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Simone Del Guerra

Global co-Head of Transactional Sales, GTB, UniCredit

UniCredit quick to seize benefits of SWIFTgpi

Live since January 2017, UniCredit is leveraging SWIFT gpi to deliver an improved international payments service to their clients.

“There was never any doubt from our side, everyone was in agreement that UniCredit had to be at the forefront of cross-border payments innovation from day one,” says Simone Del Guerra, Global co-Head of Transactional Sales, GTB, UniCredit. “SWIFT gpi enables us to greatly improve our cross-border payments capabilities and enhance our offering to our corporate clients and banking partners.”

The payments challenge

UniCredit, one of the top pan-European banking groups, has been proactively dealing with the challenges of offering a cross-border payments service under the current correspondent banking structure. “Similarly to the rapid improvements happening in the world of retail banking, corporate clients are coming to expect more sophisticated services to be put at their disposal in a way that strips away complexity,” explains Cedric Derras, Global Head of Cash Management, GTB, UniCredit. “When a treasurer asks us a seemingly simple question such as ‘where is my payment?’ and ‘when will it be delivered?’ we want to be able to give them a simple answer. And that means innovating.”

Above all, UniCredit’s clients are looking for certainty. Certainty that their beneficiary has been paid the full amount transferred and certainty that they can immediately reconcile and efficiently close the operation. “Moving a payment along a correspondent banking chain is a challenging and time-consuming process, but it’s often hard to explain this to clients who need a quick and simple picture of what’s going on,” notes Derras. “We are now in a position to give them this clarity – and it is imperative we do so.”

The value of SWIFT gpi

Since going live with SWIFT gpi, UniCredit has noticed marked improvements. “gpi provides us with an array of information about any given payment that we can quickly relay to our clients. This gives them full transparency over the payment – its status, the fees and when it is expected to reach the beneficiary,” says Derras. Once ‘same day’ becomes standard, UniCredit’s corporate client treasurers will be able to better schedule their payments, release money later in the cycle, and better forecast their liquidity by tracing incoming payments. UniCredit will also be able to better focus on offering value-added services to their clients based on the functionalities and business intelligence gpi provides.



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Implementation

The implementation of SWIFT gpi at UniCredit was a straightforward project driven by business requirements and delivered by IT & Operations. The SWIFT infrastructure was already in place, so the bank decided to enhance the existing payments application by accommodating the new gpi rules. The work was carried out by a small team of experts that built the new system in a matter of months and started testing it. During the pilot UniCredit also successfully tested gpi payment flows with two European market infrastructures, TARGET2 and EBA EURO1, as well as directly with some of their corporate clients. “It took us only 8 months from the start of the project until the go live in January 2017,” says Del Guerra. “And SWIFT supported us all along the way.” Whilst the service is currently running on UniCredit Group’s main BIC in Milan, plans are underway to enable gpi on other Group entity BICs.

Corporate onboarding

UniCredit is in the process of reformulating their cross-border payments offer for corporates based on the new functionalities that gpi delivers. “Since we are live with gpi, we already had a strong push from corporates wanting to quickly benefit from the new service,” Derras explains. “We are working with large corporate clients so they can benefit from gpi directly via their SWIFT connectivity, whilst updating our banking portals for smaller clients.”

Nevertheless, the network of live gpi banks must grow further before they can complete a full roll-out to clients. “To offer a complete package to corporates, more gpi corridors and currency options are required,” adds Derras. “We are confident this will naturally grow over time when more banks join gpi.” Pricing is also an important factor for UniCredit in their roll-out of the service. “We must take into account the cost-benefit calculations that our clients make when evaluating any service to ensure that our upgraded offer is widely taken up.”

Servicing other financial institutions

UniCredit is also developing a gpi offer for financial institutions. According to Del Guerra, the Group “needs to build a coherent offer for other gpi banks internationally so that UniCredit is their go-to bank in corridors where we are active.” The Group will also approach

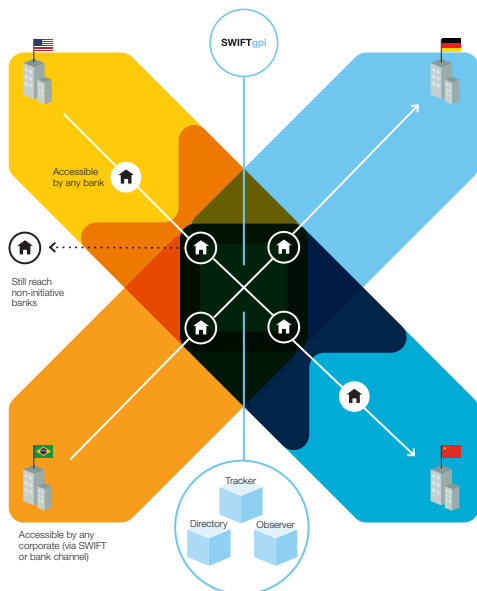
regional and local banks in Europe in order to provide them with indirect access to gpi through UniCredit. This will go step by step; the bank first plans to roll out gpi capabilities to its subsidiaries – using this as learning experience before extending its offer for other banks.

The future

UniCredit is already eyeing the release of the gpi Stop and Recall Payment service in late 2017 (see box below). “When a client wants to cancel a payment, it is always urgent,” says Derras. “Yet a cross-border payment is a complex process, with instructions travelling along a chain of correspondent banks. The new service will enable UniCredit to stop and recall the payment instantly, wherever it is on the network.”

The Group is also looking forward to leveraging the capabilities of the gpi Rich Payment Data Transfer service when it is launched in 2018. “Offering our clients the ability to transfer digital remittance documents along with the payment instructions will be powerful. All in all, the initiative is going extremely fast, it’s a fantastic adventure.”

SWIFT gpi: The Concept



SWIFT gpi Phase 2: The digital transformation of cross-border payments

In parallel with the roll-out of the first phase of SWIFT gpi, SWIFT is designing additional payment services that will digitally transform cross-border payments, by allowing banks to offer their clients:

- A Rich Payment Data Transfer service: Enabling corporates to transfer rich payment data along with their payments
- A Stop and Recall Payment service: Allowing erroneous payments to be stopped immediately, no matter where they are in the correspondent banking chain
- An International Payment Assistant service: Helping corporates ensure they initiate error-free cross-border payment instructions