Required transaction is adhering to local requirements

Data Quality Checks

- Transaction data validated for consistency & completeness

Resolution Services

- Encouraging use of structured data over free-form

- + Normalized access to international guidelines
- + Data verification
- + Data quality improvements



FEES PREDICTION

Pre-Calculation of Fees

- Real-time charge computation
- Per transaction

Pre-Payment of Fees

- Certainty on execution

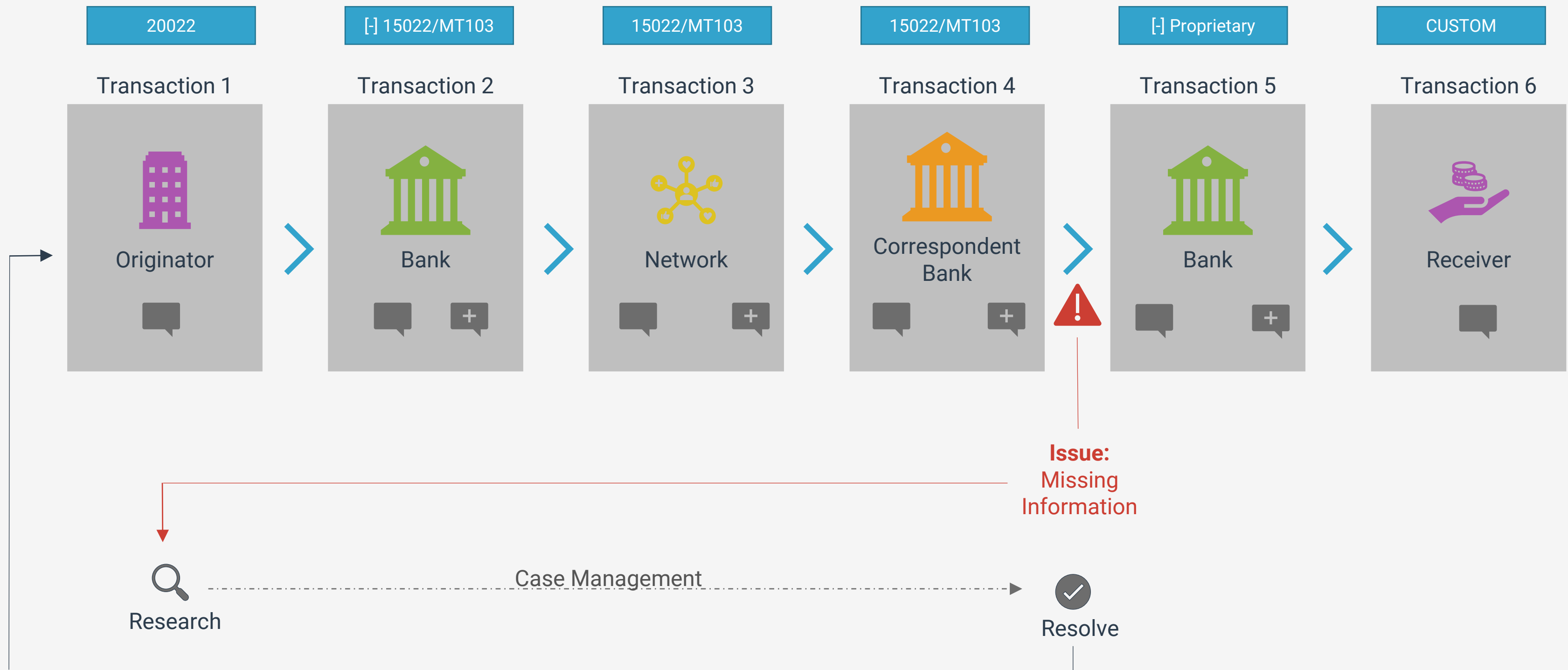
Optimization

- Feed-back loops and reporting

- + End-customer Transparency
- + Able to pre-pay charges
- + Intelligence to review fee strategy

MESSAGING DATABASE

CASE MANAGEMENT

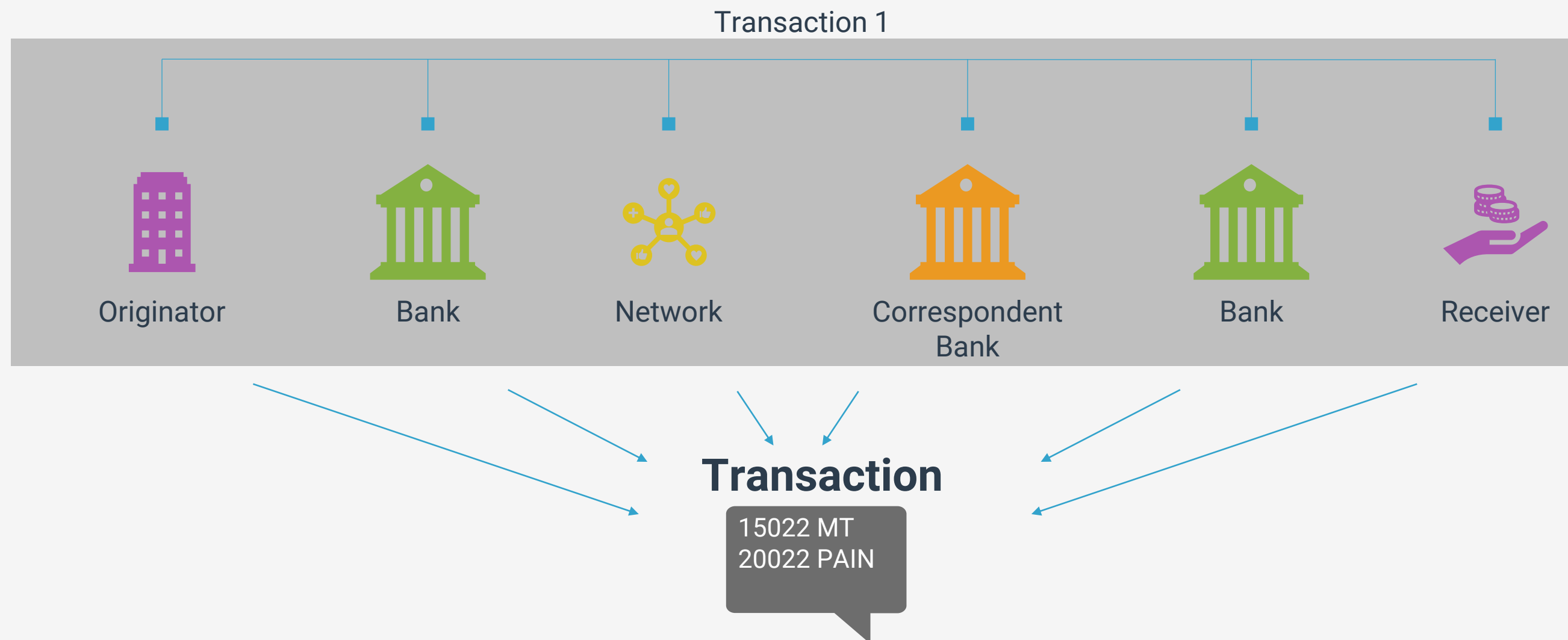


POTENTIAL ISSUES



- Format changes
- Loss of information on handoffs
- Lack of visibility
- Missing information abnormally ends process
- Linear research path

ENGINEERED MESSAGING DATABASE / TRANSACTION MGMT. PLATFORM



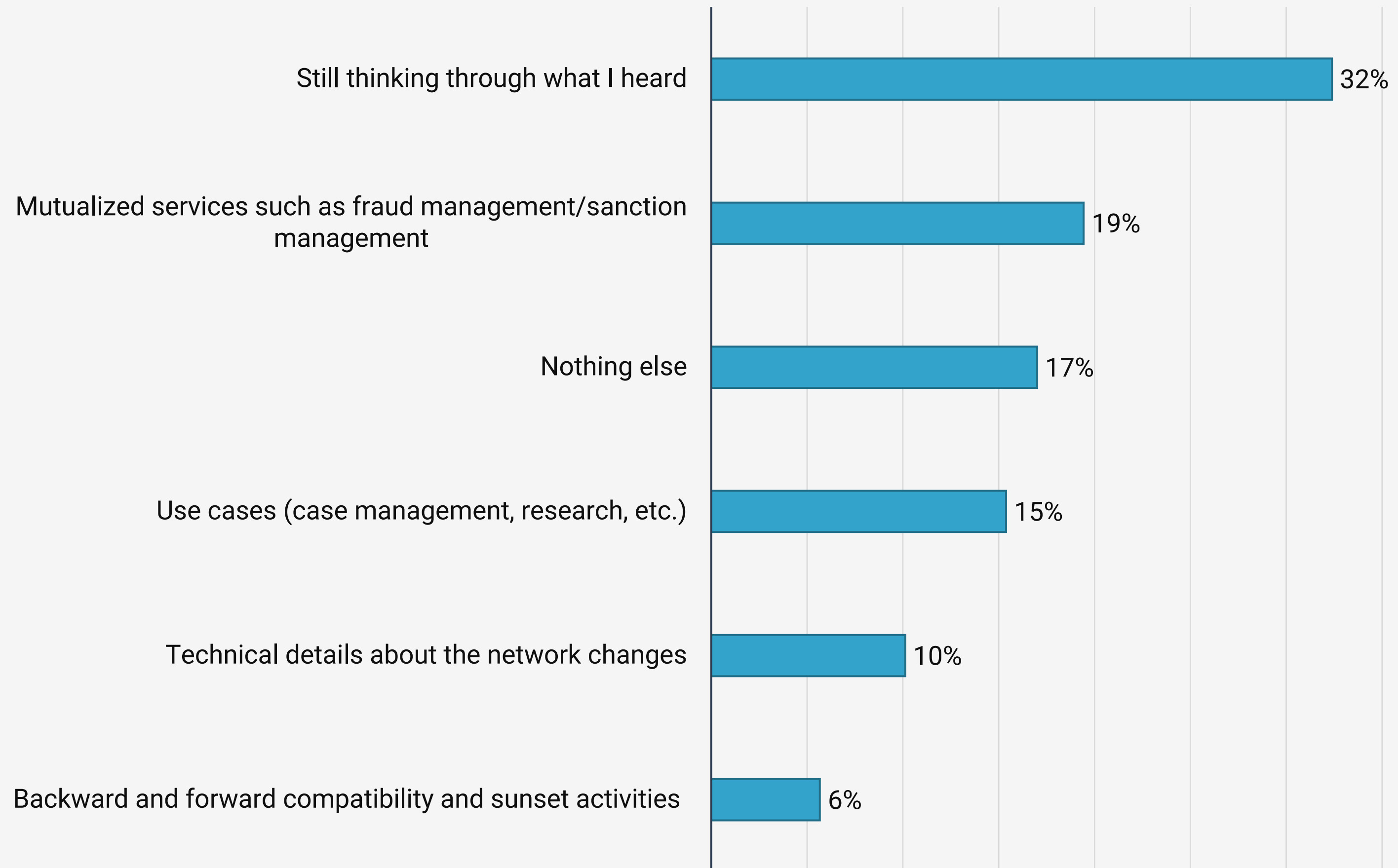
TRANSACTION LEVEL



- Format flexibility/resiliency
- Information additions
- Visibility
- Research in a single 'location'
- Missing information
 - Resolved by closest party
 - Transaction integrity

POLL QUESTION

I am interested in hearing more about:



KEY TAKEAWAYS



Network Transaction Management is Radically Different from Serial Messaging

- Single improving version of the truth
- Transactions/Messages can exist independently of HOW you interact with them



Power of a Network

- Size
- What you can do
- Ease of interacting



Thinking Assignments

- Banks: How will you enrich your client offerings to leverage this?
- Corporates: How will this impact your thinking on:
 - Technology
 - SWIFT
 - Banking partners

QUESTION & ANSWER



Q&A BUTTON

Only presenters will see
your question



CHAT BUTTON

All participants can
see/respond



RAISE HAND

Host will unmute your
microphone and you can
ask your question

LET'S CONNECT.

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS.

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



STRATEGIC TREASURER

Craig Jeffery,
Founder & Managing Partner

✉ craig@strategictreasurer.com

SWIFT

Daniel Lynch
Payment Innovation Manager

✉ Daniel.lynch@swift.com

SHARE YOUR THOUGHTS



Give 5 minutes once every 8 weeks and help your company and fellow treasury professionals by responding to the Global Recovery Monitor.



TAKE THE SURVEY