



ZORLU chooses SWIFT to deliver automated bank connectivity for multi-national business

“It is like we are now speaking the same language with our banks through the use of industry standards. Both the banks and our treasury team have more effective and efficient communication channels for processing transactions and the automation of these processes adds significant extra value over our former manual approach.”

— Mujdat Kaya, ZORLU Group

The company

ZORLU Holdings is a substantial and diverse organisation comprising some 60 companies, active in over 150 countries, operating in a number of industry sectors including textiles, consumer electronics, major appliances and information technology, energy, real estate, mining and metallurgy.

The ZORLU Group has a strong commitment to the growth and development of not only its 27,000 employees but also to the wider community. Through the Mehmet Zorlu Foundation established in 1999 by the founder, Haji Mehmet Zorlu, its work in the arts, culture, education, the environment and sports sectors is recognised and highly regarded for its contribution to the future of Turkey.

The evolution of technology has played an important role enabling the business to successfully grow and expand across Turkey and now the world. Faced with the need to streamline their banking activities, ZORLU turned to SWIFT for a financial messaging solution to meet the multi-national requirements. SWIFT was an obvious choice given the global acceptance of their financial communication network which is based on industry standards for corporate and banking communications.

The challenge

The ZORLU treasury team is responsible for providing a centralised bank connectivity and communication solution for the processing of payments for more than 60 different companies in the Group across 10 countries including France, Germany, Turkey, UK and the USA.

To improve the efficiency and security of their bank communications across an extensive and dynamic network of bank partners, the ZORLU team needed a cost effective solution to replace the predominantly manual system currently in place. The central treasury team manages 2,000 bank accounts with 30 different banks and requires end-of-day account balances after reconciling daily transactions for timely and reliable financial reporting.

Identifying a seamless process for financial transaction processing, integrating all bank channels with existing treasury management and ERP systems, embracing automation and standardised processes as much as possible to ultimately increase efficiencies and reduce costs was the ultimate challenge. ZORLU also needs the flexibility to add or remove banking channels as and when required to support their growing business. As with any multi-banked corporate, there are different systems, security protocols, formats and processes for each bank partner which places a great deal of pressure on treasury teams who are responsible for payment processing.

A reliable corporate-to-bank communication channel and timely access to information for reporting and decision-making purposes was critical for the future success of the ZORLU treasury department and the organisation as a whole.

The SWIFT solution

A project of this nature takes considerable and careful planning to deliver a successful outcome. It was not sufficient just to meet the short term needs; the solution also needed to be scalable and able to support the Group into the future. SWIFT's track record of working with corporates, large and small, to successfully deliver reliable, secure and proven connectivity solutions was the ideal choice for ZORLU.

In this particularly complex scenario, involving 30 banks, 2,000 bank accounts and 10 different countries, integration is no small task. Only by using the internationally recognised SWIFT network and financial messaging industry standards was it possible to provide the level of corporate to bank automation that ZORLU demanded.

By leveraging SWIFT's expertise and understanding of business processes, technology and the vast network of banks already connected to the SWIFT network (over 7,000 globally), ZORLU had the perfect partner for their corporate to bank communications.

Key milestones

- August 2016 - project was scoped, defined and funding agreed
- October 2016 - SWIFT cloud-based Alliance Lite2 chosen as the core integration solution
- January 2017 - integration project commenced
- May 2017 - sending and receiving of MT messages with all 30 banks underway

By 2019 the ZORLU treasury team's goal is to extend the use of the SWIFT solution further and automate all confirmations and reconciliations and thereby achieving a true STP (straight through processing) between the ZORLU ERP system (SAP) and the Group's banking partners.

The benefits

By automating the communication process between the ZORLU ERP system (SAP), the SWIFT network and the respective banks, transactions are now streamlined and it is easier to track all payments and reduce the burden of manual processing.

In addition the new solution has:

- improved visibility of cash balances;
- replaced manual processing with automation and removed the inherent risk of errors and omissions;
- improved timeliness and reliability of transaction processing;
- increased the speed and accuracy of cash position reporting;
- improved time taken for reconciliations and the reliability of account balance reporting;
- automated monitoring of transactions and created alerts for issues that require prompt attention;
- financial messaging based on industry standards, making the infrastructure future-proof, and
- created an efficient process for adding and removing banking partners.

The overall result has significantly increased the efficiency and effectiveness of the treasury department, whilst reducing effort and cost. It has also created an automated transaction processing environment that is based on internationally recognised financial messaging standards.

The future

With the success of this SWIFT integration project, new accounts and/or banks can be easily added or removed to meet the requirements of the business as it expands. With a true STP model in place, there are significant savings in time, effort and operational cost being realised by the ZORLU treasury team.

By embracing automation and industry standard financial messaging, ZORLU is well placed to further digitise its financial processing activities, a must for effective and agile treasury teams of the future. Growth of the business will be well served by this new financial process which can adapt to change rapidly and cost effectively.

ZORLU is also well placed to gain further benefits from its SWIFT investment by taking advantage of a wide range of additional corporate services and solutions offered by SWIFT. Very relevant to their business, ZORLU is also considering the innovations made by SWIFT in the area of trade finance messaging.