



SWIFT & FinTech – an overview

AECSD conference

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SWIFT

Tbilisi, September 2016

Innotribe and the SWIFT Institute

650
Fintech
Startups



360
Universities



The SWIFT
Institute

230
Alumni

5000
People

28
Research
Papers

2500
People



FinTech – SWIFT involvement via Innotribe

STARTUPS APPLIED

A 43% annual growth since 2013

370

DIVERSITY



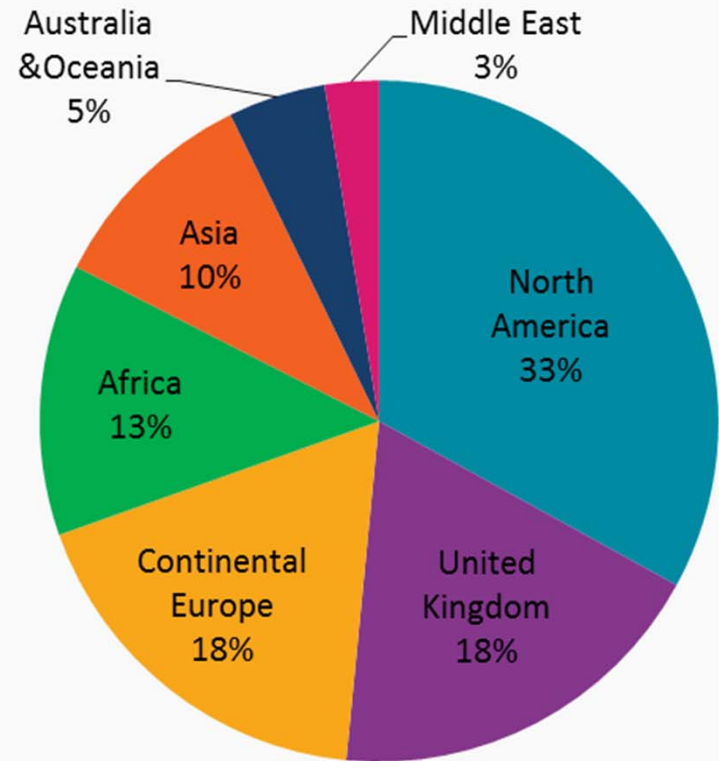
REGIONAL SHOWCASES



TOP 10 AREAS OF INNOVATION

- Lending
- Payments
- Big Data
- New Banks
- Corporate Business Services
- Investment Management
- e-Commerce
- Personal Management
- Financial Education
- Forex

APPLICATION BREAKDOWN





SWIFT position on DLTs

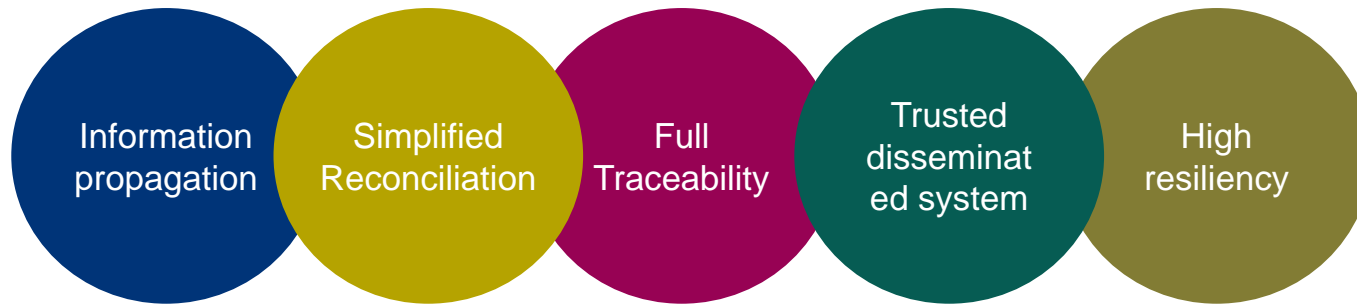
SWIFT's technology assessment

- Carried by SWIFT with the support of Accenture
- Demonstrated the potential of DLT and its key strengths
- Assessed existing DLTs against a set of key requirements needed for industry adoption
- Centred on operational matters and on inter-institution use cases



Key strengths of DLTs

- DLTs have the potential to bring new opportunities and efficiencies to the financial industry



Technology assessment of existing DLTs

- DLTs emerged from C2C market
- The financial industry has a different set of requirements to be widely adopted



Conclusions of the technology assessment

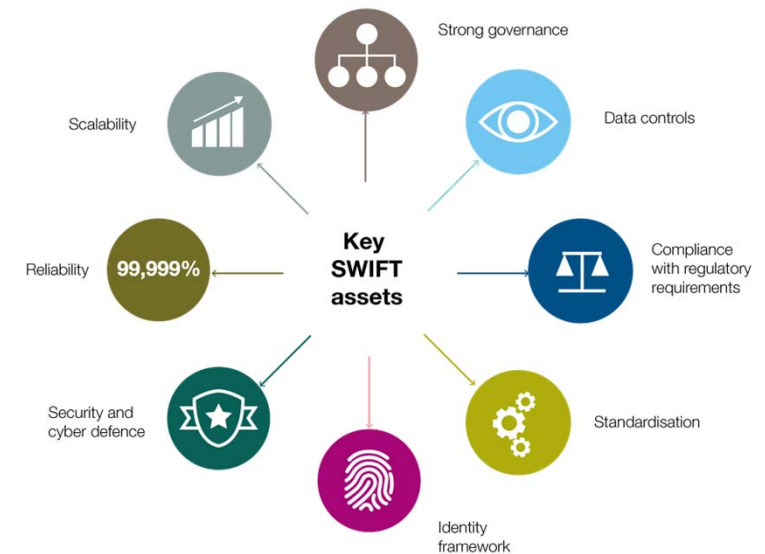
- Existing DLTs are currently not mature enough to fulfil the requirements identified
- There are promising developments in each of these requirements
- Significant extra R&D work is needed in all these domains before DLTs can be applied at the scale required by the financial industry

Maturity assessment



Distributed Ledger – SWIFT position

- SWIFT's focus is on building technical, operational and business capabilities with a view **to evolving our platform** such that DLT-based services could be offered to our 11,000+ members, **when the technology matures** and firm **business use cases emerge**.
- Drawing upon its long history of fostering industry **collaboration**, SWIFT will **leverage its unique set of capabilities** to deliver a distinctive DLT platform offer for the benefit of its community.



DLTs – SWIFT’s ongoing activities



A number of DLT-related PoC are ongoing in SWIFT labs covering the following topics:

- Plug SWIFT PKI and access control mechanisms to build a SWIFT permissioned ledger
- Build a SSI database for OTC markets
- Apply SWIFT standards expertise and ISO 20022 methodology to DLT context



The SWIFT Institute

The SWIFT Institute is to publish two academic research papers on DLTs in 2016; the first will focus on: “The Impact and Potential of Blockchain on the Securities Transaction Lifecycle”.



An industry challenge was organized in April 2016 to assess impact of a DLT solution on issuance and asset servicing with FinTech start up and SWIFT members.



DLT update – AECSD – Sept. 2016



SWIFT is engaging with its community to explore potential business use cases in payments (e.g. gpII vision group), Securities (e.g. ISSA blockchain working group) and Trade finance



The SWIFT Standards team is investigating DLTs to understand how existing messaging and reference data standards can be re-used in a DLT context.



SWIFT is both a Founding Member & Board Member of this open source project aimed at advancing DLTs.

Interested to know more?

SWIFT position paper can be downloaded on swift.com using the following [link](#).

28

media articles

1200+

social media mentions

1400+

downloads from SWIFT.com





Distributed Ledger Technology Bond Lifecycle PoC

Bond Lifecycle PoC

Scope

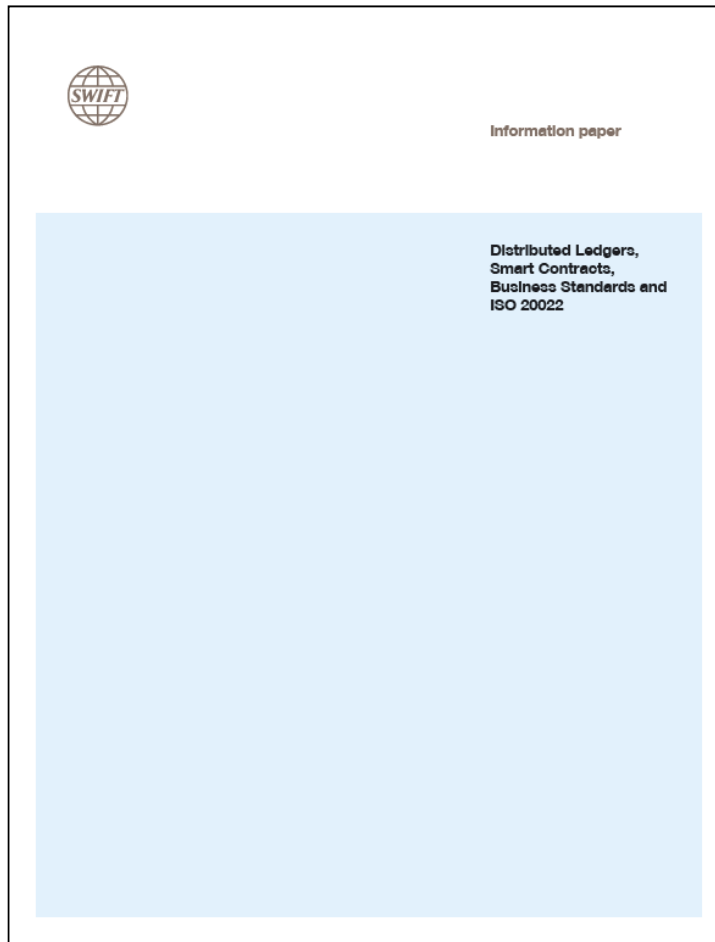
- Model the lifecycle of a fixed rate corporate bond on DLT using ISO20022
- Implement SWIFTNet features equivalent on DLT (CUG, PKI integration)

Objectives

1. Demonstrate how existing ISO20022 standards can be applied to DLT
2. Progress towards a SWIFT product offering around DLT by enhancing DLT with SWIFT value add to address key industry requirements



PoC results



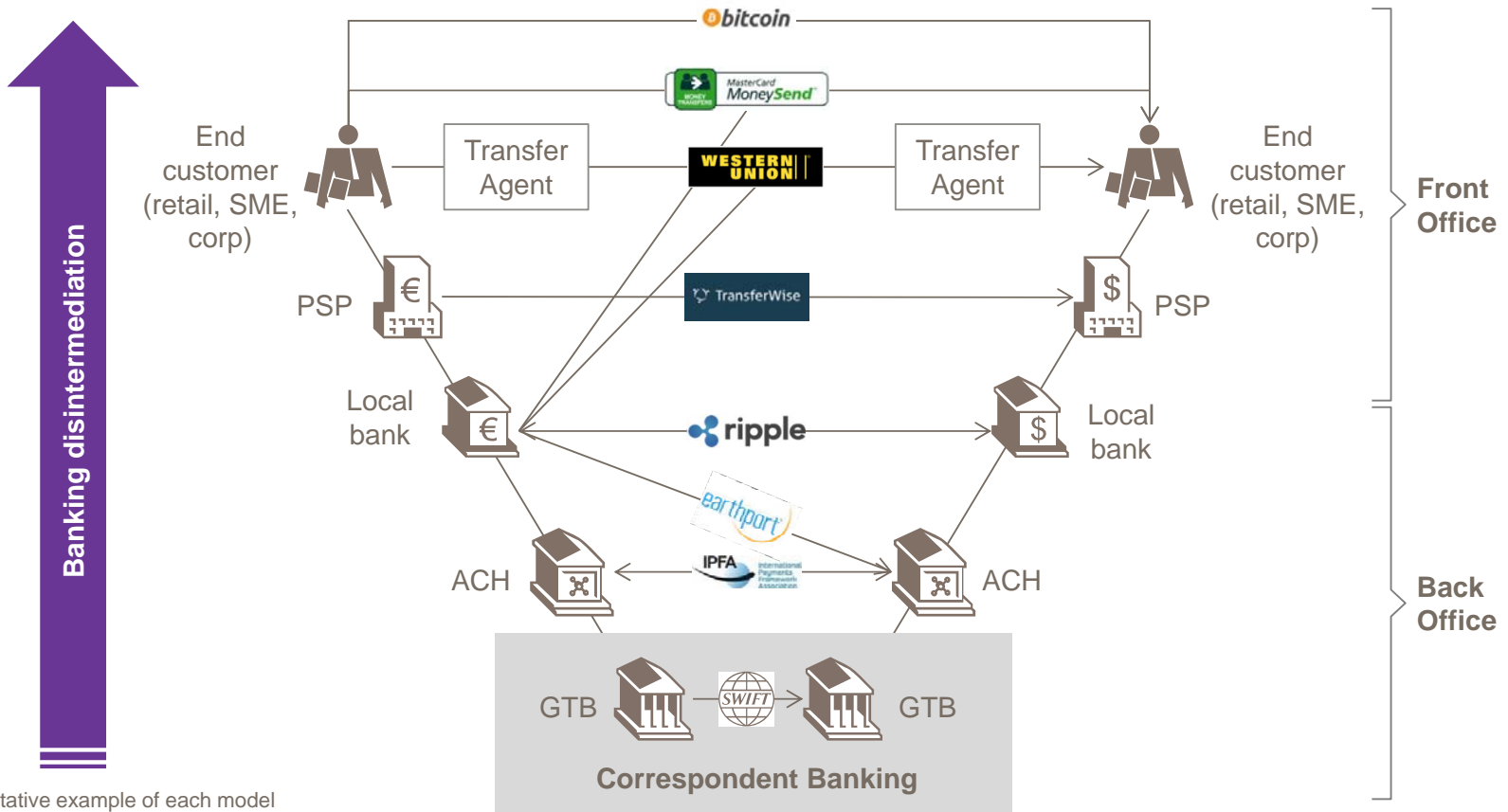
- **Information paper to be published in September 2016**
- **Demo will be available at SIBOS on SWIFTLab stand**
 - Monday 26 September 2016 10:10-10:40
 - Wednesday 28 September 2016 10:10-10:40





Global Payments Innovation Initiative

Context: bank disintermediation



* Icons are representative example of each model



Objective: deliver a better cross-border payment experience

“Before”

Traditional correspondent banking

1. Slow, can take multiple days
2. Expensive, multiple deducts
3. Secure and compliant
4. No transparency on cost and time
5. Convenient and ubiquitous
6. Open and inclusive (global reach)



“After”

The global payments innovation (gpi) initiative

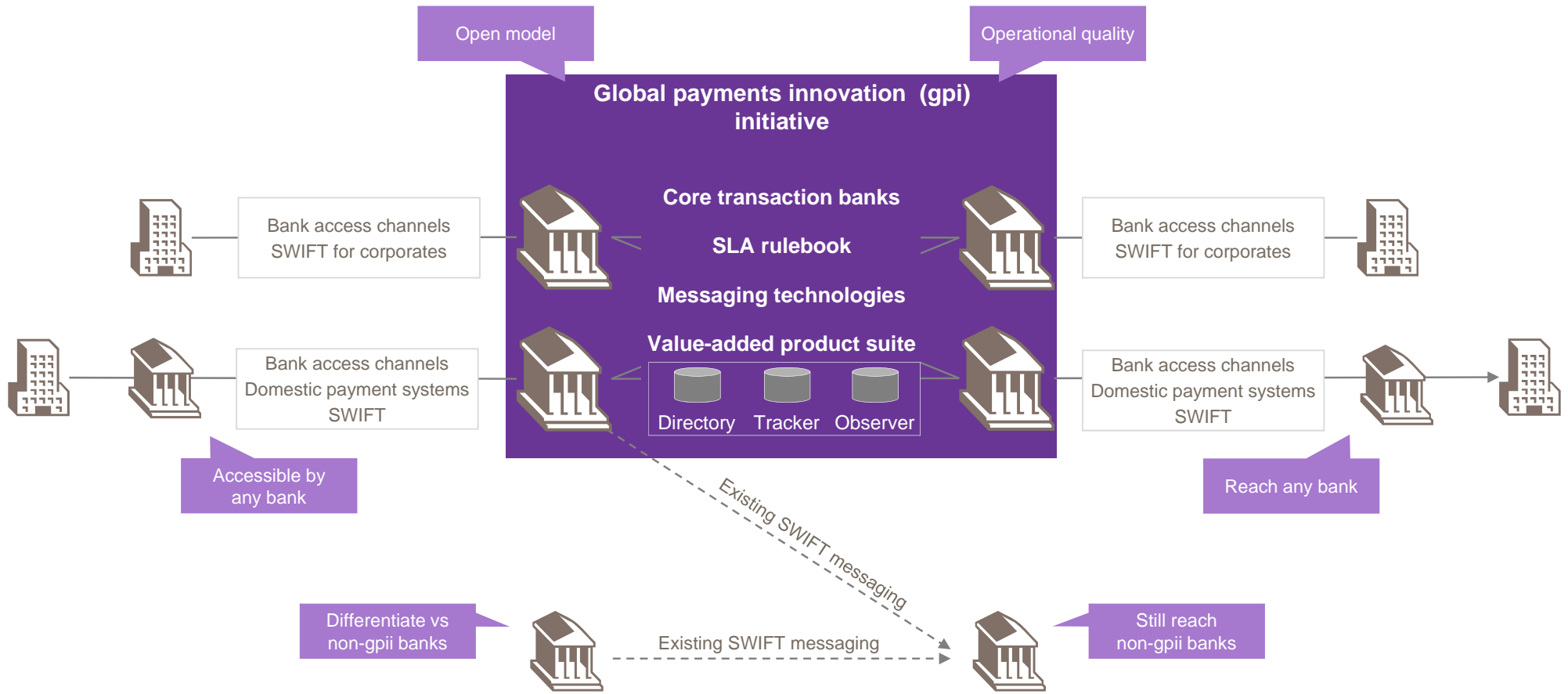
1. **Fast(er)** (start with “same day”)
2. Higher efficiency & less intermediaries
3. **Secure and compliant**
4. **Transparency, end-to-end tracking**
5. Convenient and ubiquitous
6. **Open and inclusive (global reach)**

Objective is to first fix these key pain points

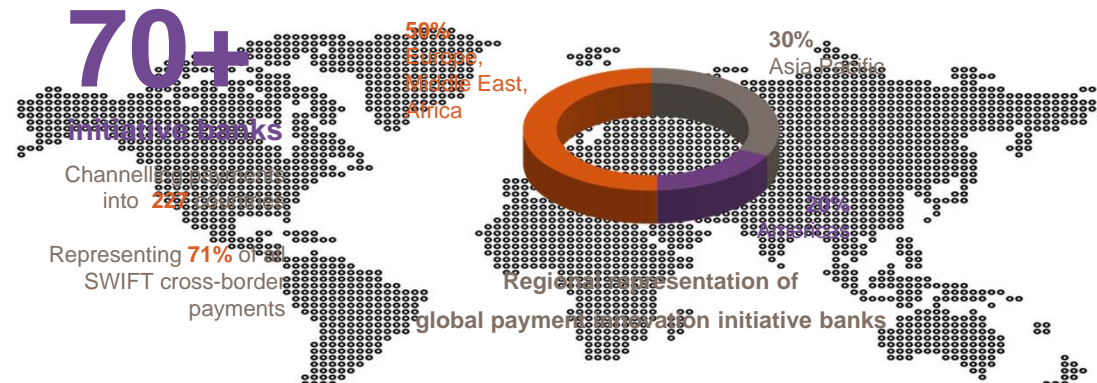
Note regarding prices: it will be at the discretion of each gpi member to decide the pricing strategy vis-à-vis its customers, including other financial institutions



Concept



Initiative banks



- | | | | |
|----------------------------------------|------------------------------------|-----------------------------------|------------------------------------------|
| 1. ABN AMRO Bank | 21. Citibank* | 41. Intesa Sanpaolo* | 61. Royal Bank of Canada* |
| 2. Alfa-Bank | 22. Commerzbank | 42. Investec | 62. Royal Bank of Scotland |
| 3. ANZ* | 23. Commonwealth Bank of Australia | 43. Itaù Unibanco | 63. Sberbank |
| 4. Axis Bank | 24. Crédit Agricole | 44. JPMorgan Chase Bank* | 64. Siam Commercial Bank |
| 5. Banco de Crédito del Peru | 25. Credit Mutuel – CIC | 45. Kasikornbank | 65. Skandinaviska Enskilda Banken |
| 6. Banco do Brasil | 26. Credit Suisse | 46. KBC Bank | 66. Société Générale |
| 7. Banco Santander | 27. CTBC Bank | 47. KEB Hana Bank | 67. Standard Bank of South Africa |
| 8. Bangkok Bank | 28. Danske Bank* | 48. Lloyds Bank | 68. Standard Chartered Bank* |
| 9. Bank of America Merrill Lynch* | 29. DBS Bank* | 49. Mashreq Bank | 69. Sumitomo Mitsui Banking Corporation* |
| 10. Bank of China* | 30. Deutsche Bank | 50. Maybank | 70. Swedbank |
| 11. Bank of Nova Scotia | 31. E.Sun Commercial Bank | 51. Mizuho Bank* | 71. Tadhamon International Islamic Bank |
| 12. Bank of the Philippine Islands | 32. Ecobank | 52. National Australia Bank | 72. TMB Bank |
| 13. Bank of Tokyo-Mitsubishi UFJ* | 33. Erste | 53. Natixis | 73. Toronto-Dominion Bank |
| 14. Banque Européenne d'Investissement | 34. Fifth Third Bank | 54. Nordea Bank* | 74. U.S. Bank |
| 15. Barclays* | 35. FirstRand Bank | 55. OCBC | 75. UBS |
| 16. BBVA | 36. Handelsbanken | 56. PKO Bank Polski | 76. UniCredit* |
| 17. BNP Paribas* | 37. HSBC Bank | 57. Promsvyazbank | 77. United Overseas Bank |
| 18. BNY Mellon* | 38. ICBC* | 58. Rabobank | 78. Wells Fargo* |
| 19. CaixaBank | 39. ICICI Bank | 59. Raiffeisen Bank International | |
| 20. CIBC | 40. ING Bank* | 60. Resona Bank | |

(*) Pilot bank





www.swift.com