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How the Common Global Implementation and ISO 20022 Standards Can Help You Interface with Bank Networks

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SAP

Introduction to Standards

- What are payment standards?
 - Physical layout/format of a payment transaction, file, or data—e.g., NACHA file format, Fedwire and CHIPS message formats
 - Rules surrounding a payment process
 - Business processes to create or respond to messages
 - Best practices for implementing or using standards
- Who are the standards organizations?
 - ISO, ANSI, SWIFT, IFX, OAGi, x9, TWIST, RosettaNet, NACHA, and others.
- Who is ISO?
 - International Standards Organization
 - Host for international standards sourced from US (x9), SWIFT, and others.

Introduction to ISO 20022

- What is ISO 20022?
 - The next-generation of financial services industry messaging standards
 - A harmonized set of standards addressing all financial services domains including Payments, Securities, Trade Finance, Card, FX and other.
 - Enables efficient and consistent communications between corporations and banks , facilitating Corporate payment STP
 - Based on a partnership of multiple standards organizations including SWIFT, IFX, OAGi, x9, TWIST, and others. A single set of globally relevant payment communications.
 - Freely available to all members of the financial services community.
 - The focus of SWIFT's newest standards development (SWIFT MX).
 - Implemented by financial applications providers (SAP, Oracle) for use by their clients when interfacing ERP & treasury applications with banks
 - Consistently included in large corporate cash management RFPs (banks' ability to support is increasingly a condition for bid process)

Common Global Implementation (CGI)

- What is CGI?
 - CGI is a forum of banks, bank association organizations, corporate users and vendors that come together to discuss various industry topics related to ISO 20022 messages and other applicable initiatives affecting corporate to bank activities. CGI members collaborate to achieve common implementations of the ISO 20022 financial message set, promote usage and adoption
- Why do we need CGI?
 - There is a need to simplify implementation for corporate users and thereby promote wider acceptance of ISO20022 as the common XML standard used between corporates and banks.

CGI Mission & Objective

- Provides a forum for financial institutions (banks and bank associations) and non-financial institutions (corporates, corporate associations, vendors and market infrastructures) to progress various corporate-to-bank implementation topics on the use of ISO 20022 messages and to other related activities, in the payments domain.
- Simplify implementation for corporate users and thereby promoting wider acceptance of ISO20022 as the common XML standard used between corporates and banks.
- Achieved through consultation, collaboration and agreement on common implementation templates for relevant ISO 20022 financial messages, leading to their subsequent publication and promotion in order to attain widespread recognition and adoption.

CGI Drivers

- Driven by customer demand for multibank coordination of implementations
 - Global corporate, multi-banked, multi-payment type, multi-country implementations (mixed payables)
 - Is intended specifically for global, multi-country, multi-bank and multi-instrument implementations that the participating banks can commonly accept as ONE of their implementations
 - Focuses on the general message structure and then successful creation of individual transactions that can be executed by the participating banks
 - Can be published and has endorsement from appropriate communities
 - Actively engages corporate partnership

“A corporate can use the same message structure for all their payments with all of their transaction banks reaching any payment system across the globe”

CGI – Participation

- Membership:
 - Adhoc or non-legal forum that is open to financial institutions and related associations, technology vendors, corporates and standards bodies that have a common interest in collaboration, promotion and adoption of the ISO 20022 XML financial message set.
 - Members choose the level of active participation based on the specific areas of interest
 - No fee to join

CGI – Structure

- Working Groups:
 - Areas of Focus:
 - Credit Transfers
 - Direct Debits
 - Cash Reporting
 - Weekly webex meetings
- Conveners:
 - Facilitate meetings

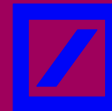
Contributing Members

In total 32 members, pending allowance based on individual trademark policies

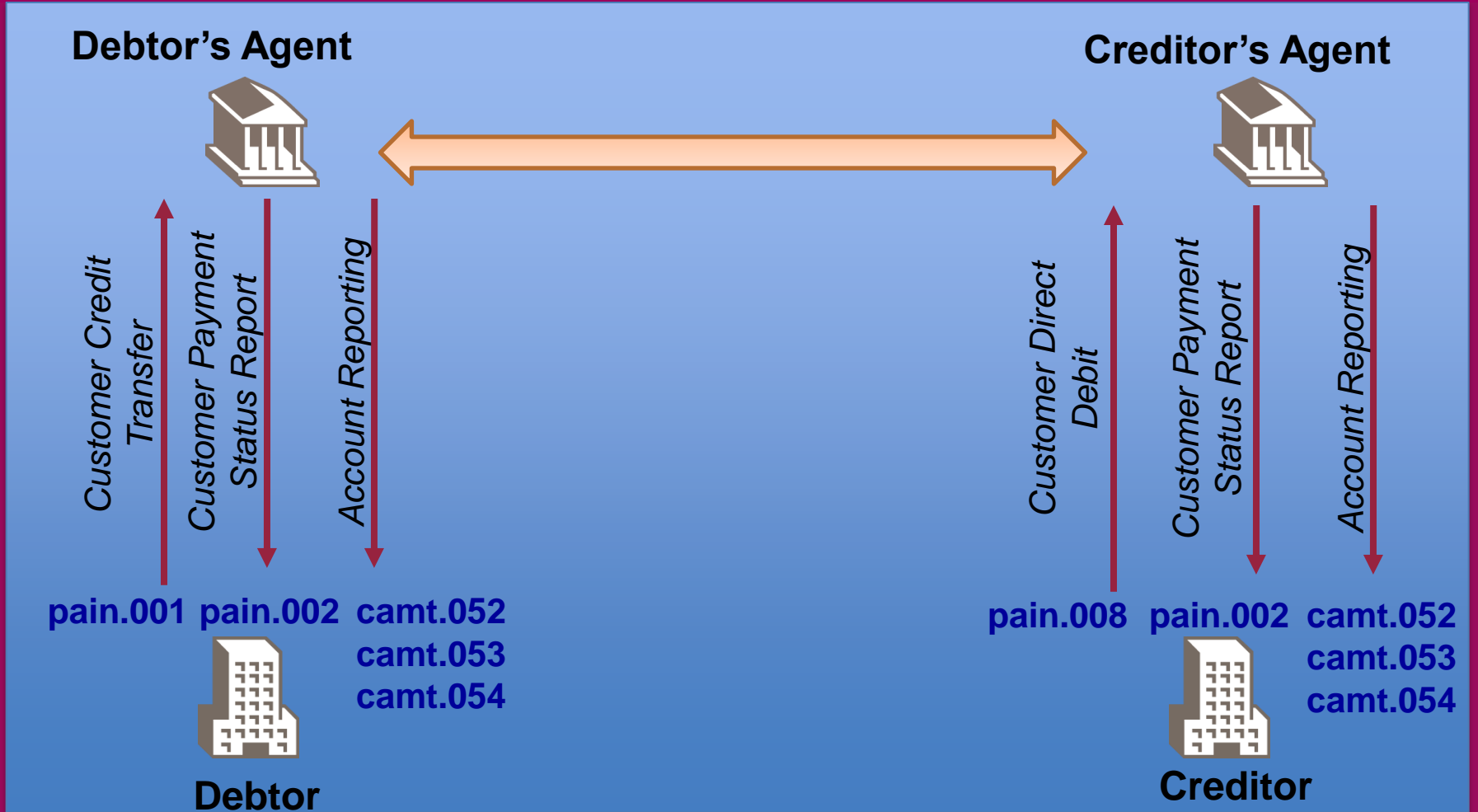
- BBVA
- Bank of America Merrill Lynch
- Barclays
- Citibank
- Danish Bankers Association
- Danske Bank
- Deutsche Bank
- DnB NOR
- HSBC
- ING Bank
- J.P.Morgan
- Microsoft Corporation
- Nordea Bank
- Royal Bank of Scotland
- SEB
- Standard Chartered Bank
- Sydbank
- UTSIT
- UK Payments Administration
- XMLdation



Deutsche Bank



Flows



GE's View

- Who we are
 - Multi-bank, multi-payment type, multi-country
- What are our challenges
 - Multi-formats
- CGI Solution
 - Minimal IT development and maintenance
 - Clear definition of local payment instruments
 - High STP rates

SAP's View

- Global Provider of Enterprise Software
- Technology company responding to customer challenges as well as ours

SEPA Package from SAP

- SAP appreciates and supports the SEPA framework of the European Payment Council, improving straight-through processing and allowing increased transparency into payment flows
- SAP's Business Suite is already enabled to help customers to benefit
- A dedicated SEPA package for the SAP Business Suite is available since the end of 2007.
- SAP's SEPA Package is available for all SAP customers with maintenance contract free of charge (R/3 Enterprise onwards)

Support of new payment formats and instruments in SAP ERP

- XML enablement of the new standard European SEPA payment formats
- SEPA Credit Transfer based on EPC Rulebook 4.0
- SEPA Direct Debit based on EPC Rulebook V.3.3 (Core) and V.1.2 (B2B)
- Management of SEPA direct debit mandates
- SEPA enablement for IDOC payment formats
- Support of IBAN and BIC
- SEPA Support of MT940 Bank Statements

References

- TreasuryToday's Adam Smith Award Winners 2009 and 2010 for the Best SEPA Solution...
- ...using SEPA Package from SAP!



J.P. Morgan's View

- Global provider of payment services
- Coexistence of standard and proprietary offerings
- Standards yield value to all participants in the process:
 - Efficiency
 - Scale
- For standards to be effective, both creation of the standards and adoption once created are fundamental to creating value.
- CGI makes standards more readily accessible and relevant to users, providers, enablers.

Appendix

Resources

CGI	www.swiftcommunity.net /CGI
ANSI	www.ansi.org
X12	www.x12.org
X9	www.x9.org
ISO	www.iso.org
ISO 20022	www.iso20022.org
SWIFT	www.swift.com
NACHA	www.nacha.org
RosettaNet	www.rosettanet.org
SWIFT	www.swift.com

CGI Organization

- Co-Conveners
 - Stig Korsgaard – stk@finansraadet.dk
 - Susan Boeri – susan.boeri@ge.com
- [www.swiftcommunity.net /CGI](http://www.swiftcommunity.net/CGI)
- Support.CGI@swift.com

- Three Working Groups
 - Credit Transfer /Status Report (Susan Colles – Bank of America Merrill Lynch)
 - Direct Debit (François Lemaire – ING/UTSIT)
 - Account Reporting (Joo Kim Ong – Citibank)

Biographies

Susan Boeri - *Manager, Product Management, GE Corporate Treasury*

- Susan Boeri is Manager, Product Management, Global Cash Management, at General Electric Corporate Treasury based in Stamford, CT, US. In this capacity, she has global responsible for SWIFT projects and industry initiatives at GE Corporate Treasury. She has been with GE Corporate Treasury for 6 years. Susan has a BS from SUNY Oswego, a MBA from Pace University and has her CTP designation. She is currently a co-convenor of CGI representing the non-financial participation in CGI.

Robert J. Blair - *Managing Director, JPMorgan Treasury Services, Client Access*

- Bob is the Product Management Executive responsible for JPMorgan Treasury Service's global SWIFT and file channel offerings. In this role, Bob is active in a variety of industry forums related to SWIFT and standards including ISO20022 where he is vice convenor of the ISO20022 RMG and vice convenor of the ISO20022 Payment SEG.