



PASS ON THE MESSAGE

SWIFT CONNECTIVITY IS MORE WIDELY ACCESSIBLE TODAY THAN EVER BEFORE AND COULD BRING MANY BENEFITS TO YOUR BUSINESS, SAY HARCUS COPPER AND MICHAEL BUDDEN

Despite the positive economic indicators, businesses are still operating in a high-risk environment, which is why cash and liquidity management is more important than ever. Migrating to SWIFT for Corporates is one way for corporates to gain greater visibility of their cash and to manage banking processes more effectively. And whereas SWIFT connectivity was once the preserve of an elite group of multinationals, it is now accessible to a far wider range of businesses.

Is SWIFT right for your business?

When any business uses an electronic banking service,

it wants visibility of account balances, as well as of payments and other transactions that are taking place. It also expects to use the service to manage its liquidity. Of course, host-to-host channels and e-banking platforms also provide this functionality, but what SWIFT offers on top is a bank-agnostic approach. More than 9,000 banks worldwide already use SWIFT.

Corporates with multiple banking relationships can benefit from SWIFT's bank-agnostic approach. With SWIFT, there is a single communication channel for corporates to transmit transaction instructions to, and receive balance and transaction information from, their banks in common formats.

The more banking relationships that a corporate has, the greater the potential benefits of the channel, which offers high straight-through-processing rates and elevated levels of network availability, security and reliability.

SWIFT allows corporates to automate some of their back-

office processes that are related to cash management. With SWIFT, corporates can receive MT940 electronic account statements automatically, for example, rather than require someone from the treasury team to log in manually to bank portals on a daily basis in order to export the relevant

THE BUSINESS CASE FOR SWIFT

As with any other major business investment, senior management will expect to see a business case before considering a SWIFT implementation.

The main arguments for implementing SWIFT are that greater visibility of cash can speed up decision-making and reduce risk. Meanwhile, more standardised, automated processes will free up the treasury team to focus on activities that are of more strategic benefit to the business. In addition, SWIFT brings greater transparency around bank relationships, enabling the treasury team to compare pricing and channel traffic in the direction of preferred suppliers. With SWIFT, it is also easier for companies to bring a new bank on board.

As SWIFT continues to evolve, it will offer even greater functionality in future. Already, corporates can use electronic bank account management via SWIFT and take advantage of its 3SKey personal digital identity capability.

information. If a corporate has a reasonably sophisticated enterprise resource planning or treasury management system (TMS) – or even, in some cases, if it is using Sage or QuickBooks accountancy software – the MT940 information will simply arrive in the system and the relevant data fields will be automatically populated. The same happens with regard to payment requests. When a payment request is made on the TMS, it can automatically be sent to the bank via SWIFT.

Furthermore, SWIFT offers additional functionality that is not available through other channels, such as documentary letters of credit and FX confirmations.

Deciding whether SWIFT for Corporates is right for your business will depend on the extent to which it will benefit from the functionality that it offers. But the notion that SWIFT is only for corporates with large transaction volumes is a misconception, since SWIFT's offering can be tailored to a wide range of businesses.

How to connect

In the past, businesses that wanted to use SWIFT for Corporates had to build their own direct connection in-house. That was both time-consuming and cost-intensive. Fortunately, those days are gone and now businesses have a range of options for connecting with SWIFT:

- ◆ Direct connection;
- ◆ Using Alliance Lite2, a 'pay-as-you-go' subscription service from SWIFT;
- ◆ Through a service bureau such as Fundtech or Bottomline; or
- ◆ Using an alternative service provider (ASP) such as AccessPay, Bellin or OpusCapita.

When weighing up which option to go with, treasurers will need to take the needs

of their own business into account. Implementing a direct connection is rare these days due to the effort involved, so they are more likely to go with one of the other three options.

SWIFT itself provides the Alliance Lite2 subscription service, billing it as 'the easiest way to connect to SWIFT'. Since Alliance Lite2 is cloud-based, companies don't have to maintain expensive IT infrastructure at their premises and upfront investment is limited. To use the connection, they just need a standard Windows PC or laptop, browser and internet connection, and the secure USB token that is provided as part of the service. With Alliance Lite2, businesses are only billed according to their usage, so it is the most cost-effective option for many newcomers to SWIFT.

Service bureaux capitalise on their ability to offer economies of scale. So they tend to be favoured by businesses that send a high volume of transactions each day. They can also provide additional support and services to their customers, such as technology for delegating authority and anti-money-laundering automation.

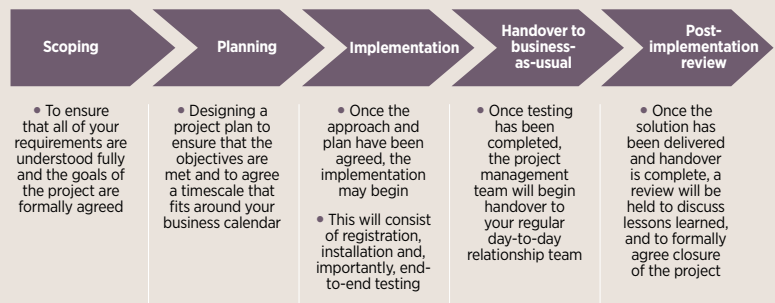
ASPs constitute an emerging model of SWIFT connectivity. They allow their customers to directly access SWIFT Alliance Lite2 through their cloud-based TMSs.

Implementing SWIFT

The good news is that implementing SWIFT – in whichever form of connectivity that you choose to take – is relatively straightforward compared with other system-related projects that your company is likely to embark on.

Migrating to SWIFT for Corporates is one way for corporates to gain greater visibility of their cash

IMPLEMENTING A NEW SOLUTION



In addition to talking to your bank, you will want to kick off the project by talking with SWIFT, the service bureaux and the ASPs to find out more about the different solutions on offer and to identify the one that best suits your business. You will also need to apply to SWIFT for a BIC code, which will typically take between six and eight weeks to arrive.

Furthermore, you will need to review whether your business has the appropriate controls and technology in place to support use of SWIFT. For example, there must be suitable access controls to ensure that only authorised people have access to SWIFT and you will want to consider how your company's existing systems can integrate with SWIFT in order to get most benefit from it.

There are typically five stages to implementing SWIFT and your bank should be able to help you with the end-to-end process. The five stages are outlined in the chart above.

Depending on the complexity of the SWIFT service that your company opts for, implementation can typically take anything from a few weeks through to several months. Cost also varies according to

complexity. Even if you draw on external advisers to manage the implementation, you must still free up internal resources who understand accounts payable and receivable, reporting and treasury. Their help will be invaluable in areas such as planning, integrating SWIFT with existing systems and processes, and testing.

Ongoing costs and support

Once you have SWIFT up and running, the costs – and the work – do not end there. SWIFT will charge your company on an ongoing basis for using its network and you will need to pay your bureau if you are using one. Your bank will, typically, not charge you for using SWIFT, but it will charge for making payments and sending statement data. Your SWIFT connection will always need at least some support from your in-house IT team as well. ➔

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Barclays was the first bank in the UK to sign up a corporate client on SWIFT. To find out more, see www.barclayscorporate.com/products-and-solutions/online-banking-services/swift-for-corporates.html

