

BTMU with Dassault Systèmes

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3SKey, SWIFT's personal identity key, has been widely implemented by corporations in Europe, particularly in France, as a way of enhancing transaction security whilst also enabling transactions to be verified in a consistent way across banking partners. When 3SKey was first launched, multinational corporations could achieve the payment security and efficiency that 3SKey offers for in Europe and the US. This has now changed with the decision by Bank of Tokyo-Mitsubishi UFJ (BTMU) to adopt 3SKey, setting an important precedent amongst banks in Asia Pacific, and creating significant opportunities for treasurers and finance managers of corporations headquartered in, or operating in the region.

THE STRATEGIC RATIONALE

3SKey, a personal digital signatory solution, enables both payments and bank account mandates to be approved in line with an individual's user rights, with approval information passed through the transaction cycle, providing a highly effective additional level of validation and auditability of individual signatories. 3SKey was first launched in France in 2011, where corporates were already accustomed to adding personal digital signatures to payment files using local payment protocols. Since then, banks and corporates across Europe and United States have recognised the benefit of a platform-independent personal digital signatory solution, leading to widespread adoption. The opportunity to add personal digital signatures now exists in Asia Pacific with BTMU's pioneering announcement. Yumesaku Ishigaki, Executive Officer & General Manager, Transaction Banking Division, Global Head of Transaction Banking, explains the bank's decision to become the first bank in Asia Pacific to adopt 3SKey,

"We have a large and growing customer base amongst European multinationals, and it is important for us to meet our customers' expectations in payments efficiency and control. Support for 3SKey is becoming a critical decision factor for many corporations when selecting partner banks, so we wanted to expand our value proposition and competitive positioning. In particular, 3SKey would enable us to offer customers comparable levels of efficiency and confidence in the security and auditability of payments and bank account mandates in Asia Pacific as they enjoy in Europe, allowing them to standardise processes and security policies."

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CORPORATE INTEREST IN 3SKEY

BTMU's decision to support 3SKey already proving to be an attractive proposition for multinational corporations. Dassault Systèmes (3DS), the world leader in 3D design software which supports more than 190,000 customers across 140 countries and 12 industries worldwide quickly became the first of BTMU's customers to use 3SKey. 3DS works with BTMU in Japan and China, which are the group's flagship markets in the region. For example, 3DS has extensive operations in Japan, where its shared service centre is also located, while China is also a fast-growing market for the group. Catherine Khoo, Head of Treasury & Financing, Asia Pacific for 3DS describes the background to this decision,

"3SKey was already an integral part of our bank connectivity and payments infrastructure in Europe but it was not supported by banks in Asia Pacific. In reality, however, the business case for 3SKey was even stronger in Asia Pacific than Europe as we have a large number of banking relationships, each of which maintains its own security protocols and tokens. In addition, many of these tools did not support our corporate security policy, which is to set up different user security rights not only according to the currency and value of a payment, but also by payment type. In contrast, 3SKey enabled us to standardise our approvals process and manage our approvals process in line with our corporate policy."

IMPLEMENTATION IN PRACTICE

The project progressed very smoothly as a result of the commitment, expertise and professionalism of BTMU, 3DS and SWIFT. Catherine Khoo, 3DS continues,

"The major complexity associated with implementing 3SKey in Japan and China, compared with similar projects in other countries, was the need to manage different character sets, particularly as we were the first corporation to do so. This made the file formatting and mapping more difficult than it would otherwise have been, but we quickly overcame this, and have now successfully gone live on 3SKey with BTMU."

3DS use 3SKey through SWIFT, but BTMU also supports the solution through its host-to-host connection, and plans to support 3SKey (as well as the bank's proprietary authentication device) through its other cash management solutions in the future.

ENHANCING WORKFLOW EFFICIENCY AND CONTROL

Use 3SKey to manage user rights and control the approvals process has proved straightforward for 3DS. Payments are created in the ERP, and are then passed to the group's treasury management system, Kyriba. The relevant approvers are alerted automatically, according to their user rights, and approved payments are then transmitted to BTMU. In addition to the payment details and settlement instructions, payment approval information, including the identity of the approver, is also passed through to BTMU which also validates the user authority. Catherine Khoo, 3DS notes,

"Not only are our payment workflows unaffected, except for the convenience of a single authentication device, but we are able to use our resources more efficiently. Previously, our processes did not allow us to define user rights by payment type, so payments ended up being sent to our most senior approvers, which frequently caused delays as well as resourcing implications. We can now manage a far larger proportion of payments within the treasury team, which has accelerated our processes whilst complying with our corporate security policy more precisely."

A GLOBAL APPROACH TO PAYMENTS SECURITY

As BTMU and 3DS were pioneers of 3SKey in Asia Pacific, it was not clear beforehand to what extent local regulations would permit its use. Yumesaku Ishigaki, BTMU notes,

"While restrictions remain in some Asian countries, the ability to use 3SKey in Japan and China is a major achievement and opens the way for other corporations, both Asian and foreign multinationals, to implement best practices in payment security for a large proportion of their Asian operations."

3SKey is an important example of how SWIFT has led the industry in developing a tool to meet specific user demands that can then be leveraged by member banks such as BTMU to offer additional value to their customers, whether through both SWIFT or bank-proprietary channels. 3SKey supports a single sign-in process across a variety of platforms, providing a cohesive and convenient experience for users whilst supporting rigorous validation. Catherine Khoo, 3DS comments,

"Although 3SKey is used extensively by European corporations, including Dassault Systèmes, it remains unfamiliar to many treasurers in Asia Pacific. Given that it is not difficult to implement, even with multiple character sets, and the opportunities it presents to enhance the payments security whilst making processes more convenient for users, 3SKey is likely to

prove an increasingly popular tool as companies become more familiar with it."

Yumesaku Ishigaki, BTMU concludes,

"As corporations continue to expand internationally, treasurers are looking more seriously at the issues of operational efficiency and stronger corporate governance. BTMU has been an early adopter of 3SKey in anticipation of these evolving demands, and as an illustration of the bank's commitment to innovative customer solutions. Having proved the concept of 3SKey with a Japanese corporation, we were approached by a number of Japanese and non-Japanese organizations who were keen to explore the opportunity that 3SKey provides. In addition to onboarding new clients in Japan, we are now expanding our 3SKey offering across our geographic footprint, and integrating the solution with our web-based electronic banking portal to further support the needs of corporate treasurers both in Japan and across Asia Pacific."