

The collaborative edge: How clever cooperation is driving winning innovation

by Luca Corsini, Global Head of Global Transaction Banking, UniCredit

"Collaboration is the cornerstone of innovation," declared Wim Raymaekers of SWIFT, as he revealed the latest round of banks joining SWIFT gpi – a new, faster and more efficient rail for cross-border payments in July 2017. Since then, finance has continued its dramatic transformation at the hands of digitalisation; client needs are evolving, and banks are adjusting their business models to keep up.

Indeed, with a multitude of banks and service providers now competing for business, only the best will succeed. Consequently, now more than ever, cooperation has become crucial to developing a well-rounded product, and broad availability is essential to drive critical mass.

Faster payments already proving popular

Originally launched in January 2017, with UniCredit among the pilot banks, SWIFT gpi is among the early initiatives to unite banks behind a common cause. Following hot on its heels is the European Payments Council's instant payments scheme, SCT Inst. UniCredit has helped spearhead this initiative – offering real-time payments to SEPA-zone clients via EBA CLEARING's RT1 platform since November 2017. We are among a few pioneers of the scheme in Italy, and, to date, the first and only bank to offer instant payments in Germany. Having been live since processing the first ever transaction between Germany and Italy (in just 2.5 seconds) on day one, we have witnessed first-hand the appetite for this

kind of innovation – with demand from both corporate and private clients significantly greater than anticipated.

These new payments services have real potential to galvanise the e-commerce and retail industries – with faster payment facilitating faster service provision. They also hail a new trend: innovation was once driven by multi-national corporations; now it is germinating in the retail sector before being adapted to the corporate space.

Astute partnerships are key

In light of these developments, banks have begun opening up to new technologies and new partners. With Fintechs multiplying and transforming the way we do business, banks must ensure they understand client needs and can anticipate their future demands. Only then can they help clients identify the optimal solutions and partners for their requirements. Yet, with so much pressure for innovation, budget constraints still put a strain on banks, who simply cannot afford to provide each and every one of their clients with bespoke banking solutions. Instead, they must create flexible solutions that can be rolled out on a large scale – or, where appropriate, position themselves alongside a third-party Fintech. UniCredit continues to explore this avenue, and is already using a Fintech platform to provide a comprehensive range of supply chain finance services.

Collaboration between banks, Fintechs and corporates is crucial.

Be it under the SWIFT gpi umbrella or the blockchain-based trade finance solution, we trade, banks must cooperate to offer their clients best-in-class services that are universally accessible via different banks and platforms. But let me stress again: this doesn't imply less competition.

Technological change is coming thick and fast, and banks need to find the right balance between innovation, cooperation and competition in order to provide clients with effective solutions, and not just products. The race is on – and while part will be run hand in hand, the quality of banks' individual solutions and their partners is what will determine who is most successful in the years to come.



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