



CBI 2013
Innovation in the transactional market:
IPFA - The global payments network
Status on the standardization activities

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Rome – Palazzo Altieri – 21 November 2013



Agenda

- **IPFA Vision & Mission**
- **IPFA Offering & Overlay Structure Model**
- **IPFA Governance & Geographical Distribution**
- **IPFA Rulebook Status & Currency Expansion**
- **Federal Reserve/Equens Program**
- **Broadening Scheme Reach**
- **Additional Products and Services**
- **Outlook 2014**
- **Benefits for our Members**



Vision

Worldwide acceptance of a payments framework, which facilitates interoperability between counterparties that enables more efficient cross-border payments processing



Mission

- To promote the acceptance and use of the global operating framework for cross-border payments developed by the IPFA. This will be achieved by
 - ▶ providing members with a framework, associated processing rules and technical documentation, which supports a highly standardized exchange of electronic messaging using international standards;
 - ▶ providing supplementary documented business models including settlement methods, which can be adapted for use in bi-lateral business arrangements, in regional economic payment models and for different payment types;
 - ▶ providing the originating and receiving financial organizations with the tools to facilitate adherence to global as well as jurisdictional regulatory requirements; and
 - ▶ a governance structure that ensures inclusive member engagement for the continued enhancement of the framework to meet evolving market requirements

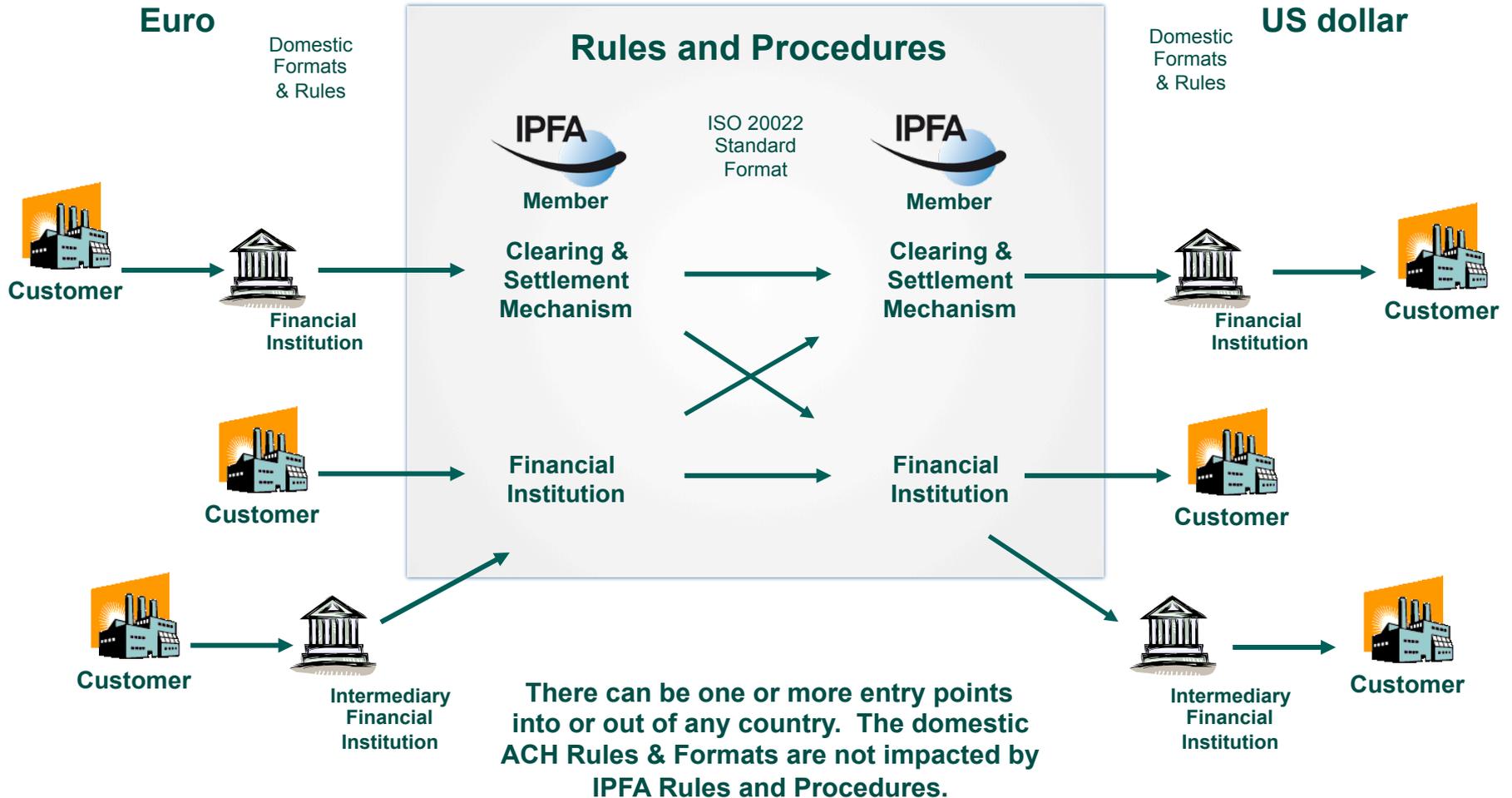


Offering

- The IPFA is an inclusive membership organization, comprised of all types of institutions in the payments value chain, that provides
 - ▶ rules, standards, operating procedures and guidelines to improve cross-border payments through a multilateral member service agreement;
 - ▶ technical documentation and payment format mappings to various currencies;
 - ▶ supplementary materials covering operating models, settlement processes, generic contracts, etc.;
 - ▶ transparency regarding pricing methodology and delivery timeframes;
 - ▶ Expertise to facilitate on-boarding and transacting;
and
 - ▶ a networking platform for exchanging information regarding practices and business opportunities



Overlay Structure Model





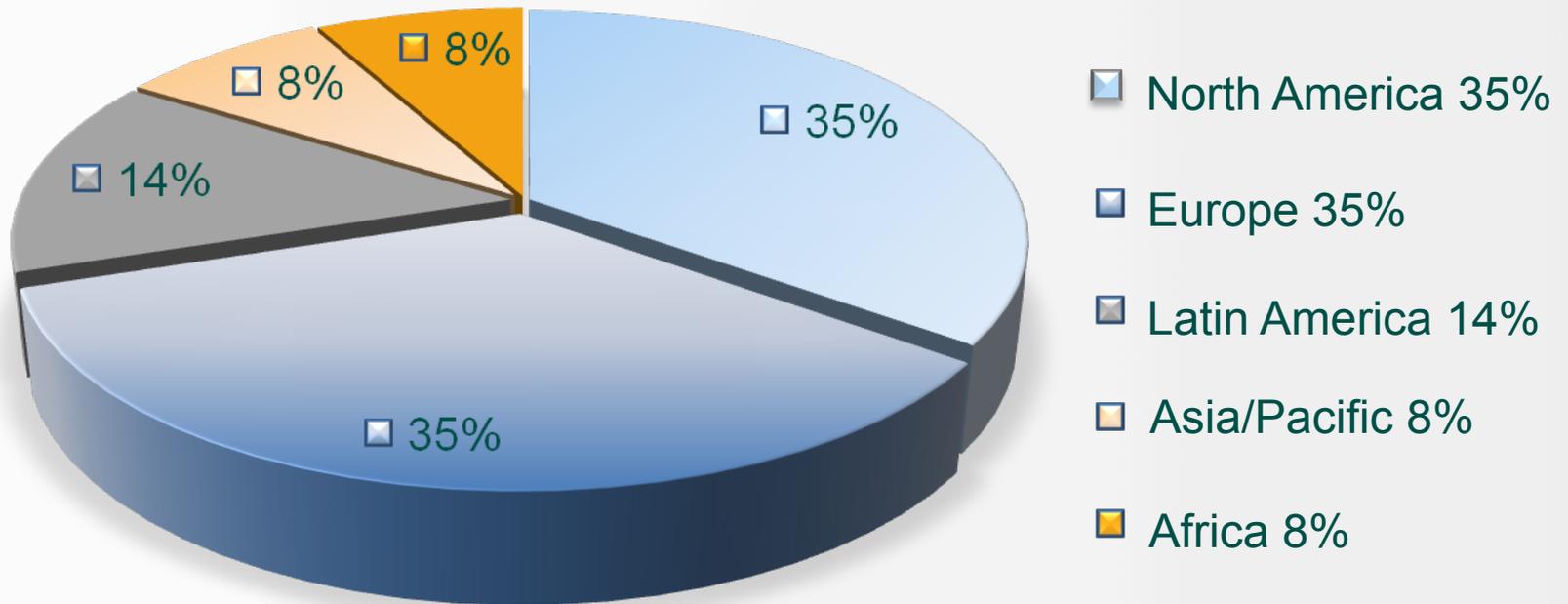
Governance

- International Payments Framework Association (IPFA) was established as a U.S. not-for-profit association in February` 10
- Two membership categories
 - ▶ Primary Member – financial institution or a clearing & settlement mechanism
 - ▶ Affiliate Member – an association that represents one or more FIs (but is not a FI) a standard-setting body, an industry vendor or a user of payment services
- Has a nine member Board of Directors
- Is run by a Chief Executive Officer
- Cooperates with Observers from international and national organizations / regulatory bodies



Geographical Distribution

Per September 2013 our Members & Observers are located in





Rulebook Status

- IPFA Credit Transfer Rule Book Version 2 - Completed
 - ▶ **Technical**
 - Mapping from IAT to ISO IPF formats vice versa completed and in usage
 - Mapping from SCT to ISO IPF formats vice versa completed and in usage
 - Mapping from the IPF to SWIFT MT 103+ formats vice versa completed and in usage
 - Technical Implementation guide has been completed and successfully used



Currency Expansion since 2010

- Members have also enabled British Sterling and Swiss Franc transactions
- The South African Rand, the Brazilian Real, the Australian Dollar and the Canadian Dollar have been mapped and documented for processing
- The Indian Rupee, the Singapore Dollar, the New Zealand Dollar and the Chinese RMB are on the "workbench"

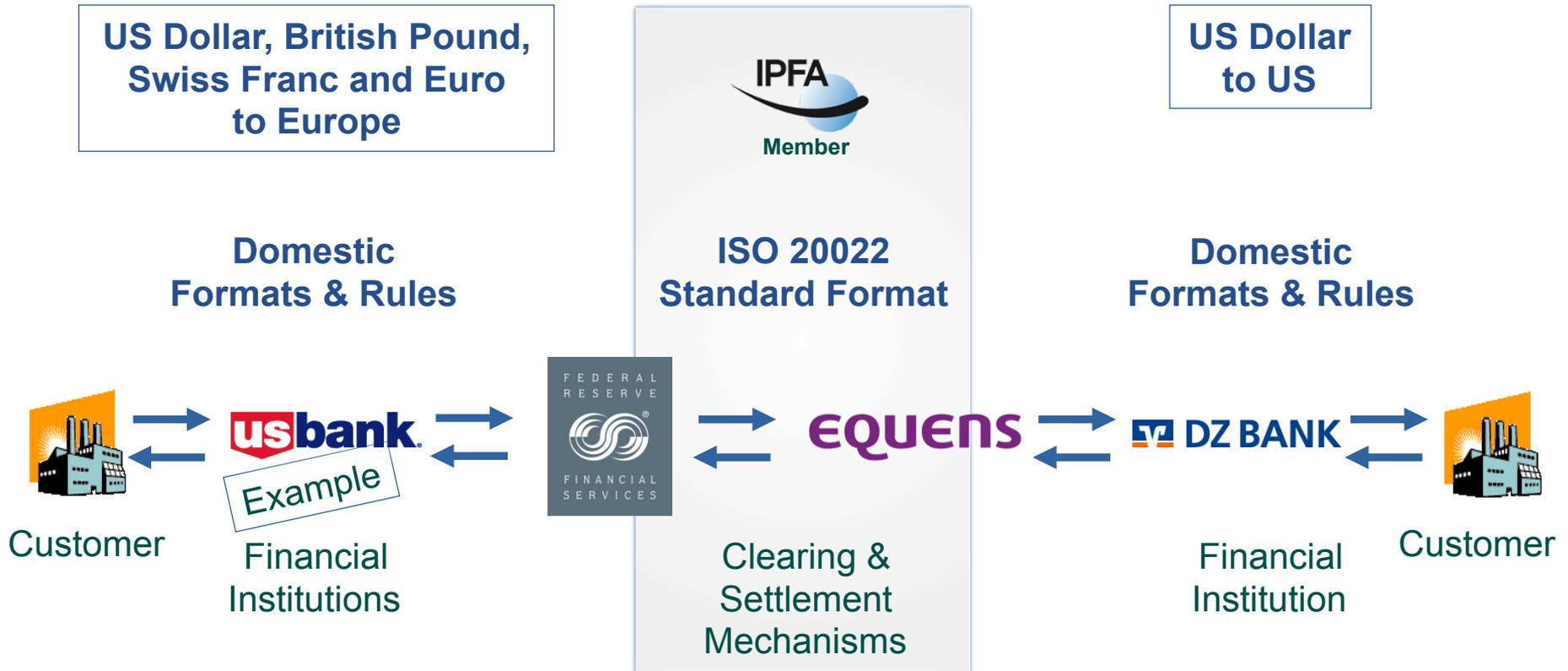


Federal Reserve/Equens Program

- Europe/U.S. transactions between the Federal Reserve and Equens have begun processing in October 2010
- Service supports bi-directional credit transactions in USD/EUR, USD/GBP and USD/CHF
- Transactions from Europe have access to accounts at all U.S. banks
- Transactions from the U.S. to Europe have access to accounts at all banks in most European countries

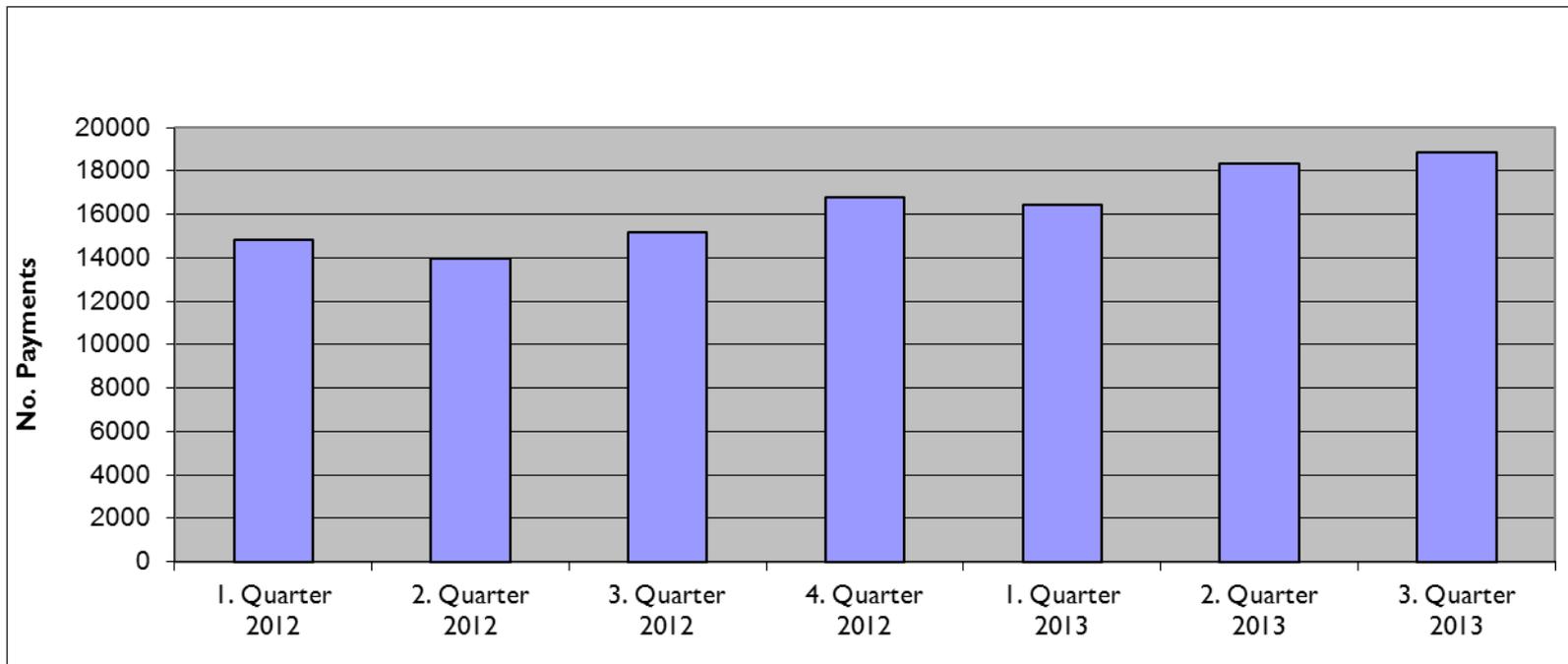


How it works, an example





Transaction Volumes





Advantages of this program

- **Major cost reduction:** due to straight through processing
- **Competitive service:** standardized, secure service with low transaction fees
- **No surprises:** no deduct, full amount is transferred
- **Clarity:** guaranteed delivery time of payments
- **Efficiency:** IPFA members operate directly



Broadening Scheme Reach

- The IPFA is working with the World Bank and other central bank observer members in order to broaden the scheme reach to address regional needs
- Rules and standards have be enhanced to cover deployment of the IPF in a regional context
- Also the envisaged schemes will be linked for widest possible reach



Additional Products and Services

- Completion of ISO message set
- Develop 'request for credit transfer' set of messages for use in the International Payments Framework
- Work with key organizations to enable streamlined end-to end processing from corporate to bank level
- Work with other key associations and organizations to ensure best practice in the areas of sanctions screening, AML, enquiries and investigations etc.



Outlook 2014

- Start of transaction exchange between Canada & Europe
- SADC starts to use IPF-Rulebook for low value transactions within southern African countries
- Start of transaction exchange between South Africa & EU
- Deployment of IPF-based transactions in Latin America
- Consultations in South East Asia and other parts of Africa
- Mapping of further currencies to the IPF-Standard
- Update of IPFA Rulebook to Version 3
- Presence at mayor payments events around the globe and last not least
- Attracting new members & observers



Some Benefits for Primary Members

- Simplification of back office processing for both receiving and sending banks
- Ability to archive global reach for member organizations
- Certainty of service
- Improved returns on investment by using ISO Standards
- Risk mitigation through enhanced certainty of service
- Improved liquidity management
- Facilitation of international compliance requirements through supporting inclusion of necessary information for payments review and screening



Some Benefits for Affiliate Members

- Opportunities to provide products and services to primary members to enable them to transact using the IPF framework
- Engagement in strategic dialogue to influence the rules and shape the organization to meet the requirements for the addressable markets
- Allow application providers, IT innovators, and others to create a platform to collaborate on providing credit push payment services supporting cross-border e-commerce
- Cooperate with interested associations/PSPs to develop solutions that lead to increased financial inclusion in emerging markets



Thank you for your attention

- For more information: www.ipf-a.org