



Achieving Efficiencies Through Corporate SWIFT Connectivity



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Efforts to improve corporate access to the SWIFT network have been ongoing for some time, yet its full potential is only beginning to be realised.

With most corporates maintaining multiple banking relationships, managing connections with each provider can often present challenges for corporate treasurers. Besides cost, there is also significant pressure to use a common interface and standards while at the same time to use a bank neutral platform instead of individual banks' proprietary systems. Consequently, this pressure has grown further as many corporates have spent significant sums upgrading enterprise resource planning (ERP) and treasury management systems (TMS) in order to streamline other aspects of the day-to-day running of their businesses.

Broadening the scope of corporate access to SWIFT, the financial messaging network, is therefore a proposition that has been welcomed by many and can deliver tangible benefits to corporates — benefits that grow exponentially with scale, that is the larger the corporate and the more banking relationships that it maintains. In addition to limiting technology and infrastructure costs, direct access to SWIFT can deliver a range of other benefits, enhancing the visibility of processes and paving the way for efficiency gains in other aspects of corporate treasury management.

Streamlined Implementation

While there were early teething problems in bringing SWIFT into corporate infrastructures, many lessons have been learnt and providers such as Deutsche Bank can now assist clients in moving to this channel-agnostic solution. Indeed, Deutsche Bank has looked beyond this aspect of SWIFT connectivity and is in a position to offer many of the value-added features of its proprietary channels to clients.

Corporates wishing to implement SWIFT can therefore expect a much smoother ride than that experienced by the early adopters. Indeed, once up and running, SWIFT connectivity costs very little to maintain and can form a discreet part of a corporate's overall systems

environment. This should allow treasurers and other finance professionals to spend more time on core activities rather than on the IT infrastructure that underpins them.

Despite the marked improvement in implementation times and procedures, there are yet some areas where further improvement could be made. For example, the volume of documentation that corporates need to complete before they can communicate via SWIFT can be arduous and time-consuming, especially for those with multiple existing channels of communication that need to be rationalised. This is currently being addressed by efforts to produce a standard agreement for corporates entering into SCORE (Standardised CORporate Environment) arrangements. In addition, due to the variations adopted by some banks, there is still some way to go before a truly standardised set of documentation is produced.

Realising Potential

While direct access to SWIFT was once the preserve of large multinationals, it is now on the agenda for a much broader range of corporates. This narrows down to two main drivers: a broadened eligibility criteria for SCORE — meaning that many corporates no longer need to join a Member Administered Closed User Group (MACUG) — and the launch of "Alliance Lite" at Sibos 2008.

Alliance Lite, a plug-and-play solution, has greatly reduced the software footprint on corporate premises, easing the installation process and reducing many of the costs involved in changing infrastructure and back office practices. The adoption rate of Alliance Lite has, so far, been limited but is expected to grow in momentum in countries where there are no alternative multi-bank channels. However, in order to be seen as a long-term solution, Alliance Lite will need to develop its global applicability and broaden its support of corporates' in-country cash management and payments needs.

Another key aspect of maintaining SWIFT's success will be ensuring that the messages that pass through it are standardised. Indeed, the benefits of a single channel of communication will rapidly become negated if the messages passing through it are fragmented and in need of reformatting before they can be processed. In this respect, encouraging both corporates and banks to adopt the XML ISO 20022 standard is crucial and the signs are encouraging: The Single Euro Payments Area (SEPA) is acting as a catalyst in Europe and support is coming from other countries — such as China — with rapidly growing economic and financial infrastructures.

Undoubtedly, the ultimate goal of financial messaging has long been considered to be direct corporate-to-corporate communication — a channel that is expected to become feasible in the coming years. This will permit buyer-to-supplier communications and also generate the next level of financial supply chain efficiencies, all of which will enable the SWIFT network to realise its full potential.