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## SWIFT Standards, Economy Help Set Stage for Electronic Bank Account Management

Corporate interest in automating bank account management is starting to percolate. SWIFT's recent introduction of related messaging standards has combined with a heightened treasury focus on cost reduction — due to slow economic growth — to accelerate electronic bank account management (eBAM) initiatives.

Despite all of the advanced technology now supporting their daily transaction and information reporting needs, most corporations continue to execute the functions around opening, maintaining and closing bank accounts using relatively slow, manual processes. For example, requests for time-sensitive account changes are typically submitted to banks by mail or fax.

Bank account management is fraught with inefficiency, as is illustrated by a 2009 survey conducted jointly by software company Pegasystems and technology information source Finextra. In that survey, nearly half of corporate respondents (48%) reported having four or more staff members working on bank account management, and nearly one-quarter (24%) of companies had 11 or more staff members focused on this function. Incredibly, 14% of respondents had 21 or more staff members managing bank accounts.

What's more, 40% of respondents reported that on average it took them more than a week to make an account change in today's paper-based environment.

Clearly, the traditional, manual way of executing bank account management duties is time-consuming, costly and error-prone (since forms can be filled out improperly, as well as lost or misplaced). In addition, the tortoise-like pace of manually completing bank account management tasks results in increased risk.

As an example, consider a primary bank account maintenance function — updating authorized account signatories. If an authorized signatory leaves the company — let's say after being fired — and it takes several days or even weeks to revoke the former employee's account access privileges, that delay opens a dangerous window of opportunity for fraud.

## Enter eBAM

Electronic bank account management is the industry's emerging response to these efficiency, cost and risk concerns. eBAM is far from a set of standardized processes. Rather, it's more of a catch-all term that describes the modernization and automation of bank account management.

Conceptually, pure eBAM entails a fully automated process — from end to end — in which corporations collect account management data electronically (e.g., account-opening forms), exchange that data electronically with their banks (either host-to-host, via an electronic banking platform or through the SWIFT network), and the banks' systems apply that data automatically to effect an account management task, such as closing an account.

That's the ultimate vision for eBAM, but currently it's more fragmented. In some cases, companies have been working on developing tools to capture account management data electronically. Some of these firms are now working on taking the next step, exchanging the data electronically with their banks. But most banks that are gearing up to accept eBAM data have yet to focus on using that data to automatically effect account management tasks.

## Standards Act as eBAM Catalyst

The early drivers of eBAM were large, progressive corporations with lots of banking relationships and accounts that saw the value in adding efficiency and reducing risk in bank account management. But what has energized the eBAM movement is the recent introduction of SWIFT messaging standards to support automated requests to open, maintain and close bank accounts.

In April, SWIFT introduced 15 ISO 20022 XML standards to support eBAM messages.

SWIFT is promoting an eBAM solution that would use its new messaging standards as well as leverage its global messaging network. However, the SWIFT standards can also be used for exchanging eBAM data with banks through other channels, such as host-to-host transmissions or electronic banking channels.

## Outlook for eBAM

eBAM remains in its infancy, but the new SWIFT standards and treasurers' interest in cutting costs to offset economic challenges are helping to build momentum for this concept. Another sign of momentum is the growing activity among treasury workstation vendors and other software companies in developing and promoting eBAM solutions.

On the front end, where companies increasingly will be looking to capture account management data electronically, there will likely be a growing number of software tools to assist them. Additionally, expect banks to develop complementary electronic banking tools and to work with clients on exchanging account management data electronically. Both banks and corporations will need to invest in resources and technology to make robust eBAM a reality.

Deutsche Bank is currently making plans to develop client-driven eBAM solutions. If you would like to help us in that effort, please return to the e-mail announcing this edition of *TreasuryPulse* to take a brief survey about your institution's plans for using eBAM. To launch the survey, click on the "Take Our Survey" button under the description of this article. Additionally, if you are interested in eBAM and would like to participate in Deutsche Bank's development of eBAM solutions, contact your Global Transaction Banking representative to voice your firm's specific needs and preferences.