



SHINHAN BANK

Shinhan Bank implements SWIFT for Corporates to support global and Korean companies with an eye on expansion

“By choosing a platform from industry leader SWIFT, we knew that the solution we implemented would represent best market practice and would be accepted by our corporate customers.”

Seung Hyeon Seo, General Manager, International Trade Business Department, Shinhan Bank

Shinhan Bank is one of Korea’s leading banks. It supports foreign global corporates in Korea who need to process Korean Won payments locally, as well as local corporates seeking confirmation of treasury transactions. It also has an ambitious global expansion plan, opening overseas branches to provide local currency payment processing and reporting services for Korean global corporate subsidiaries operating in those markets.

Benefits for Shinhan

- Best practice solution, aiding adoption by corporate customers and improving Shinhan’s competitiveness
- Future-proof global platform backed by the highest security, resiliency and availability for secure payment processing and reporting
- Support from SWIFT team with ISO 20022 XML message adoption and integration with existing systems

Supporting corporates in Asia with banking relationships

In recent years, the strength of Asia’s economy has seen many of Shinhan’s local corporate clients enjoy impressive growth. But as these corporates expand, so do the treasury challenges that come along with that. Growing networks of banking relationships and a proliferation of different electronic banking systems and file formats have led corporates to require multiple banking connections, while restricting treasurers’ visibility of global cash pools.

Despite being an experienced bank serving a number of corporate clients in Asia, Shinhan was unable to provide treasurers with some of the functionality offered by other banks. Shinhan already offered host-to-host and Internet-based solutions to support the cash and liquidity requirements of its corporate customers, but these solutions lacked certain critical features demanded by many corporates. For example, Shinhan was unable to offer clients access to a standardised, global payments platform.

As the complexity of their clients’ banking needs increased, Shinhan recognised the importance of being able to support these needs. In particular, it required a system that would allow corporate treasurers to manage multiple banking relationships easily, while also effectively maintaining liquidity and handling operational risks.

To enhance its existing solutions, Shinhan decided to adopt a single payments platform, similar to those used by many of its global bank competitors. Such a solution would support corporate clients in using working capital more effectively. It would also help to improve



the transparency of corporate cash flows, ensuring that available cash could be effectively deployed. Shinhan required a single global gateway, incorporating a standardised platform and an easily maintained, common format. Other features necessary for corporate treasurers included high security and availability of the gateway, and a reusable platform.

Scoping corporate connectivity requirements

In selecting a provider, Shinhan had several criteria they had to consider: how many corporates were already connected and using the corporate-to-bank services provided by banks; was the solution a future-proof one with the potential to scale; and would it complement the bank's existing platform?

As they reviewed available options, Shinhan also had an immediate requirement to support a Korean conglomerate with limited SWIFT cash management messaging. This led them to consider adopting SWIFT's corporate-to-bank solution more widely to support its corporate customers.

SWIFT fulfilled many of the criteria set by Shinhan. In providing a single global gateway for banks and corporates, SWIFT was able to cater to most global and local standards and formats. The SWIFT platform also ensured the highest security, resiliency and availability for secure payment processing and reporting. In addition, SWIFT's solution was reusable on Shinhan's existing infrastructure and provided an opportunity to tap their existing customer base, aiding adoption. These strengths led a cross-departmental team from Shinhan to select the SWIFT platform for adoption.

The move to digital banking relationships

As technology develops, digitisation is taking over banking relationships – setting new expectations of what a banking platform should deliver for corporates.

To support the banking community, SWIFT continues to extend its services and develop its connectivity by focusing on innovative capabilities. Using these capabilities to support banking partners such as Shinhan, SWIFT is enabling corporates to achieve their treasury goals, wherever they are operating. SWIFT is also addressing expectations through its continued investment in technology, reducing time to market for corporates and ensuring its platform is secure, realisable and scalable for the future.

Designing an optimal solution

Rather than trying to design its own solution for SWIFT adoption, Shinhan Bank took advantage of SWIFT's consulting services. By doing so, Shinhan was assured that its implementation would represent best market practices and would be accepted by its corporate customers.

Shinhan required a solution that would not only integrate with its existing back-office systems, but also cater for shifting corporate demands in future. The team from SWIFT helped Shinhan to design and develop an optimal solution that would meet these needs. SWIFT's consultants also highlighted to Shinhan the corporate-to-bank functionality already implemented by other banks, allowing it to prioritise and adopt core features more easily.

The adoption of ISO 20022 XML messages was a particular challenge for Shinhan. It had no internal experience of the format and its existing back-office systems were based on traditional FIN MT messages. But it needed to adopt the newer format to support its corporate customers. As part of the consulting services it used from SWIFT, Shinhan sought standards consulting, to help it map the ISO 20022 messages against its FIN MT messages.

SWIFT also shared the typical requirements of corporates already using the platform. In Shinhan's quest to improve the support it provides for corporate customers, this knowledge helped them to anticipate these demands and respond more quickly as corporate clients were transferred onto the new platform.

A single payments gateway for corporate clients

Shinhan's adoption of a single global gateway has enabled the bank to complement its existing corporate service offerings, while expanding its presence in certain target markets. In doing so, Shinhan is better able to serve local corporates and their subsidiaries in these countries, improving treasurers' ability to manage liquidity and oversee their global cash position.

The move to SWIFT's single platform has also made Shinhan more competitive. By enabling the bank to offer improved products and services that match those already provided by other global banks, Shinhan is better able to attract multinational corporates with a global presence, boosting its ambitions for global expansion.

About SWIFT for Corporates»

SWIFT for Corporates offers a wide and growing range of products and services for multi-banked corporates to connect with banks and financial institutions through a single, secure and reliable channel. SWIFT provides corporate treasurers and finance managers global visibility on cash and trade, lower cost of financial transactions and improved security and reliability for their financial network. SWIFT for Corporates portfolio includes Bank Payment Obligation (BPO)/ Trade Services Utility (TSU), 3SKey, SWIFTRef, and MyStandards.

For more information, please contact your SWIFT account manager or visit <http://corporates.swift.com>