

# SWIFT Insights

## Regional Conference in Africa

Thursday 21 May 2009

### The changing shape of CSR

Corporate social responsibility (CSR) at SWIFT now involves more than donating funds from HQ, Francis Vanbever, CFO, SWIFT, told delegates on Wednesday.

Outlining SWIFT's approach to CSR, Vanbever explained that, "There are a number of values we want to represent in our CSR strategy." One is community, including SWIFT staff, locations and broader membership. In the past said Vanbever, SWIFT's CSR activities tended to be focused on donations. Now, staff have a chance to work together on projects and to be more 'hands-on'.

#### SOS Villages d'Enfants Maroc

Vanbever also confirmed the recent tradition, first implemented at the African Regional Conference in Dakar, Senegal, of making a donation to a local charity in the host country. In the case of Morocco, SWIFT has donated EUR 5000 to SOS Villages d'Enfants Maroc, an organisation dedicated to providing support for homeless children through an innovative village structure. In each of its villages, children are brought together under the care of a mother in each house. Each mother, who may not have had the opportunity to bear her own children, forms a close and supportive relationship with the children in her house.

#### One Laptop Per Child

At a corporate strategic level, there are two major initiatives to which SWIFT is providing extensive support: One laptop per child (OLPC) and the International Polar Foundation.

Walter de Brouwer, CEO Europe for OLPC, introduced OLPC to delegates through a short film. The organisation, which is entirely privately funded, provides a rugged, low-power, connected laptop with content and open-source software designed expressly for children to work and play.

SWIFT has provided EUR 3 million to the project and houses its European headquarters. SWIFT is also providing matching funds for donations from within its community. According to De Brouwer, some 1.2 million of its XO laptops have so far been distributed, but he adds, "Our dream is two billion kids with XO laptops." 🌐

*More information is available at the OLPC stand in the Solution Zone and online at: <http://laptop.org>.*

*Further information on SOS Villages d'Enfants Maroc can be found at: <http://www.vesosmaroc.org/>*

### Corporates come to Marrakech

A number of corporate customers of conference attendees drove up from Casablanca to attend the first ever corporate day at the African Regional Conference.

The key theme for Wednesday at the Marrakech conference was the benefit that the SWIFT platform can bring to banks' corporate customers. A plenary session in the morning, moderated by Hervé Postic, managing partner of French treasury consultancy UTSIT, brought together banks and corporates to debate the advantages and challenges of bringing STP to corporates, while an afternoon special interest session, facilitated by Sido Bestani, head of Middle East and North Africa, SWIFT, allowed corporates that had taken the journey to reflect on their experiences.

Mohamed El Hajjouji, executive vice president, finance, Office Chérifien des Phosphates told delegates, for example, that his company recognised standardisation as an important element in improving productivity. "We started by re-examining our flows, our banking relationships, and all aspects of our financial and risk management," he said. He acknowledged that in the past, risk management was not particularly high on the corporate agenda. Now, however, it is of major strategic importance.

In response to a question from the moderator, Thierry Roehm, global head, corporate cash management, Société Générale, admitted that it is not always easy to tailor an offering that caters to the wide diversity of corporate clients. One solution for clients wanting to enter gently into the world of SWIFT to use FileAct, he said. This allows for a standard means of information exchange between the corporate and the bank, but allows for multiple formats for the files themselves. Stéphane de la Fouchardière, head of communications, cash management, BNP Paribas, urged communities to establish best practice for their markets in corporate to bank massaging, "not to define the standards themselves, but rather how to use them efficiently."

During the afternoon session, said Bestani, speakers shared the Moroccan corporate experience with the audience, outlining the steps needed to implement SWIFT corporate connectivity, from the basics through to completion. While not underestimating the contractual aspects of the process, said Bestani, "speakers were very positive in identifying the tangible benefits of SWIFT connectivity." 🌐



## Promoting progress

Rob Green, head of payments, Payments Product House, FirstRand Bank, will in June be taking up the Board seat that Arthur Cousins is vacating. What are the priorities that he sees for the African community?

**You've been involved in the African SWIFT community for many years, both as a user group chairperson and in the growth of the regional conference itself. What are the main positive developments you would identify?**

I think SWIFT has certainly become more open to suggestions from the region. Changes in pricing strategy have been a major contributor to the growth of the community. I am also pleased to see interest expanding beyond the traditional payments and FX markets to securities and high-volume low-value transactions, as well as areas such as worker remittances and improving connectivity to low end users.

**What issues are high on your list to address?**

Arthur has done a lot of work in helping to making it cheaper for everybody to use SWIFT and that is a legacy I am happy to build on. I also plan to run with the ball on a few of the key projects that are receiving attention here. Tuesday's discussions on regional initiatives reflected a number of those. How do you get regional integration in Africa? That is a big challenge. There is a question of how to achieve harmonisation and integration in the face of concerns at a political level about sovereignty. How do you get economies of scale at an appropriate price that suits everybody, within an agreed time-line?

In engaging with SWIFT as individual markets, there are



Rob Green

two key questions. One is what to do domestically to leverage your investment in SWIFT to get greater utilisation of the resources you have; in other words, how do you reduce your unit costs. Secondly, having addressed those questions in your domestic market, how do you externalise the gains in efficiency at a regional level with the ultimate aim of a united Africa? It's really following the Target Africa concept that Arthur has promoted and it's not a pipe dream, but there has to be both a political will and a market will to do it. At the moment the political will and the market will are not necessarily in synch. I really am a firm believer in standards and in leveraging our investment in SWIFT. I've always been an advocate of finding ways to get the most out of what you've spent money on.

In our community, SWIFT has traditionally been confined to the FX department. It should become more pervasive within each institution. The silos should be broken down. 🌐

## Slow progress on securities

A special interest session on securities markets brought some home truths uncomfortably close to the surface in addressing how African securities markets can progress.

**R**ussell Jones, head of securities and treasury initiatives at SWIFT was joined by Tertius Vermeulen, managing director, ComputerShare, Robert Tabet, executive director Clearstream Banking and Tim Reucroft, director, research, Thomas Murray for a frank exchange of views on the hurdles to securities market growth across the continent.

Recognising that low volumes are one of the biggest constraints on infrastructural investment, Vermeulen suggested a need for regional initiatives along the lines of those now under way in the payments arena. "A lot of good work has been done on standards and processes. Why reinvent the wheel?" he said.

He advocated the establishment of guiding principles for the development of each market. In South Africa, the industry as a whole agreed on the use of both ISO standards and the SWIFT platform. "You need to get buy-in from the top to the bottom," said Vermeulen.

Another essential is delivery versus payment (DVP), the simultaneous exchange of cash and title to the securities. "Without that, foreign investors won't come," he insisted.

Who should own the various systems is not an issue that should hold up development, he argued. "For the past seven or eight years, the JSE has been using the LSE trading systems and the South African market has grown without any business moving away as a result," he pointed out.

Tabet supported the need to look for regional infrastructural solutions. He lamented the fact that at the Maputo conference in 2006, many of the reforms to securities markets advocated by fellow panellist Alice Zanza were yet to be realised. "Africa does not need and cannot support 22 stock exchanges," he stated bluntly. "The approach should be to pool resources to create markets that foreign investors will recognise as meeting their risk criteria for investment."

While there are some examples of progress, notably in EAC and South Africa, these examples were few, said Tabet. Clearstream for example, offers its customers access to settlement services in 45 markets. Only one – South Africa – is in Africa.

For Reucroft, there are three areas of efficiency that markets should address. The first is not to follow most of Europe, but rather, as some pioneer markets have done, to adopt the retail market model, with retail accounts at the CSD. Second, he pointed out, most investors in African securities markets gain exposure via a fund. Countries should therefore make a concerted effort to attract funds business. Thirdly, said Reucroft, markets should go for regional solutions.

Vermeulen cited Namibia's decision to use South Africa's CSD rather than build its own as an example worth following. "They understood that it is not a question of national pride, but of creating an efficient market that will attract the business you are seeking to attract to your market," he said. 🌐