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**Lisa O'Connor**  
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# SWIFT banks on gpi and blockchain in APAC expansion as it trials DLT in Singapore

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**D**ubbed as one of the world's fastest growing regions, Asia Pacific definitely falls under Swift's top priorities, according to **Lisa O'Connor**, SWIFT's Asia Pacific head of standards. In an exclusive interview with *Asian Banking & Finance*, O'Connor shares SWIFT's steps moving forward, including a pilot of the gpi for Corporates (g4C), and SWIFT's migration to ISO 20022 by 2021.

## What are the major challenges in transaction banking and what has SWIFT done in order to resolve this?

SWIFT helps our banking customers transact securely and reliably, comply with regulations, improve operational efficiency, and innovate at scale to serve their customers better. Today, we serve a community of 11,000 customers in over 200 countries and territories.

The SWIFT board has announced all cross-border payments on SWIFT would be migrating to ISO 20022 beginning in 2021. This means transactions will be managed using a single standard from end-to-end, with no translation needed between the domestic and cross-border legs.

Transaction banking has longer suffered from inefficiencies along the payment processing chain. This is no longer the case as SWIFT gpi drastically changed correspondent banking by making payments fast, transparent and fully trackable.

We are currently running a gpi for Corporates (g4C) pilot that lets banks and corporates like Sumitomo Mitsui Banking Corporation, Standard Chartered Bank and Ping An Group collaborate on a solution that is tailored to answer specific corporate treasury needs.

This will be launched in mid-2019 to the SWIFT corporate community.

## How important is Asia for SWIFT and what role will you continue to play in Asia's financial industry?

We are working very closely with financial institutions in the region. These include our instant cross-border payments trial with countries such as Australia, China, Singapore, Thailand and Hong Kong, our current PoC on proxy e-voting in Singapore, the Australian New Payments Platform that SWIFT designed, built and operates, and our local presence in India with SWIFT India, a joint venture of SWIFT and 11 banks

We announced a memorandum was signed with the Beijing municipal government to set up a wholly-owned subsidiary in Beijing. Under this new venture, SWIFT will offer localised services in China and accept the yuan as a settlement currency.

At the same time, SWIFT signed a letter of intent with China's Cross-Border Inter-Bank Payments System (CIPS) to deepen cooperation in cross-border payment services and support RMB internationalisation.

## Can you tell us more about your latest proof of concept using blockchain for e-voting? What are the pain points that this solution hopes to ease?

SWIFT launched a DLT e-Voting proof-of-concept (PoC) in March this year. SWIFT is jointly conducting the PoC in the Asia Pacific region, with leading securities software provider SLIB and the Singapore Exchange (SGX), along with Deutsche Bank, DBS, HSBC and Standard Chartered Bank.

The objectives of this PoC are to explore a voting solution where information is saved on the ledger, and to support a pre-voting and voting process (including proxy-voting) with issuers, issuer agents, shareholders, financial intermediaries and CSDs connected to the e-voting solution. The PoC also aims to confirm the use of ISO 20022 as the foundation for standardising for APIs that expose DLT node contents to parties with direct access to the ledger.

SGX and the four banks will be accessing the SLIB-developed e-voting DLT-based solution that runs on the SWIFT DLT Sandbox. The banks will play the role as market participants casting votes directly or on behalf of their clients, whilst SGX will play the role as a central securities depository (CDS) and also as an issuer announcing general meetings.

For SWIFT, it is key for us to demonstrate the viability of a hybrid solution based on DLT and ISO 20022 financial messaging to foster interoperability and avoid market fragmentation. Given our extensive global experience, it was a natural fit for us to collaborate with SGX, SLIB and Deutsche Bank, HSBC, Standard Chartered and DBS in this PoC.

## What are the new trends in transaction banking in Asia?

Technology has been driving digital transformation in transaction banking. SWIFT gpi is probably one of the most important ones, having typically seen steady adoption across mainland China and the ASEAN region whilst we are looking forward to an increased uptake in the Indian subcontinent in the coming months.

As of today, about 45% of the 3,500+ banks on SWIFT gpi are from Asia Pacific. The service is already carrying over US\$300b a day in 145 currencies across more than 1,200 country corridors and on average 40% of SWIFT gpi payments are credited to end beneficiaries within five minutes, almost 100% within 24 hours.

We are seeing that banks are also leveraging technology such as AI, APIs and distributed ledger technology (DLT) to transform trade. In the banking space, we looked at how the technology could help solve liquidity issues due to nostro reconciliation. We are currently running a PoC in Singapore along with SLIB, SGC and four participating banks to see if DLT could solve issues in the e-voting space by bringing more transparency and efficiency.



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