Making business sense of the SWIFT Standards Release

SWIFT Consulting Services helped Zürcher Kantonalbank (the Cantonal Bank of Zurich) focus attention on the aspects of the annual Standards Release that were their highest priority.

With total assets of CHF 155 billion and around 5,000 employees, Zürcher Kantonalbank (ZKB) is the biggest cantonal bank in Switzerland and one of the biggest Swiss banks.

It operates at an international level in order to meet our clients' cross-border requirements. The bank's core activities include financing businesses, asset and wealth management, trading, capital market transactions, deposits, payment transactions and card business. It is one of the few banks worldwide that holds the top AAA or Aaa ratings from the three major rating agencies Fitch, Standard & Poor's and Moody's, and operates more than 90 branches, the majority of which are in the canton of Zurich.

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>
> Bruno Achermann, Standards & Provider Management, Operations at Zürcher Kantonalbank

Business background

Every year, SWIFT deploys a new Standards Release for its FIN messages. These have an impact at different levels, from the interface used to connect to SWIFT to back-office applications, business flows and processes.

In charge of Standards & Provider Management, Operations at Zürcher Kantonalbank (ZKB), Bruno Achermann is responsible for ensuring that these changes are implemented. This means not only overseeing implementation in the bank's own systems, but also being ready to respond to client queries about the impact of the release on communications with their custodian.

"The challenge of a Standards Release varies according to the size of an institution", said Achermann. At the one end are the large banks with considerable in-house IT teams and specialist SWIFT expertise 'on tap'. At the other end of the scale, many small banks simply outsource the operation of their SWIFT functionality to a large third party provider. There is, however, large swathe of institutions in the middle such as ZKB. "We have a combination of 3rd party software and internal management, applying IT resources as required."

Achermann, for example, has access to business engineers whose responsibility extends across the bank's securities systems and related processes.

Solution Overview

In March 2014, Achermann decided to choose an offering from SWIFT Services to help in his resource planning: the creation of a report by the SWIFT Consulting Services team that would not only provide a high level overview of the forthcoming Standards Release, but would also assess the bank's 2013 traffic and map the forthcoming changes in SWIFT's FIN messages to the actual message usage by ZKB.

Saving resources and gaining time

The Standards Release report was produced and delivered to ZKB in May 2014. Achermann was impressed both with the report and the resulting resource savings. "In principle, we could produce the traffic flow information from our own systems, but matching it to the changes in the Standards Release would cost far more in internal resources than we paid to SWIFT," he commented.

Achermann says the report allowed him in the first instance to receive a rapid yet extensive overview of the work that would be required. "Quite frankly, I'm not sure that any more detail would have been helpful to me," he said.

Typically a Standards Release requires significant preparation by SWIFT customers based on a thorough analysis of the comprehensive User Handbook. For example, more than 80 change requests were accepted by the different Maintenance Working Groups (MWG) for the 2014 Standards Release. A large number of these related to information required by new regulations as well as support for local market infrastructures and evolving business processes.

The consequences for each user of the changes encompassed in any Standards Release depend however on a number of variables. Some changes are mandatory to all users. Others may only affect a limited number of customers, depending on geography and specific business usage of the message.

Valuable business information to help set priorities

SWIFT Consulting Services analysed the traffic sent and received by ZKB in 2013 and overlaid this with the change requests in the forthcoming release. The report told Achermann that ZKB's traffic in 2013 was essentially focused in five business domains, many of which involved specific MT5xx securities messages. "I was able to see at a glance how many change requests applied to each of those messages. I could then allocate a set of priorities to one of the business engineers, estimate what resources would be needed to complete the changes in ZKB's systems and, importantly, check that our software provider was aligned in the work they had to complete for the release", he explained.

The report also included a brief overview of each individual change and its likely impact level. While the business engineer would be able to gather the technical details required for each implementation from the User Handbook, Achermann received all the information necessary to plan for the implementation and to assess the consequences for his clients in a short report.

"As a first-time user of the service, our experience has been a positive one," says Achermann. "We saved time and allocated resources more efficiently. We were also able to set out in the knowledge that we had established the right priorities and, at the same time, could better manage the internal expectations of our business managers."

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