



Supporting Corporate Connectivity Through SWIFT and Beyond



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The banking community — including Deutsche Bank — has long advocated corporate access to the SWIFT network (SWIFTNet), and over the past 10 years corporate-to-bank connectivity through the network has evolved substantially. Costs are now considerably lower than they were a decade ago and ease-of-access to the service has increased, with many banks placing it within their portfolio of connectivity offerings. But while bank take-up of the financial messaging services is widespread, it is only relatively recently that corporate interest in SWIFT has increased. As corporates now have the option of outsourcing their SWIFT connectivity to a specialist service bureau, many are seeing the benefits of its standardised messaging service and enhanced bank account management initiatives.

Evolution of SWIFT

Registered corporates currently account for 10% of SWIFT's customers, but this figure is likely to rise with both further encouragement from banks and the ongoing evolution of the SWIFT arena. While SWIFT's corporate space was once dominated by large multinationals (with significant technical bandwidth at their disposal), there is now a shift towards a broader range of corporate adoption. This move has been further fuelled by the rising number of successful corporate case studies, the development of service bureaus and more competitive pricing.

Corporate users have in the past tended to primarily employ SWIFTNet for payment management and cash management purposes. But today, SWIFT's corporate

offerings are expanding into new areas including trade transactions, electronic bank account management (eBAM) and 3SKey — SWIFT's digital signature capability.

Developed through partnership between SWIFT and the banking community, 3SKey is a multi-bank and multi-network solution that allows corporates to sign financial messages and files sent to their banks, using a single signing device, and is an example of how SWIFT's capabilities can be expanded for corporates users.

As such innovation continues — and the network becomes increasingly attractive for companies — corporate adoption is expected to increase across all levels of commerce, and companies are likely to use it for a broader range of purposes.

Advances in Corporate Connectivity

Indeed, this expansion in use is already evident as corporates — in addition to utilising SWIFT's payments and cash management capabilities — are now exchanging a wider range of messages through the network. A new development in this respect (and one that should be available in Q4 of this year) is the MT798 message for letter of credit (LC) issuance, which supports corporates' LCs and guarantee requirements. Closely complementing the cash management services offered through SWIFT, this messaging network allows corporates to use a single channel for trade and cash, across multiple banks.

Such developments come hand-in-hand with broader industry developments designed to aid connectivity. The most significant of these developments is the ongoing emphasis on the standardisation of file formats. This is largely driven by the Common Global Implementation initiative, an industry group seeking to leverage XML-based standards and establish XML as the global messaging format for all transactions.

The value of a uniform industry messaging standard to cross-border operational efficiency is clear and — as XML is the designated data format for Single Euro Payment Area (SEPA) transactions — it is an area in which Deutsche Bank is making significant investment. This investment is not relevant solely for our European clients, but rather works to the benefit of all our customers with international reach, irrespective of their choice of connectivity channel. And "choice" here is the operative word.

A Multitude of Options

Although Deutsche Bank has been a pioneer of SWIFT for corporates for some years now — and was one of the first banks to be certified "ready" to offer its services to corporates by SWIFT's "Bank Ready" certification programme — we also recognise

that SWIFT connectivity is not a single solution. Rather, it is a growing portfolio of capabilities, accessible through a common channel. Together, streamlined connectivity and standardisation of formats bring substantial benefits to corporate users, and this corporate-to-bank relationship is integral to one of Deutsche Bank's key aims — to continue to enhance our customers' experiences, during implementation of networks such as SWIFT, and beyond.

By facilitating data exchange through our customers' chosen channel, we aim to improve our customers' connectivity experience. The emphasis on streamlined connections and standardisation of formats is therefore very important, as it brings substantial benefits to corporate users. SWIFTNet represents a major opportunity for a variety of corporates to enhance their cash, trade and risk management. For this reason, we already have 90 professionals across our business who are trained on SWIFT corporate access, with a second wave of training to follow shortly. By identifying and preparing for market developments in this way, we can be in a stronger position to enhance our customer's implementation experience and share the best practices the industry can offer.