

Taking SWIFT to the masses

With the number of companies joining SWIFT now accelerating, at a fast rate, the focus is on banks and application vendors, says Kurt Vandebroek, vice president, product management, SunGard AvantGard, to develop electronic solutions over SWIFT that have traditionally been delivered through different channels.

In 2009, and particularly the first half of 2010, there was a strong surge of interest and adoption of SWIFT by both American and Asian corporations. The introduction of the SCORE (Standardised Corporate Environment) framework has certainly been a catalyst for this evolution. This was amplified as SWIFT opened the SCORE framework to non-listed corporations and the total cost for a SWIFT implementation was reduced dramatically. Finally, the community of corporations using SWIFT seemed to gain the critical mass to become the solution of preference for large multinationals but it still lacks broad market acceptance in the small-and-medium corporate segment.

Increasingly, corporations that joined SWIFT over the last five years are voicing their concerns about bank readiness and lack of co-operation between the different players of the community. It seems that in most cases banks have been implementing tactical solutions to respond to immediate requirements just to avoid losing important customers.

Thus far, few banks have used this new channel to create a competitive advantage and even fewer have made SWIFT their channel of preference. However, we are seeing the interest level of banks increase sharply as they look to differentiate from the competition by offering enhanced services via SWIFT.

Corporate customers are looking toward their SWIFT investment for a full range of cash management, treasury, trade finance, asset management and even contract management services. In fact, in 2010 SWIFT delivered the very first corporate-facing service over their network for electronic bank account management (eBAM). This is just the start of what could become an entirely enhanced delivery model for banks that want to expand their corporate cash management business.

Because SWIFT implementations are still technical in nature and involve specialised parties, the total cost of ownership is too high. The success of SWIFT in the broader market will depend on the ability to deliver a

complete set of comprehensive plug-and-play services at an affordable cost for both banks and corporations. Strict interpretation of the standards and implementation guidelines and an industry-wide accepted label for end-to-end plug-and-play solutions built on top of SWIFT can create the framework for mass adoption.

The current SWIFTNet Ready labels play an important role in the standardisation of applications and services, but still fall somewhat short of their goal because they only focus on one aspect of the solution and not the end-to-end aspect. Banks that are part of the SCORE framework, for example, can still push proprietary standards or charge extensive premiums for using the SWIFT network compared to proprietary electronic banking solutions. Treasury and cash management vendors have their applications labelled, but don't prove that the solutions are tested with the banks. From a bank's perspective, a minimal approach would be to comply with basic service requirements summarised as follows:



Making SWIFT an even bigger success will be a community effort. Corporations, solution providers, SWIFT and the banks have an opportunity to work together and create a game-changing framework for the future.

Kurt Vandebroek,
SunGard AvantGard

SCORE member

- Support of basic cash management operations in FIN format
- Financial or treasury transfers (MT101)
- High value and urgent commercial payments (MT101)
- Payment confirmations (MT199 or MT900)
- Deal confirmations (MT3xx)
- End-of-day balance and transaction reporting (MT940)

Support of basic payment operations over FileAct

- Low-value, high-volume bulk payments including but not limited to supplier payments, commercial cheques and salary payments
- End-of-day balance and transaction reporting that contains sufficient transaction detail for reconciliation of accounts payable and accounts receivable in the general ledger application
- A dedicated support desk and implementation team with in-depth knowledge of the services provided over SWIFT

In order to be efficient, a bank label should go further than validating compliance with the basic services and include those elements that make a solution valuable for the end-users:

- Full support of ISO 20022 across the board
- eBAM for electronic management of bank accounts
- Comprehensive status reporting on wire payments and bulk payments
- Feedback of clearing references

for both wire payments and bulk payments in the corresponding file formats, allowing for the payer to improve back-office processes and facilitate communication with their vendors/payees

- Support of FIN formats for trade finance
- Accept the standard contracts developed by SWIFT for banks in the SCORE framework
- No cost differentiation compared to proprietary electronic banking solutions
- Pre-test formats and end-to-end integration with at least one major application vendor.

Over the long term, we will see a shift away from the traditional cash management and payment services. Banks and application vendors should collaborate to develop electronic solutions over SWIFT that traditionally have been delivered through different channels, such as asset management, trade finance, insurance and

investment services. The use of personal digital identity in combination with improvements in electronic forms can help to greatly reduce the costly paper workflows still in place between banks and corporations. eBAM is a great initiative in this space. Application vendors from their side will need to invest in quicker adoption of new solutions and reduce the implementation timeframe by building SWIFT as a core component in their applications and solutions - cloud computing and Software-as-a-Service are two trends that will help in this effort.

Where reluctance, hesitation and even disbelief have slowed the adoption of SWIFT for corporations in the first years of its existence, the tide seems to have changed. Making SWIFT an even bigger success will be a community effort. Corporations, solution providers, SWIFT and the banks have an opportunity to work together and create a game-changing framework for the future. Broad adoption can only become reality if all parties benefit and the usage of SWIFT proves to lower the total cost of electronic banking for the entire community. This will require investment in the short term by solutions providers and banks in comprehensive plug-and-play solutions. A SWIFT-sponsored labelling program capturing the end-to-end readiness of these solutions will greatly help in this effort. //

SUNGARD®