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Editorial

A new era of openness

Corporates are enjoying increased visibility across their banking relationships as SWIFT augments message-based services with applications.

Advances in technology can improve our lives in many ways, but the greater access to information afforded by recent technological leaps has the power to be truly transformative. While consumers are increasingly using price comparison websites to buy everything from insurance to books to electricity, corporates are turning to SWIFT to provide them with greater visibility across their banking relationships.

Almost by definition, connecting to banks via SWIFT provides corporates with more accurate and timely information on their cash positions. But we are now extending that visibility in a number of ways. First, the SWIFT Bank Readiness Certification Programme is providing corporates with a country-by-country and product-by-product guide to their banks' capabilities on SWIFT. The fact that this information can be accessed from the SWIFT website adds to transparency and contributes to accelerate the availability of services. We're very pleased that 21 banks are already participating – but we're keen to add more because the wider the range of certified banks on SWIFT, the more compelling the case for corporate access.

Second, we are ramping up the scope of operations that corporates can execute on SWIFT. In response to increased volatility in the financial markets, we see more corporates using SWIFT to confirm FX operations, as well as a growing number of corporates using our matching application, Accord. In an exciting new initiative, we have enriched Accord which means we now have a securities matching facility for corporates to automate securities operations and further reduce operational risk in the area of short- or long-term investment activities. More banks are providing trade finance services over the SWIFT network too.

Finally, we are now witnessing a step change in the functionality offered to corporates across the SWIFT network with the availability of applications such as 3SKey, SWIFT's digital identity solution, and – from August – a pilot of our EBAM (electronic bank account management) Hub. As reflected in a case study on page 3 of this edition of Corporates on SWIFT, 3SKey is already experiencing wide levels of interest, with over 15,000 tokens distributed to banks, 20 participating banking groups and over 30 application providers having ordered the integration toolkits. The EBAM Hub will provide validation of messages between corporates on SWIFT and their banks, but will also offer non-SWIFT corporates online access to a central application that will allow them to consult the status of account details, such as the identity of mandate holders, and the average balance over the month. Such information was typically previously only collated by treasury staff on a manual basis. As noted at the top of this article, the power of technology is in its ability to give information and thereby control to its end-users.

Elie Lasker,
head of corporate market,
SWIFT

Ready for business

SWIFT's Bank Readiness Certification Programme allows corporates to compare the SWIFT offerings of their financial service providers.



Over 830 corporates are now using SWIFT as a single, secure, standardised platform to communicate with their financial services providers.

"While corporates will ultimately select their service providers based on an assessment of their capabilities in various transaction banking activities, there is an attraction to them of having one communication channel, one set of standards and one set of rules for communicating with all their banks," explains Bryan Kirkpatrick, vice president and senior product manager – SWIFT at BNY Mellon.

Nevertheless, a survey conducted by SWIFT in 2010 showed that corporates sometimes struggle to determine which banks offer which SWIFT capabilities. "When it comes to bank readiness to provide corporate access to SWIFT services, the landscape is fragmented so comparing service providers was a challenge," says Mahesh Narayan, director, transaction banking – group channel management at Standard Chartered Bank in Singapore.

As a result, SWIFT has worked with its Corporate Advisory Group (CAG) to create the Bank Readiness Certification Programme.



"The CAG provided the forum to agree where we could best meet the customer needs through collaboration and SWIFT helped make it happen," says Narayan.

The programme has a dual purpose: to help banks roll out their corporate services over SWIFT and to offer corporates a clear comparative view of the SWIFT-related offerings of their various banking partners.

"There is already a list available of all the banks that are corporate service providers through SCORE, but bank readiness certification goes a step further," says Kirkpatrick. "It delves into the specifics of what a bank offers beyond the mandatory criteria for membership of SCORE."

Banks that are 'ready' are listed on the SWIFT for Corporates website along with detailed information on the offering each certified bank provides. Through each bank listing, corporates have a comprehensive overview of the capabilities of individual banks in each market in which they operate.

Rapid take-up

The Bank Readiness Certification Programme was launched in January 2011 (www.swift.com/corporates/banks_certification.htm). Twenty-one banking groups have already been certified with several more in the pipeline. "The process is quite simple and does not involve significant additional work," says Henning Kløcker, chief consultant, liquidity management, Danske Bank. "It is essentially a request for information with yes/no answers."

The SWIFT Ready label, which banks can use in their marketing collateral, gives clients an independent assurance.

Mahesh Narayan, Standard Chartered Bank

Ready banks

- Bank of America Merrill Lynch
- Bank of Communications
- BBVA
- BNP Paribas
- BNY Mellon
- China Citic Bank
- Citibank
- Danske Bank
- Deutsche Bank
- Erste Bank
- HSBC
- ING Bank
- JPMorgan Chase
- Nordea Bank
- Raiffeisen Bank International
- Royal Bank of Canada
- Standard Chartered Bank
- The Royal Bank of Scotland
- UBS
- UniCredit
- Westpac Banking Corporation

Certification makes it easier for customers to get an overview of the different bank connectivity options across the globe, says Kløcker. "Customers using SWIFT connectivity are typically dealing with three or more banks around the world," he points out. "Instead of having to contact each individual bank, through the SWIFT website they can see the capabilities of each of their providers in the countries where they want to do business."

"The SWIFTReady label, which banks can use in their marketing collateral, gives clients an independent assurance," adds Narayan.

For Kløcker, there is the added advantage of being able to make information on new corporate services easily available to a wide range of existing and potential customers. "We would like to be one of the front-runners in the Nordic market," he says. "Take-up has been accelerating, but there is still huge potential for growth. The easier we can make it the better." ●

Streamlining treasury processes with 3SKey

Virbac is a global veterinarian pharmaceutical company with production sites in seven countries, research centres in five countries and 2,900 employees worldwide. Corporates on SWIFT spoke to Chérifa Hemadou, corporate treasurer at Virbac, about the company's decision to adopt 3SKey as the digital identity verification mechanism for communications with its various banks.

Benefits of using 3SKey:

- > Reduced complexity and cost by using single device and process
- > Interoperability with any bank
- > Can be used on multiple channels
- > Built on latest security and industry standards
- > Worldwide solution

Sibos in Amsterdam, which was really the trigger; I had heard that SWIFT would be offering a solution and I knew that SWIFT had a lot of experience with electronic transactions. I was told that the solution would be generic rather than proprietary, which was important. The solutions that the banks were offering were all for single institutions and we really need a multi-bank solution. Having to maintain different digital identity solutions for each banking relationship is a big impediment to efficient treasury management. If SWIFT hadn't provided 3SKey, I would have had to modify my internal controls to put new processes in place. I also got the feeling that banks were also waiting to see what SWIFT might offer in terms of a common solution.

What initially attracted you to 3SKey?

We are headquartered in France, but Virbac's business is worldwide. Like any global industrial firm, we have a lot of intra-company flows. There are therefore two drivers for adopting 3SKey: one French and one international. First, we had to replace ETEBAC 5, the French messaging protocol for corporate-to-bank communication, which is a very secure system that runs on France Telecom's X.25 network. That network is due to be dismantled next year, so we had to do something. The two choices for replacement are Ebics, the German TCP/IP protocol, and SWIFT.



Secondly, we use different banks in different parts of the world. For example, we use HSBC for much of Virbac's business in the Asia-Pacific region, including Australia and India. We currently sign these transactions with a token. We have a similar relationship with BNP Paribas in parts of Europe. We know that with 3SKey, we will in the future be able to have one global mechanism for digital identity verification rather than one for each bank. At the moment, I have a lot of different devices to sign all the wire transfers for the group. We'll be able to rationalise with 3SKey. In addition, from my personal point of view, a token-based USB-enabled key is much more convenient than stand-alone tokens. As a corporate treasurer, I often have to travel and I think it will be much easier to use a USB key with my PC when I'm on the road.

How did you come to the decision to adopt 3SKey?

I read a lot in the press about the challenges of digital identity verification. I then went to

How are you planning to roll out 3SKey within your organisation?

The first step is to introduce it in France. We implemented 3SKey with Société Générale and HSBC last February as an early adopter of the solution with the support of UTSI Group and are currently testing 3SKey with BNP Paribas, Crédit Agricole CIB and Crédit du Nord over SWIFT. I also expect to be able to use 3SKey with two of my banks that plan to use Ebics.

The second stage will be to roll it out across Europe and then globally. We're aiming for next year for Europe and, if implementation goes smoothly, I'll move ahead with the rest of the world. ●

Having to maintain different digital identity solutions for each banking relationship is a big impediment to efficient treasury management.

Chérifa Hemadou, Virbac

At the tipping point of global interoperability

Linda Haddad, global integration product manager, Bank of America Merrill Lynch, explains how the industry is working together to advance corporate STP.

Today, the quest for interoperability and straight-through processing (STP) has reached a tipping point.

Unprecedented collaboration amongst banks, corporations and technology vendors — with SWIFT acting in an advisory capacity based on its standards-setting expertise — has been a critical step on the evolutionary path.

The corporate community has long sought a way to enable STP — a fully automated dialogue amongst corporations and financial institutions on a broad range of activities. SWIFT corporate access, which leverages the SWIFT network as a channel for bank-to-corporate communication, coupled with XML format standards, has enabled this path to global interoperability. A confluence of factors is accelerating the pace of change and positioning SWIFT as a logical conduit.

A payments factory approach

Increasingly, corporations are establishing in-house payment factories to centralise payment activities, and in doing so, are creating an STP environment. Connectivity to multiple banks, with SWIFT providing the single channel, enables this approach. This consolidation of infrastructure increases operational efficiency and, in standardising and streamlining processes, strengthens controls that, in turn, help reduce risk. It also allows companies to focus contingency planning on a single communications channel and payments platform.

The value of immediacy

Additionally, companies are changing the way they talk about payments. Traditionally, payment channels have been categorised for wire and bulk payments as high value and low value, respectively. Today however, the terms urgent and non-urgent are used. This shift to time criticality phrases emphasises the timing of execution as a foremost concern. Beyond timing requirements, companies would also like their banks to handle the mechanics of routing payments via the most efficient payments system. And regardless of a payment's value, they are willing to pay more for immediacy.

Trailblazers enable market readiness

The next wave of SWIFT corporate adopters will be companies of any size that want to simplify bank connectivity across multiple

banking relationships without having to build or manage the technology infrastructure. These companies will benefit from the hard work of the first generation of corporations who struggled through much of the initial complexity associated with SWIFT corporate access adoption. By collaborating with banks and technology vendors and working through the practical deployment of the solution, their efforts have brought SWIFT corporate access to market readiness so the next wave should find adoption easier to achieve and less costly.

Spreading the word

Peer networking between trailblazers and among the wider corporate community of potential SWIFT users is also a driver of broad corporate adoption. Early adopters are sharing their experience — and the benefits of SWIFT access — by speaking at industry conferences, offering advice, publishing case studies and handing out their business cards. As a result, they are helping to raise visibility and create interest and excitement amongst other possible corporate users.

We've reached the tipping point. SWIFT access is gaining momentum as a solution for simplifying communication channels for corporates and their SWIFT-enabled banks. It is also converging with efforts to develop a universally-accepted global standard for messaging formats.

The potential for transformation is enormous. ●



The next wave of SWIFT corporate adopters will be companies of any size that want to simplify bank connectivity across multiple banking relationships without having to build or manage the technology infrastructure.

*Linda Haddad,
Bank of America
Merrill Lynch*

SWIFT certification boosts HSBC's advisory services

The SWIFT for Corporates Specialist certification differentiates HSBC's services, bringing greater confidence to its integration teams and its customers.



We need to invest in our own people, and to differentiate ourselves through our customer service – which is also all about people,”

says Charles Henry Dubarry, head of direct channels and integration, Global Transaction Banking, HSBC.

A determination to differentiate HSBC in a marketplace in which they could see a growing take-up of SWIFT for Corporates led Dubarry and his colleague Jason Dove, manager, client integration, payments and cash management at HSBC, to pilot the new 'Using SWIFT – Certification Programme' in Europe last year, specifically the SWIFT for Corporates Specialist certification.

HSBC has since put its client integration teams in the Americas, Asia-Pacific and the Middle East through the certification programme. According to Dubarry and Dove, the bank and, more importantly, its customers, are reaping significant benefits as a result.



Dove explains that, while his team's knowledge of how banks use SWIFT was very strong, its understanding of how corporates use SWIFT was less so. Having decided to “tap into SWIFT to stay ahead of the curve”, HSBC approached SWIFT with its requirements. SWIFT created a bespoke course to meet its needs, and the integration teams took examinations at the end to confirm they had reached the required standard of knowledge about SWIFT for Corporates. As a result, the Using SWIFT – Certification Programme was born [<http://www.swift.com/training/certification/index.page?>]. The first available certifications are SWIFT for Corporates Specialist and Alliance Access/Entry Operator. Others will follow.

According to Dove, the SWIFT trainer who worked with HSBC, Per Stahle, combined the right business and technical knowledge and kept pace with the demands of Dove's “passionate, detailed” team.

Since the certification has been completed, Dubarry and Dove report a marked increase in the functional knowledge of the integration teams, the confidence and satisfaction of corporate customers, and the appeal of its

Today, the client drives the solution in many ways. We have to be flexible.

Jason Dove, HSBC

SWIFT-based electronic banking services to potential clients. “Today, the client drives the solution in many ways,” Dove says. “We have to be flexible. If the client wants to talk to us about SWIFT, or a specific ERP system, we have to be able to respond. I see clients feeling they are receiving better service because we are better informed. I also see the power of this certification when our sales colleagues are talking to customers, and can say that a SWIFT-accredited consultant will handle their implementation.”

ERP accreditation model

Dubarry compares the SWIFT accreditation to the well-established and well-respected ERP accreditations many of HSBC's integration managers already held. “Most if not all of our integration managers are ERP-accredited already,” he says. “This has enabled us to help our customers get the most out of their ERP solutions when it comes to bank services. Applying the same approach to connectivity means we need to provide our customers with advice to optimise their chosen connectivity option.

“Our integration teams now have a seamless understanding of SWIFT and can help our customers optimise their SWIFT connectivity. And this is a key strength in our customer service approach.”

Dove says HSBC will explore other opportunities for SWIFT certification relating to new solutions the corporate customer base embraces. Regarding the existing certification, “we want to keep the momentum going”, Dubarry adds. “First, we will need to regularly renew the accreditation for our teams and bring up to speed new team members as they join. Secondly, we may need to extend the accreditation and the pre-accreditation training into new areas. The integration requirement for trade will increase sharply in the coming months and years, and we will need to increase our knowledge of this to the same level as our knowledge of cash management.”

“As our clients' requirements change, they are looking for partners who are on top of those changes. Implementing SWIFT certification has been an extremely valuable experience for us. The results have exceeded our expectations, and my only regret is that we didn't do it a few years earlier,” Dove notes. ●

Leverage SWIFT to optimise working capital management

Treasury consultancy Zanders shows how TSU and BPO are key tools for corporates under pressure to improve cash management.

Every business needs adequate liquidity to maintain its day-to-day operations. Following the credit crisis and with new stringent regulations under Basel III on their way, companies face many challenges as they try to optimise their working capital management. Credit has become more expensive to both banks and corporates, while the cash conversion cycle has slowed down significantly.

“Since 2008, the cash conversion cycle slowed down to levels not seen in the past decade, while credit spreads have considerably increased,” said Bas Rebel, executive consultant, Zanders, during a recent SWIFT-hosted webinar on working capital management. “These facts signal higher risk and funding cost for corporates. On the other hand, many corporates report increased liquidity, mainly as a result of lower turnover.”

The ‘Zanders 2010 report on working capital management’ shows that the 4,127 companies under review could together have released EUR 93.3 billion additional liquidity,



Both banks and corporates can leverage their investment in SWIFT connectivity and benefit from SWIFT’s network reach and product building blocks.

*David Hennah,
SWIFT*

had their cash conversion cycle not slowed down with 2.4 days worth of sales.

Counterbalancing the impact of Basel III in terms of cost and availability of credit, banks and their clients should collaborate and innovate to improve processes and supply chain financing across their industry verticals, Rebel suggested.

“Companies need to manage working capital more efficiently and unlock cash from inefficient cross-functional processes,” he said. “Since working capital and cash management is an information management issue that requires a network solution, SWIFT in its role as Registration Authority for ISO 20022 and as provider of a highly secure network is in a unique position to help both

banks and corporates improve their cash management, liquidity and working capital.”

Hosting the webinar, David Hennah, product manager, trade & supply chain solutions at SWIFT, said that to achieve this innovation in supply chain optimisation, “Both banks and corporates can leverage their investment in SWIFT connectivity and benefit from SWIFT’s network reach and product building blocks as developed and piloted in the past few years”.

Hennah presented SWIFT innovations in the area of trade and supply chain, such as the Trade Services Utility (TSU) and the bank payment obligation (BPO). “The TSU is a SWIFT service using SWIFTNet messaging and XML standards to access a central data matching and workflow engine to support banks’ supply chain services,” he said. BPOs provide a bank guarantee of payment, which the beneficiary bank can rely upon in extending financing to an exporter of goods or services. The guarantee is subject to the presentation of compliant data, currently presented via the TSU.

Both these facilities are already used by banks predominantly for supply chain financing of international open account trading. They can be leveraged by corporates to help unlock cash from within inefficient processes in order to optimise working capital management.

These instruments could also be used, for example, for improving efficiency of factoring and reverse factoring schemes in terms of cost and transparency.

The webinar concluded with a panel discussion and audience Q&A session moderated by Ben Poole, chief editor for gtnews. Watch the recorded event at http://www.swift.com/corporates/news/120411_webinar_optimising_working_capital.html to find out more about working capital challenges facing banks and corporates – and how SWIFT can help. ●

SWIFT...is in a unique position to help both banks and corporates improve their cash management, liquidity and working capital.

Bas Rebel, Zanders

SWIFT BICPlusIBAN Directory helps corporates get SEPA-ready

Packaged for corporates, the directory enables validation and set-up of new codes in time for the SEPA deadline.



At the end of 2012, it will become mandatory under SEPA to use IBANs and BICs to identify the parties to a payments transaction.

Corporates still using old-style account numbers in their payments messages must have migrated to the new codes by that time.

This means that, in very short order, corporates need to validate the IBANs and BICs of their customers and suppliers – some may have millions of these – and build a repository of financial institution information in their CRM/ERP systems. They will then need to maintain this data on an ongoing basis, validating the account information of new customers as they come on board and applying any changes that arise to existing IBANs and BICs.

SWIFT's BICPlusIBAN Directory packaged for corporate use can help. This tool enables corporates to validate the bank code in any IBAN, validate the existence of a BIC and the SEPA-specific correspondence between a BIC and an IBAN, and build a list of financial institutions in a CRM/ERP system.

[This] is the first in a series of initiatives in which SWIFT will provide reference data solutions targeted to address the pain points of corporates.

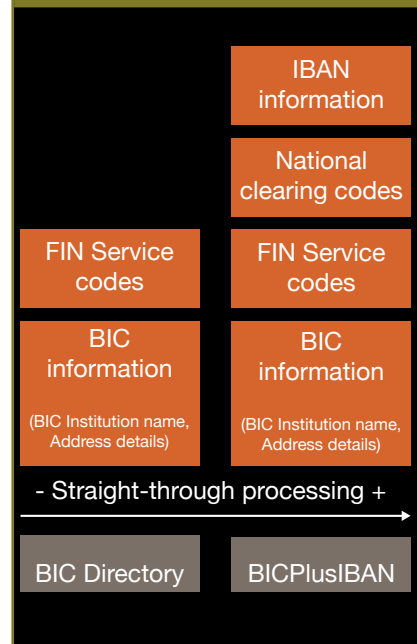
Patrik Neutjens, SWIFT

The downloadable software, the BIC Enquiry Tool, which comes free with the directory, enables corporates to validate the IBAN checksum, structure and correspondence to the BIC in an interactive way.

The version of the directory aimed at corporates is priced to reflect their specific usage; that is, to meet their need to validate IBANs and BICs at configuration time only rather than for each individual payment transaction, as a bank would do. Typically corporate users will only require the SEPA data within the directory, about a third of the total information it comprises.

"As we build out our reference data solutions, we are identifying more and more opportunities to support our corporate customers in this area," says Patrik Neutjens, head of reference data at SWIFT. "The tailored pricing of our BICPlusIBAN Directory to meet the specific requirements of corporates under SEPA is the first in a series of initiatives in which SWIFT will

Comparison of BIC Directory and BICPlusIBAN Directories



provide reference data solutions targeted to address the pain points of corporates as they seek to improve the operational efficiency of their payments processes."

For more information on the BICPlusIBAN Directory, including pricing, check out the website (http://www.swift.com/products/bicplusiban_directory), and watch this space for further details of SWIFT's forthcoming reference data solutions for corporates. ●

| Reference data distribution channels | | | | | | |
|--|--------|----------|---------|--------------|-------|--------|
| Distribution channel | Online | Download | FileAct | Web services | Paper | Report |
| BIC | ● | ● | ● | ● | ● | |
| BICPlusIBAN | ● | ● | ● | ● | | |
| Currencies, countries, holidays | ● | ● | | | ● | |
| EURO1/STEP1 | ● | ● | ● | | | |
| Online directories | ● | | | | | |
| SEPA routing | ● | ● | ● | | | |
| SSI directory | | ● | ● | | | |
| SSI diagnostics | | | | | | ● |
| SWIFTNet services | ● | | | | | |
| Workers' remittances | | ● | ● | | | |

Collaborating for success

Sibos Forum for Corporates will take place in Toronto from 20-21 September. Register today!

This year's Forum for Corporates, entitled 'Collaborating for success; harnessing end-to-end efficiency in cash and trade processing' will take place on Tuesday 20 September and Wednesday 21 September at Sibos in Toronto, Canada.

The Forum for Corporates is an unrivalled environment in which to network with your peers and meet and influence all your bank providers. You will be able to explore the latest offerings from your key technology suppliers and participate in discussions about the key questions your business needs to answer in this challenging but exciting marketplace.

How well are the banks meeting your needs? What solutions are out there to help you streamline your cash and trade processing? What are the key challenges you face and do you see solutions coming down the line to address them? These and many other questions will be explored during

the conference sessions within the Forum for Corporates, giving you a unique opportunity to hear from and question your peers and senior representatives of your banks about their views on the key issues shaping our environment today.

Strategic debates will be complemented by a programme of sessions exploring in detail the solutions and approaches you can exploit to improve your operational efficiency and optimise your working capital management – solutions provided by SWIFT, by your banks and vendor partners and through industry-level collaboration.

The Sibos 2011 Forum for Corporate themes will include:

- Working capital management and liquidity optimisation
- E-invoicing
- Electronic Bank Account Management
- Personal digital identity
- Risk management
- Trade and supply chain automation

As well as networking with your peers, you will be able to meet with all your bank providers alongside a vast array of key providers of technology to your business. The Corporates Lounge provides you with a specially created area in which to take time out from the Sibos buzz to interact one-to-one with your key contacts – maximising the value of Sibos by giving you the opportunity to do real business with all the people you need to see in one place at one time.

In the wake of the financial crisis, the need to ensure your interactions with your banks are efficient, risk-free and cost-effective is greater than ever before. You need to manage currency risk efficiently, optimise your working capital and attain operational excellence in your treasury, cash management and trade processes. You need your banks to step up to the mark and provide open, flexible, standards-based solutions to help you achieve the end-to-end efficiency you require.

Attending the Sibos Forum for Corporates will give you a valuable opportunity to meet and work with your banks to help you achieve these goals. ●

For more details and information about how to register, contact us on corporate.forum@swift.com. Download the Forum for Corporates programme at www.sibos/corporates_forum.page

| DATE DAY | ORGANISER | EVENT TITLE (& URL if available) | CITY |
|-----------------|-------------|--|---------|
| 19-23 September | SWIFT | Sibos | Toronto |
| 12-14 October | EuroFinance | International Cash and Treasury Management | Rome |
| 9 November | ACT | ACT Annual Dinner | London |
| 6-9 November | AFP | AFP Annual Conference | Boston |
| 15-16 November | EuroFinance | Cash, Treasury & Risk Management in India | Mumbai |