



**TreasuryPulse**

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## From Proprietary to Bank-Agnostic Solutions: A Timely Paradigm Shift



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At a time when treasurers are seeing the importance of their role in the corporation ascend, and their need for more and better banking information climb as well, a new paradigm in banking services is emerging. The dominance of proprietary electronic services is waning as the industry looks to develop more bank-agnostic services that will enable corporates to exchange information with multiple banks using common channels and standard formats.

Due to its unique ability to control liquidity and maximize profit positioning, the treasury department has achieved an elevated status in the wake of the global financial crisis. To meet the greater expectations that have ensued, more than ever before treasurers need high-quality, real-time banking information about their entire portfolio, which for many means gathering data from multiple banks across the globe.

The move toward more of a multibanking service environment clearly is a timely development, one that can help treasurers meet raised performance expectations. Yet, given the circumstances, treasurers need to ask: Will their global treasury management bank or banks continue to facilitate creative solutions in a bank-agnostic service environment — so they can take advantage of this paradigm shift?

# An Evolving Services Landscape

For the last 20 years or so, proprietary bank solutions drove most of the innovation in treasury services. During that time, treasury technology evolved from Web-based services to greater use of more sophisticated accounting and enterprise resource planning (ERP) systems, and corporates began to establish host-to-host network connections with their individual banks to enhance data exchange.

More recently, the SWIFT network has emerged as an alternative to some of the more traditional bank connectivity methods, and many in the industry have turned to developing standardized, bank-agnostic alternatives for information exchange. That's where we are at today, with more innovative efforts and creativity being directed toward developing channels and services that support a multibanking approach.

Treasurers looking to capitalize on this new approach need to ensure they are working with banks that are adapting to this environment — banks that can go beyond single-bank proprietary solutions to address global, multibanking needs.

## Treasury Megatrends

The three global treasury management megatrends continue to be centralization, automation and standardization.

Corporates are moving toward centralized treasuries, establishing shared service centers and payment factories and implementing ERP systems. Meanwhile, they continue to automate, creating seamless information technology (IT) interfaces and eliminating paper wherever possible. As part of this process, many companies are seeking to automate all communications with their ERP systems.

The trend toward standardization encompasses both communication channels and data formats and is clearing the path toward more bank-agnostic services.

## Tighter ERP Integration

These megatrends are pushing corporates to improve integration between their ERP systems and their bank services.

Ideally, companies want to use their ERP systems' standard communications tools to create and deliver a file to any of their banks, and then upload bank feedback into their ERPs and automatically update the status of their transactions.

Deutsche Bank has taken a leadership role among banks in supporting such tight integration for clients using ERP systems from SAP, the global market share leader

among ERP makers. Two years ago the Bank used its XML knowledge to develop the standard format trees that SAP incorporated into its ERP communication tools. These format trees enable a Deutsche Bank client to use its ERP system to seamlessly deliver payment files to the Bank in an XML format and easily upload account statements and feedback reports from the Bank back into the ERP.

Additionally, Deutsche Bank is partnering with SAP to promote the technology company's new Financial Services Network (FSN), a global cloud service that can offer Deutsche Bank clients another convenient way to connect with their banks.

## Supporting Standardization

A related effort by Deutsche Bank has been its leading role in the Common Global Implementation (CGI) working group that's developing the first true global multibank format standard. The CGI initiative includes more than 50 participating organizations, including banks, corporates, SWIFT, software providers and consultants.

One stumbling block in the drive toward bank-agnostic services has been the practice at some banks of manipulating standard formats during client implementations. Unfortunately, when the client attempts to re-use the manipulated "standard" for future implementations with other banks, it often requires additional costly reconfigurations.

The CGI initiative is an attempt to bring stakeholders together to agree on a common global implementation standard, which should minimize this practice, help reduce cycle times and simplify multibank implementations. CGI-based XML standards are currently being piloted by SAP users.

## Embracing the New Paradigm

Deutsche Bank is providing leadership and support to industry efforts at forging multibanking solutions, even as the Bank continues to offer traditional proprietary services. We still offer proprietary online services like db-direct internet and host-to-host integration services, while helping drive bank-agnostic SWIFT network solutions and spearheading efforts at developing global format standards like CGI XML.

At Deutsche Bank we understand the challenges that treasurers face in the post-crisis environment and the critical importance they now play in corporate strategy. We also understand how banking channels and services support that role, delivering information that is vital to treasury decision making. So, in the midst of this paradigm shift in banking services, we're operating under a clear, client-centric principle: Whether the best solution is proprietary or bank-agnostic matters little to us. All that matters is that it's the best solution.