



Enhance your cash management

Benefits:

- Optimised balances
- Shorter reconciliation cycles
- Back office application integration
- Global reach
- End-to-end standardisation

Cash Reporting

Optimising balances and shortening reconciliation times

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Cash Reporting supports your real-time account information needs.
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SWIFT's Cash Reporting solution responds to the need to exchange real-time information on cash held in accounts maintained at various counterparties. It enables you to benefit from real-time intraday cash reporting and to communicate in a fully automated and standardised way with your counterparties.

Key characteristics

- The role of SWIFT as trusted third party providing the SWIFTNet messaging infrastructure
- Reach to all players involved in the end-to-end transaction chain
- Use on both domestic and cross-border levels
- SWIFT standards that are used globally
- Use of a common security scheme

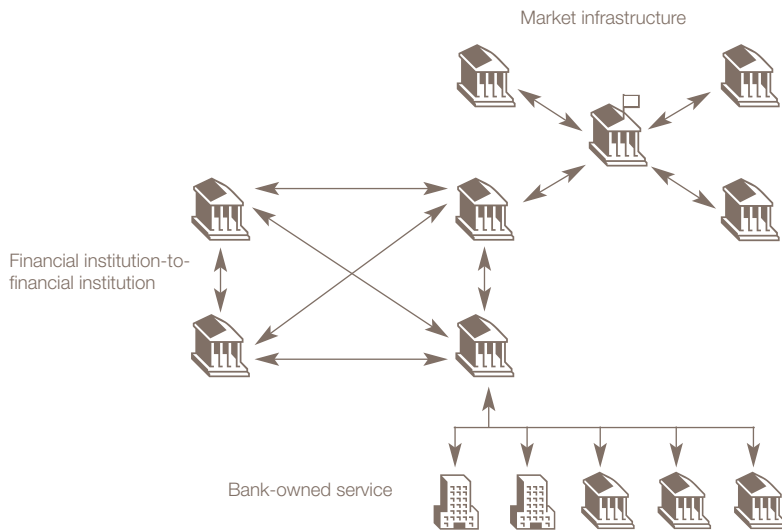
Industry trends

Over the past few years, there has been increasing industry interest in real-time information delivery in wholesale banking.

This started with payment clearing systems' requirements and has spread into the bank-to-bank space.

The need for standardised solutions is driven by:

- centralisation of liquidity management and treasury functions
- growing volumes of cross-border payments
- increasing volumes of 'time-payments' (payment versus payment, delivery versus payment, real-time gross settlement systems)
- emergence of cross-border real-time payment settlement systems, in addition to existing domestic systems
- increasing regulatory pressure on managing credit risk



^ The Cash Management message standards cover multiple business communication needs

Standards responding to all reporting needs

The Cash Management message standards were developed to support the industry in addressing the changing cash management environment. The portfolio responds to a wide range of communication requirements and scenarios. It covers information related to transactions and balances, as well as the management of limits and reservation facilities.

The messages support multiple business communication needs:

- between financial institutions
- between a financial institution and a clearing system service provider

Cash Reporting: a solution for financial institutions responding to real-time reporting needs

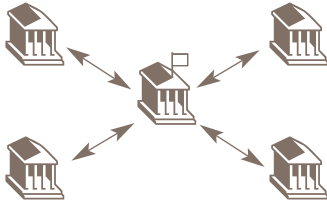
Cash Reporting focuses on the need for financial institutions to obtain real-time account balance and transaction information from one or more of their service providers.

Cash Reporting is built on a set of components:

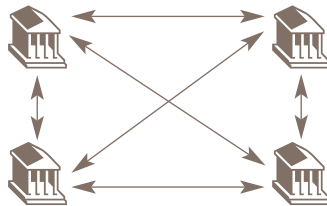
- SWIFT XML messages
SWIFT XML messages are created in accordance with the UNIFI (ISO 20022) development principles. Cash Reporting messages provide an industry-wide solution for the exchange of transactional and balance information between an account owner and its account servicing institution.
- SWIFTNet messaging services
Cash Reporting uses the InterAct messaging service in store-and-forward mode, with centrally managed validation and nonrepudiation.
- Applications
SWIFT works in partnership with third-party application vendors to make end-to-end solutions available to service providers and service users, and to ensure smooth and fast integration.

Business communication needs

Market infrastructure cash management



Cash Reporting for financial institutions



Real-time account information benefits

Market infrastructure cash management allows a financial institution participating in a market infrastructure to interactively access information on its account at the central institution. It can thus obtain real-time information on its balance and transactions either executed or in the process of being executed.

Cash Reporting covers a financial institution's requirements for obtaining real-time account balances and account entry information from its account servicing institutions. It allows financial institutions to improve liquidity management, reduce risk, shorten reconciliation cycles, and benefit from early exception handling.

▲ Mapping the business communication needs to the corresponding real-time account information benefits

The added value of SWIFT XML messages

The SWIFT XML messages cater for balance and transaction information up to a high level of granularity, offering opportunities for different business areas in a financial institution to improve effectiveness.

In the nostro reconciliation process, end-to-end automation and shortening of the reconciliation cycle become possible by receiving the XML message listing transaction-related information, such as the payment instruction status and the status reason, the instructed amount versus the interbank settled amount and the status of an entry on the books.

Liquidity management can be optimised by receiving information such as the date and time at which an entry is posted to an account and at which cash is available or ceases to be available. This information can be received on an ad hoc basis, at any time during the day.

Although the core needs are the same, each customer segment may require flexibility in defining its individual solution.

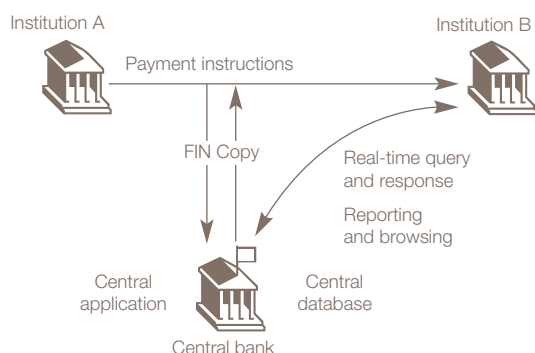
This flexibility translates into differences summarised in the table below.

	Service Administrator	Supported messaging services	Supported XML messages and market practices
Market infrastructure cash management	The central institution implements its dedicated SWIFTNet service and administers its service participants within a Closed User Group	Any combination of InterAct and Browse	Any, as defined by the central institution
Cash Reporting for financial institutions	SWIFT administers the Cash Reporting solution and the Closed User Group	InterAct	<p>Messages:</p> <ul style="list-style-type: none"> - Get/Return Account - Get/Return Transaction - BankToCustomer Account Report <p>Rulebook: Common minimum rules and market practices to be supported by all players</p>

Key

FIN/FIN Copy

InterAct/Browse



▲ Messaging flows for market infrastructure cash management

Market infrastructure cash management

Payments markets

Market infrastructure cash management complements the implementation of real-time gross settlement systems using FIN and FIN Copy. SWIFT's interactive messaging services provide speed, throughput, and real-time operations. The diagram depicts the most common architecture, based on FIN Copy, for the transfer of payments instructions between two financial institutions. This is supplemented by InterAct for real-time reporting.

The solution enables account owners to:

- improve management of settlement risk through real-time access to all payment instructions status and transaction details
- obtain real-time business data, such as limit information and warnings, in a standardised format
- modify priority of queued payments and cancel queued payments in a secure and standardised way

Securities markets

Central securities depositories and international central securities depositories take advantage of market infrastructure cash management to provide their customers with real-time reporting on settled transactions and other transaction status. Such a service gives the participants clear information on the expected or available balances in the securities settlement related cash accounts, allowing them to assess potential effects on their intraday liquidity management.

The solution enables account owners to:

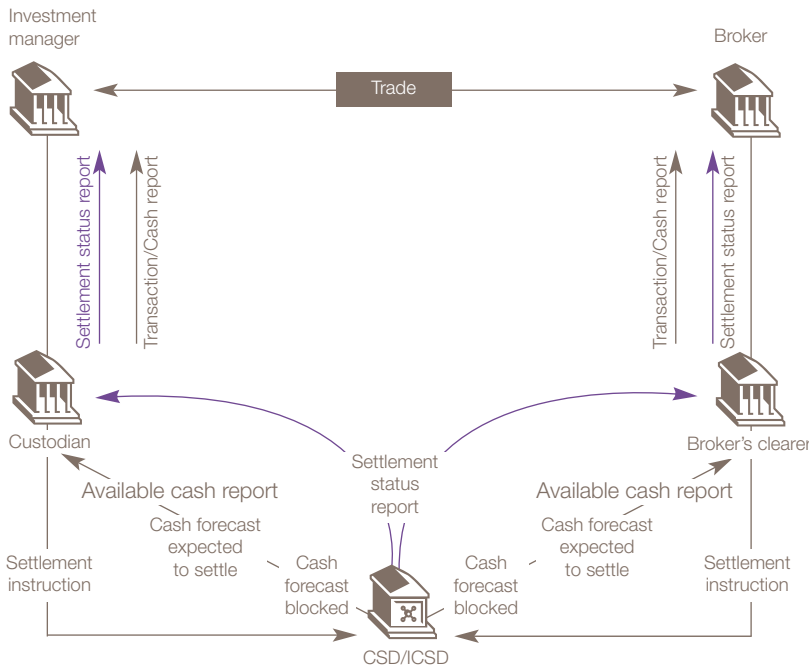
- determine the total amount of cash needed to settle transactions
- better manage liquidity based on detailed balance information
- have an intraday view on corporate actions cash bookings

Solution components

The solution is composed of three common components: SWIFT XML standards, messaging services, and applications.

SWIFT provides dedicated SWIFTNet services for the central institution (service provider) to manage its cash management service with its participants (service users). This is complemented by the closed user group, which is designed to manage the communication between counterparties on the basis of configurable rules. The central institution defines the criteria for joining its dedicated SWIFTNet service and closed user group that allows participants to obtain and exchange account-related information.

Within the closed user group, the central institution can choose from the set of SWIFT standards for cash management. The central institution also chooses the most appropriate SWIFT messaging service - FIN, InterAct, FileAct or Browse - that best supports its service offering.



▲ Cash reporting flows related to the settlement of securities transactions

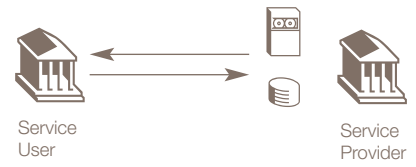
The SWIFTNet messaging services complement FIN store-and-forward:

- InterAct provides interactive exchange of instructions between counterparties. Participants can instantaneously monitor foreign exchange and credit risk exposures. They can also manage liquidity and collateral throughout their branch networks in real-time. The instructions can be easily integrated into users' back-office applications.
- Browse provides secure browsing to facilitate online visual access to web servers based on the Internet standard 'https'. It is used in conjunction with Alliance WebStation to access remote servers from the user's desktop.

Cash Reporting for financial institutions

Cash Reporting enables account servicing institutions (service providers) and account owners (service users) to interactively exchange real-time information related to accounts serviced by service providers and owned by service users. Service providers can be clearing banks, custodians, (international) central securities depositories, vostro banks servicing accounts for broker-dealers, investment managers, and nostro banks. These accounts can be nostro or vostro accounts, settlement accounts, or other accounts.

Identifying transactional and balance data in real-time across all currencies and time zones offers substantial benefits.



▲ Cash Reporting for financial institutions

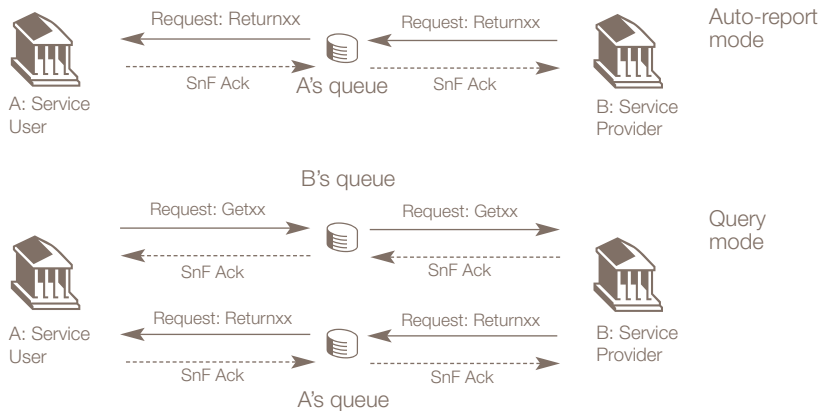
Service providers

- Improved customer service
Benefit from the competitive advantage gained by offering enhanced customer service to their customers
- Improved customer satisfaction
By offering timely information to their account owners, service providers allow them, for instance, to react earlier to non-receipts

Service users

- Optimised balances
Improve monitoring of global cash positions, enabling better intraday liquidity management and reduced funding costs
- Improved risk management
Increase accurate measurement of global settlement exposure and improve transparency of settlement risk
- Shorter reconciliation cycles
Improve error detection and resolution processes, enabling cost reductions linked to more efficient intraday reconciliation
- Earlier exception handling
Improve operational efficiency and achieve faster turnaround times in the investigation process
- End-to-end standardisation
Improve end-to-end STP through interoperability and full automation across the entire life cycle of the payment transaction

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Real-time enables financial institutions to become much more efficient



⬆️ Cash Reporting in Auto-report and Query modes

Solution components

Cash Reporting is composed of the three common components - SWIFT XML standards, SWIFTNet messaging services, and applications, plus a rulebook.

SWIFT supports and administers the Cash Reporting closed user group which allows its registered members to exchange account balance and transaction detail information using SWIFT XML standards.

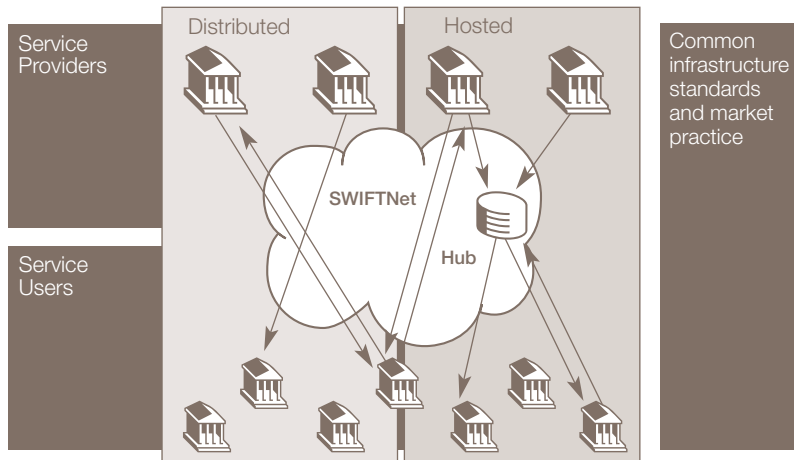
These messages are exchanged over InterAct in store-and-forward messaging mode. InterAct ensures the highest levels of confidentiality and integrity of all messages between correspondent banks, and enforces message validation by the network.

InterAct supports the delivery of real-time balance and transaction information to account owners in both the Auto-report and Query mode.

- In Auto-report mode (previously known as Push mode), the account servicing institution sends 'Return' messages to the account owner. Messages can be sent as frequently as new entries are posted to the account or according to the business terms negotiated between the parties.
- In Query mode (previously known as Pull mode), the account owner initiates the information flow by sending a request for information, a 'Get' message. The account servicing institution replies to the request with a 'Return' message containing the information.

Both models are supported by a variety of applications to ensure end-to-end integration of the data in the back-office systems. A list of certified applications can be found on www.swift.com.

The rulebook sets out guidelines for the responsibilities of service providers, of service users, and of SWIFT. It sets out the rules that SWIFT applies in order to administer the service and a minimum service offering to be undertaken by service providers. It also defines agreed market practices and a minimum set of rules that are established together with the industry.



▲ Distributed and hosted application models

Application models

Cash Reporting supports both distributed and hosted application models, as shown below.

- In the **distributed model**, account servicing institutions establish and maintain their own applications environment. They provide account owners with direct access to the data related to the accounts they service.

Such applications may be outsourced for development to third party vendors.

- In a **hosted model**, a shared central utility is created, to which account servicing institutions submit cash-related information. The data is distributed in real time and in a standard format to the various account owners that have subscribed to this model. Alternatively it can be made available to be queried by the account owners that have subscribed to the model. Queries to the central utility are made in a standard format.

For more information, please contact your SWIFT account manager or visit www.swift.com

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“Believing that you can exist in this new world without real-time information is rather like climbing Everest without resorting to the use of oxygen to keep you going, possible in a minority of cases, but usually fatal for most.”

Richard Pattinson
Senior Director, Barclays Treasury, Barclays Bank

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