

Corporates

on SWIFT



THE VALUE OF SWIFT TO CORPORATES

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Expanding options for corporates and banks

Welcome to the latest edition of *Corporates on SWIFT*. The big news since our last edition is that, in June, the SWIFT AGM voted unanimously to extend the eligibility criteria for the SCORE programme.

Any corporate can now join SWIFT, provided it is recommended by a bank located in a FATF (Financial Action Task Force) country that is willing to exchange messages with it. (More information on the technicalities of this can be found on page 7.)

The new criteria provide exciting opportunities for banks and corporates alike. By voting to extend access beyond those corporates actually listed on an exchange in a FATF country, our member banks are now able to bring greater choice to their corporate customers in how best to access the SWIFT network.

Interest in SWIFT as the ideal communications framework for corporate-to-bank messaging continues to grow. The financial crisis has proved to be an important driver. In times of uncertainty, corporates are looking for maximum visibility on their global cash positions. At the same time, Alliance Lite provides lower-volume users with a means of rapid access to the network and to the key cash management information services offered by their banks such as statements of account. The experience of one such user, CPR in France, which handles pension and health benefit administration for SNCF employees, is outlined on page 4.

While we are excited about these new opportunities, we will continue to support the existing range of access mechanisms that corporates and banks have established. We expect most corporates that are not yet users of SWIFT to opt for SCORE when they do sign up, but frameworks such as member administered closed user groups (MACUGs) will receive



Elie Lasker, head of corporate market, SWIFT

all the support necessary to their users. No one will be compelled to change their agreed approach.

On the standards front, we have now completed the implementation of the pilot on the use of XML messages for payments reporting. We have already created an implementation guide for the ISO payment initiation standard for bulk payments. Now with reporting covered as well, we have a complete set of messages to cater for cash management in ISO.

The SWIFT Board of Directors also approved a project to move ahead with digital signatures. SWIFT will provide a

solution to allow corporate representatives to sign messages at individual level, allowing banks to use the solution on their internet channels.

Sibos

Once again, the Sibos week will feature a dedicated two-day forum on SWIFT for Corporates, designed for treasury and cash management professionals from corporations and banks. We have nine banks sponsoring the event, which brings banks and corporates together to meet their peers and compare notes. Beyond connectivity and standards, the forum will explore other topics of broad interest such as the challenge of the financial crisis to corporate treasurers. An outline of the forum agenda can be found on page 8 and we encourage all readers who have not yet signed up to take advantage of the unparalleled opportunity that Sibos presents.

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CPR: why Alliance Lite?

When newly-independent French pension services provider CPR needed a new system for communicating with its banking partners, Alliance Lite was only one of five possible options.



In May 2007, the management of insurance and pension services for personnel of the SNCF, the French national rail network, was vested in an autonomous company, CPR SNCF (Caisse de Prévoyance et de Retraite du Personnel de la SNCF), now known as CPR.

Under French legislation, the new entity was obliged to create its own autonomous treasury, independent of the SNCF itself. With this responsibility came the opportunity to revisit the way the treasury communicated with its banks, explained Claire Bigot, director of finance, CPR.

The company is responsible for over 300,000 beneficiaries of pension payments and more than 600,000 beneficiaries of health and contingency insurance schemes. It dispenses over EUR 5 billion a year on the former and over EUR 2 billion on the latter.

CPR maintains 20 bank accounts with five banks. In preparing for its new status, it needed to equip itself with an up-to-date communications system fit for the task. CPR looked in depth at five possible options, four of which were deemed to be inappropriate. ETEBAC, the protocol defined by the French Committee for Banking Standards was, for example, rejected over doubts about its longevity and the cost of installing the associated Transpac network. At the same time, SWIFTNet via a service bureau lacked the level of independence required, while full SWIFTNet access was felt to be too costly and the installation and maintenance options overly complex for the level of traffic involved. These concerns pointed inevitably to Alliance Lite, a connectivity product that supports the manual entry and display of messages through a standard internet browser, as well as

integration with business applications through AutoClient, a lightweight piece of integration software provided by SWIFT.

“Alliance Lite offered an optimal level of security for the current framework of file exchanges between CPR and its banking partners with rapid and simple implementation,” says Bigot. Installation took little more than two days with a further three to test the connection. It also allowed for simplified and standardised contractual arrangements with each of the banks. The system also allows the company to manage any additional banking relationships without further installation engineering being required.

With the issue of file size addressed in April in Release 1.1, Bigot would like to see enhancements in and management of the ‘envelope’ process as well as greater standardisation in the approach of the individual banks. She is nevertheless pleased with the choice made. “Installation is a one-off process allowing future relationships to leverage the connectivity established and to expand or contract as necessary. The support of banking partners and SWIFT has proved important to the success of the deployment. Further evolution in the product can only bring greater efficiencies to the benefit of all,” she says.

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Claire Bigot, director of finance, CPR

Driving change in uncertain times

Bradesco was established 66 years ago. It is one of the largest private banks in Brazil and also the largest insurance company in Latin America. It is listed on the São Paulo, New York and Madrid stock exchanges. Corporates on SWIFT asked Sérgio Saraiva, responsible for the commercialisation of products and services in the Global Cash Management Solutions department of Bradesco Bank, about the needs of corporate customers in the region.



Do the majority of your corporate customers have relationships with more than one bank?

Yes. In fact it is common for corporates in Latin America to have relationships with two or more banks. Usually corporates select a primary bank for cash management, another one for credit facilities or simply split the service among their multiple banking relationships. Moreover, multinational corporates evaluate local country and regional cash management banking partners on a regular basis.

Many corporates have chosen Bradesco as their primary bank for cash management services owing to our huge service network, technology platform and deep knowledge of the Brazilian market.

Is the demand for cross-border services stable or growing?

The demand for cross-border services is definitely growing in Latin America. A good example of this is the increasing

number of SWIFT messages exchanged in the region in the last few years. Although there are some regulatory restrictions on cross-border operations in Latin America, customers in the region are becoming increasingly global in outlook.

As far as your clients are concerned, what do you see as the most promising developments in cash management services?

In the last few years, corporates in Latin America have become increasingly regional or global. The demand for standardised solutions across the region is therefore increasing dramatically. In Brazil, for example, there are a number of initiatives to standardise the payments and receivables process such as DDA – Direct Debits & Authorised Bill Payment. This will convert more than two billion bank slips (boletos) and bills that are today sent to consumers and corporations through the mail into

standardised electronic transactions. Bradesco is one of the leading banks in this project.

Where can SWIFT help?

SWIFT has been a key driver for banks for many years. Last year, for example, Bradesco joined Connector, a banking alliance with 13 members and a network of over 35,000 branches, whose main objective is to support corporates in their global cash management needs. Connector enables accessibility and consistency through a common fulfilment model with shared service standards. Without SWIFTNet, it would not be possible to implement such an approach across a multinational alliance.

Beyond this, we believe SWIFT is playing an important role in helping multinational corporates handle the process of globalisation, providing them with direct access to new standardised products and services through a secure and reliable system infrastructure.

Ease the reconciliation of your receivables

A new ISO standard can help with tedious paperwork.

Matching incoming credits with invoices is, for

numerous companies, a lengthy, painful but necessary process. A few countries have successfully improved the automation of domestic trades by introducing a code. The recently approved ISO-11649 standard aims to lift this standardisation to a global scale.

What is it?

The ISO-11649 Structured Creditor Reference is a code that uniquely identifies the creditor's document(s). It has been developed to be simple (25 structured characters), easily recognisable (always starts with 'RF') and error-proof (includes a check digit). It can therefore easily be transported in existing message standards, nationally and internationally, with no – or minimal – changes required for clearing systems or banking applications.

How does it work?

You add an ISO-11649 Structured Creditor Reference to your invoice. Your customer needs to include only this reference in the payment instruction to its bank. The reference will then be transported through the banking chain, cross-border when necessary, and reported back to you as part of the credit entry on your account. It will allow you to automatically reconcile the credit entry with the invoice in your accounts receivable application.

Similarly, you may use the ISO-11649 Structured Creditor Reference for direct debit and other payment products.

More information?

The ISO-11649 standard contains all details. You may also join the Creditor Reference community on swiftcommunity.net, where early adopters are sharing their experience around adoption and implementation.

Introducing the SWIFTReady Consultancy label

SWIFT has completed its range of labels available in the corporate-to-bank space and recognises the important role played by management consultancy firms in advising corporate treasurers.

The SWIFTReady Consultancy label is now live and has been awarded to consultancy firms that have demonstrated and established a solid corporate treasury practice and successfully passed certification on the SWIFT for corporates offering.

From now on, corporate treasurers selecting certified consultants will have the guarantee that they are advised by knowledgeable consultants to help them increase their return on investment.

This programme also brings value to eligible consultancy firms: it positions them as thought leaders in the market and gives them an opportunity to cross-sell other services in their portfolio. Accenture, UTSIT and Zanders have been successfully certified since the inception of the programme two months ago. Others are in the process of being certified and will be added to the list in due course.

To learn more about this programme, please contact your local SWIFT representative or our Partner Management team at partner.management@swift.com.

Why we joined SWIFT

Two organisations explain how using SWIFT solutions supports their business objectives.

ClickandBuy

British firm ClickandBuy is one of the market leaders in internet billing systems. Its customers include such well-known brands as Apple, T-Online and Yamaha and its products are used by over 14,000 merchants worldwide.

The company was set up in 1999 as FIRSTGATE Internet AG and the ClickandBuy e-payment system was launched in 2000. Today, it counts more than 220 employees worldwide and processes some 1.8 million transactions per month.

ClickandBuy maintains relationships with 20 banks worldwide. Given that each bank has traditionally run its own application for communication with its corporate customers, this has been a rather cumbersome communications framework to manage. With a growth rate of around 100% a year, the company was seeking a single channel for its banking connectivity.

The firm is convinced that using SWIFT's single communication platform and security infrastructure will solve many of the issues it currently faces. One of its pain points, for example, is the need to maintain different security tokens and signatures with each bank. By replacing this multiplicity with a SWIFT BEI certificate, this issue will disappear. In addition, the company's STP rate suffers from the differences among the various proprietary communication systems it has been using. A standardised means of communication with all its banks should result in a significant improvement in STP.

ClickandBuy is planning to go live soon with the help of a service bureau and are convinced that use of SWIFT will result in significant overall cost savings while improving efficiency and reducing operational risk.

BRED Banque Populaire

BRED Banque Populaire is enhancing its 'SWIFT service bureau' offering that has already proved extremely successful with corporates in France, by offering SWIFT Alliance Lite.

This demonstrates the bank's confidence in SWIFT solutions for corporates and reinforces its strategy of offering more customised solutions to its customers. "Our engagement with SWIFT will allow our customers to benefit from a secure and simple solution at the best price," comments Quitterie de La Rochefordière, of the Innovation Directorate at BRED Banque Populaire. "Around 90,000 French corporates are impacted by the ETEBAC migration. It is our role to support them now by providing services customised to their bank management organisation and their business needs.

For André Casterman, director SWIFT France, "SWIFT is the only solution for replacing ETEBAC that is available now. The SWIFT solution for replacing ETEBAC is recommended by the Comité Français d'Organisation et de Normalisation Bancaires, for corporates that want to migrate to future standards. By offering Alliance Lite to their customers, BRED Banque Populaire is giving a strong signal to all corporate customers, whatever their size, that it is important to start the migration from ETEBAC to SWIFT now."

How can SWIFT help you?

Cash visibility, risk diversification, access to credit and cost savings is on every treasurer's mind in today's turbulent financial environment.



Multiple banks? Looking for ways to centralise collections and achieve greater automation through standardisation?

SWIFT for corporates enables

corporates to exchange financial information (payments, securities orders, reporting) with all their financial institutions through one highly secure, standardised communication platform, as opposed to multiple connections. SWIFT's internationally recognised standards help corporates reduce costs and risk, and increase efficiency through improved automation and liquidity management, leading to easier regulatory compliance.

Treasury peers tell the figures: 203%, 326%, 276%, 414% ROI... SWIFT for corporates is giving them significant return on investment and impacting the bottom line. Low cost and easy connectivity options such as Alliance Lite are taking the 'pain' out of SWIFT and make it accessible for corporates of all sizes.

Benefits

- Visibility of accounts at multiple banks
- Reduce costs and risk of financial transactions
- Improve auditing processes, ensuring easier compliance
- Increase straight-through processing
- Optimise cash and liquidity management
- Streamline operations
- Focus on continuity and security
- Global reach

Visit swift.com/corporates for more information about SWIFT and its portfolio.

Join the dialogue in the corporates community on www.swiftcommunity.net/corporates

SWIFT portfolio updates

New account reporting for corporates

The ISO 20022-compliant messages for bank-to-corporate account reporting are now available on SWIFTNet.

The standard enhances the existing account reporting capabilities of the service to allow corporate treasurers to receive more structured and detailed information about their accounts from their banks.

The new messages include reports for intraday activity, end-of-cycle statements and debit/credit notifications. The messages expand significantly on the capabilities of the previous FIN standard, allowing greater flexibility in the structure and timing of reporting, and richer, more detailed information to be conveyed. The reporting messages were designed to work in combination with the ISO 20022 payment initiation messages.

The new messages are supported by an implementation guide, which sets out in detail the correct use of the standard in the bank-to-corporate market.

The service was launched after an extensive pilot programme, involving nine banks and seven corporates.

The bank participants were: ABN AMRO/Royal Bank of Scotland, Bank of America, BNP-Paribas, Citi, Commerzbank, Deutsche Bank, HSBC, J.P. Morgan and Société Générale. The corporates were represented by: Arcelor-Mittal,

Danone, Dow Chemical, General Electric, IKEA, Microsoft and Würth. The pilot programme proved invaluable for fine-tuning the details of the service under commercial conditions and the success of the pilot was confirmed when several of the participants announced their intention to continue using the service after the pilot period.

Early feedback is encouraging. Pilot users have indicated that take-up of the new standard is likely to be faster than originally expected, driven by customer demand. Reasons for faster adoption are the improved standardisation, richer message content and XML technology that allows easy implementation.

Extended SCORE eligibility criteria

SWIFT has extended the eligibility criteria for corporates wishing to join SCORE, the Standardised Corporate Environment that enables corporates to use SWIFT's secure and reliable messaging platform to access the services provided by their financial institutions.

Previously, eligibility for SCORE required that corporates be listed on a regulated stock exchange of a Financial Action Task Force (FATF) member country or that they be majority-owned by an eligible company.

It was agreed at the SWIFT annual general meeting, held in June 2009,

to widen the criteria so that any corporate will be eligible to join SCORE provided that it is recommended by an existing SCORE bank located in a FATF member country. Recommending a corporate for SCORE simply means confirming a willingness to exchange traffic with that corporate over SWIFTNet.

Accessing SCORE is subject to availability of the Relationship Management Application (RMA). Practically this means that:

- For FIN, corporates eligible according to the new criteria will be allowed to join SCORE immediately as RMA for FIN is already available.
- For FileAct and InterAct, the new criteria will become applicable when RMA for FileAct and InterAct is commercially available. This is currently foreseen for the second half of 2010.

Are you ready to give up your MT 103s?

A reminder that the MT 103 and MT 950 message standards will be removed from SCORE as of 21 November 2009 (Previously announced in Issue 1 2009). Please ensure that your institution is ready for the switch. The MT migration guide is a helpful source for more information.

For further information please contact marc.gheyskens@swift.com

Sibos Forum for Corporates

Advancing critical dialogue between corporates and banks.

Sibos this year takes place in Hong Kong from 14-18 September.

The Sibos Forum for Corporates is a dedicated two-day programme during Sibos on 15 and 16 September, encompassing practical case studies and information exchange on the latest developments and challenges facing the corporate-to-bank space.

For senior finance professionals from corporations and financial institutions, the Sibos Forum for Corporates is a unique opportunity to network, learn about new opportunities to optimise cash and liquidity management and derive the most from your treasury operations.

The Forum is organised by SWIFT with the support of Bank of America, Barclays, BNP Paribas, Citi, HSBC, ICBC, J.P.Morgan, Société Générale and Standard Chartered, and in co-operation with the IACCT - International Association of CFOs and Corporate Treasurers (China) as the forum takes place in Hong Kong. We are also pleased to work in collaboration with gtnews, TMI and Treasury Today as media partners and EuroFinance.

Programme highlights

> Tuesday 15 September

8:15: Registration

9:00: Forum for corporates: Present & Future

Update on SWIFT for Corporates and future developments.

11:00: Demystifying SWIFT: Why, how, when

This session is for corporates: can SWIFT address my objectives, is there a compelling case, did connecting to SWIFT become "cheap and simple", can I fit this into my project plan? Come and find out why almost 500 corporates said "Yes"!

14:00: The financial crisis: challenges and opportunities for the corporate treasurer

Get first hand insights from corporate treasurers and banks on the impact of the financial crisis on their company, treasury organisation and bank relationships - and how they use SWIFT in this context.

16:00: Corporate case studies – Asian corporates

These case studies will explore why Asian corporates joined SWIFT and what benefits they got out of their connection.

17:00: Forum for corporates – welcome cocktail

> Wednesday 16 September

9:00: Providing value to your corporate clients

This session is for banks, to find out how to prepare for using SWIFT as a channel with corporates: defining product offering, getting operationally ready, preparing marketing and sales.

11:00: Your questions - answered

Meet the SWIFT business team to get your questions answered. This interactive session will be structured around 4 themes: business case, offering, implementation and bank readiness.

14:00: Corporate requirements for collaborative bank solutions

This 'Corporate Treasury 3.0' session explores the upcoming challenges in corporate treasury and cash management, the corporates' requirements for collaborative banking solutions, the banks' response to that, and how they see SWIFT's role.

16:00: Corporate case studies – global implementations

These case studies will explore how corporates with global operations deployed SWIFT across their organisation.

We look forward to seeing you in Hong Kong.

For additional information, please visit www.sibos2009.com or email corporate.forum@swift.com

Meet SWIFT – upcoming events

Date	Event title	Venue
14-18 Sep	Sibos	Hong Kong, China
24 Sep	Zanders roadshow - Trends in Cash management	London, United Kingdom
27-29 Sep	Treasury Management Assoc of Canada	Niagara Falls, Canada
4-7 Oct	AFP Annual Conference	San Francisco, USA
8 Oct	Zanders roadshow - Trends in Cash management	Dusseldorf, Germany
8-9 Oct	BNP 3rd Annual Cash Management University	Paris, France
21-23 Oct	International Cash and Treasury Management	Copenhagen, Denmark
28-29 Oct	Mid Americas Payments Conference	Kansas City, USA
17 Nov	Zanders roadshow - Trends in Cash management	Zurich, Switzerland
17-18 Nov	International Cash and Treasury Management – India	Mumbai, India