Multi-Channel Bank Account Management

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Three Perspectives

- The Corporate View
- The Bank View
- The Standards
The Corporate View – the Challenge of Bank Account Management

- For large corporates (> $10 billion in revenue) the numbers tell the story.

- Average number of bank accounts: 2,500
- Number of banks used: 10-100
- Number of legal entities: 10-1,000

- Average number of signatories: 5,000
- Corporate signatories: 5-100
- Transactional signatories: 100-10,000

- Treasury organization: 80% centralized
- Changes needed annually: 15% - 25%
- Number of geographies: 10-100
Delta’s Challenge

- Delta works with over 100 banks in more than 80 countries, with hundreds of bank accounts and more than 20 legal entities.

- Delta operates with a centralized treasury structure:
  - A limited number of key treasury individuals must be signatories on all accounts, in addition to the local country signatories.
  - The selection of banks and establishing of bank relationships is done at a centralized level.

- Delta must have banking relationships in each country serviced by Delta Air Lines.

- Managing bank accounts, with the associated legal entities and signatories is a time-consuming, expensive, complicated, and difficult process.
Benefits of eBAM for Delta

Using eBAM, Delta will be able to:

1. Eliminate paper
2. Control bank account changes with a centralized approval process, while still providing flexibility to empower local staff to initiate requests
3. Track the progress of a bank account request internally and across our banks
4. Search for and request changes to a single signatory across all applicable bank accounts
5. Use search capabilities to generate reports
6. Update the corporate address, contact data, legal structure, and any other data and/or information that is associated with a bank account
7. Create a virtual signature card for each signatory that is legally-binding and regulatory-compliant
8. Provide authoritative reporting for corporate compliance needs
Bank Account Management today – limited due to reliance on paper

- **Manual Processes**
  - Populating bank documentation
  - Country regulations

- **Long Cycle Times**
  - Mail signed documents
  - Lack of transparency

- **Un-reconciled records**
  - Account lists
  - Signer lists

- **Embedded Risk**
  - Numerous hand-offs
  - Resolutions subject to interpretation

- **Country and Bank specific processes**
  - Forms and processes
  - National and regional regulations
The New Paradigm – electronic processes yield substantial benefits

Client Service
- Security
- Efficiency
- Visibility & Control
- Bank-agnostic processes

Electronic Processes
- Pre-populated documents
- Standards & Interoperability
- Shorter Cycle Times
- Transparency
- Reduced Risk
eBAM - The Transformation
eBAM – Building the foundations

- Efficiency
- Automation
- Message Standard
- E-Channel
- Paper

EBAM

BAM

AFP® Annual Conference
eBam – an Evolution
eBAM – a reality ....

- Live clients, live processing
- Opportunity to automate and increase efficiency, for both banks and customers
- EBAM offers the means for automated and streamlined account management
- Full E2E integration needs to happen in banks’ and customers’ processes
What is SWIFT?

- A co-operative organisation serving the financial industry
- A provider of highly secure financial messaging services
- The financial standardisation body

AFP® Annual Conference
A little humor…

I need you to attend a three-day industry standards meeting in Elbonia.

Because Elbonia is the worst place on earth. The member companies don’t want this to look like a boondoggle.

I guess three days won’t be so bad.

You’re not allowed to eat.
SWIFT’s role in this initiative

• International standards organization bringing the community together to collaborate and define “common” market practices
• Requirements driven by the industry for the industry
  – Community initiative driven by financial institutions, corporations and vendors globally
    • 2008 – SWIFT eBAM Initiative started – Standards workgroup
    • 2009 - Global Pilot and Submission for ISO Certification
    • 2010 - ISO 20022 Certification, production pilots and live adoption
  – Standards will be used over the SWIFT network and proprietary channels
• The EBAM standards will continue to evolve based on market adoption and feedback
Electronic Bank Account Management Today and tomorrow

**Today**
- Slow
- Low integration
- Expensive
- Low satisfaction

**Tomorrow**
- Automated
- Dematerialised
- Standardised
- Faster/cheaper

XML messages
Supporting documents
What is SWIFT eBAM?

Standards to facilitate Account opening, Maintenance, Closing and reporting on account features (e.g. auditor requests)

- Messaging service
  - FileAct
  - Secure guaranteed delivery
  - Header specifications (ACMT)
  - Attachments supported: Multiple formats & standard naming conventions

- Personal Digital Signature - Technical specifications
  - Sign a XML
  - Sign attachments
  - Transport certificates

- XML ISO messages
  - 15 messages
  - 18 business scenarios
Standards in action
Example - Account maintenance request

1. Account Maintenance Request
2. Account Request Acknowledgement
3. Account Maintenance Additional Information Request
4. Account Maintenance Amendment Request
5. Account Report

✓ The request is sent by an authorised individual within the company, this person is known and identified by the bank (process supports Personal Digital Identity)
✓ The bank acknowledges the receipt of the request
✓ The bank may request additional information
  - If so, the bank request is addressed by the company automated through the standard messages
✓ All messages contain a unique ID so that they can be referred to the initial request
  - The model guarantees traceability
✓ The process is completed by the bank sending the account report message
  - This reporting message contains all bank account information and guarantees the corporate that the request is fully processed by the bank
## Benefits

**How can standards help?**

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<tr>
<th>Help the industry speak a common language globally</th>
<th>Lower industry TCO by improving STP and minimizing complexity – save time and resources</th>
<th>Reduce paper and support green initiatives</th>
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<tr>
<td>Increased transparency through automated workflows</td>
<td>Minimize risk through improved process turn around times and process improvements - eliminate errors</td>
<td>Lessen audit concerns through standardized processes, electronic audit trails and reporting of information</td>
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In closing

Key considerations for Corporates

Number of bank relationships
- Number of accounts (domestic and international)
- Resources and time allocated to this process

Current bank account management process
- Do you have an accurate record of your accounts and agreements?
  - How is that maintained?
  - Do your records match what your bank(s) have on file?
  - How do you audit this information to ensure it is up to date?

How many signatories/signature cards do you maintain?
- How do you ensure this information is current?
- How do you secure this information? How does your bank store this information and maintain it’s accuracy?
Questions...