

UNICREDIT: EMBRACING THE BANKING REVOLUTION

Simone del Guerra, Global Head of Transactional Sales at UniCredit, discusses how the bank is embracing new technology, such as SWIFT gpi, and pioneering change in correspondent banking.

What are the key changes and challenges affecting correspondent banking?

It is a very good time for correspondent banking and the service it brings to the world. The global economy is picking up, and therefore global trade and global payments are growing. This is the perfect time for correspondent banking to demonstrate its value to the economy.

However, the industry is facing some challenges related to compliance restrictions — and we can see the impact of these enhanced regulatory requirements in the consolidation in correspondent banking over the past few years.

Yet despite that, we see a great opportunity in new technologies – from SWIFT global payments innovation (gpi) to instant payments – that will represent real changes for us. The future will depend on how all these systems interact in a new global network of correspondent banking. So, with the combination of the growing economy and new technology, it is really a positive time for correspondent banking.

What has the impact been of SWIFT gpi, and what is coming next?

UniCredit was one of the first pilot banks for SWIFT gpi, and we have been live since February. We have strongly believed in gpi from the very beginning, and it has been one of the most important things to happen in the global payments environment in recent years. We are convinced that gpi creates value for our customers and, as a pioneer of the

technology, we at UniCredit wanted to meet their needs.

Our customers were asking for predictability and transparency. That is the main value of gpi to the community, and especially in the corporate environment, these can be more important than speed. In the cross-border world, the great majority of payments come from the corporate sector. They need to be sure their counterparty receives the money within an appropriate and agreed-upon timeframe.

That is what gpi delivers, together with the possibility to track where the payment is, and this is something we are enhancing through several projects. Still on the theme of innovation, the blockchain-based reconciliation of Nostro accounts is a key project to further improve the efficiency of 11,000 SWIFT network correspondent banks.

How are you approaching instant payments?

There has been a lot of talk about instant payments being the future. UniCredit is active and at the forefront of this space, and we will be live with this technology in Europe this year. The value of instant payments is currently most clear in the consumer and retail markets. For cross-border corporate payments, there are still interoperability issues between systems in different countries around the world that must be dealt with. We think instant payments will ultimately expand into the cross-border environment, but it's not going to happen immediately.

With so much technology taking centre stage, is banking still a people business?

Banking is most certainly a people business, and the Sibos conference is a perfect example. We have more attendees than ever before, despite fintech changing the landscape. Technology is not detracting from what people bring to the value chain of commercial and financial institutions.

Yes, there are technological solutions that optimize the ability to manage documents, for example. But we will always need people to understand what those documents mean. The value people bring in setting up the algorithms and checking and verifying their application will probably always exist.

People will also still be required to understand the needs of customers, to be close to them and to listen to their problems, and to work together with technology to develop solutions for them.



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