

FORUM

Digitally Augmented Treasury

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The ever increasing digitalisation and the introduction of new technologies is changing – and in some cases transforming – the ways corporates operate. Doubtlessly, this opens up new opportunities for growth and increased efficiency. This article describes the game-changing potential of mobile technology, instant payments and electronic bank account management in corporate treasuries.

Electronic bank account management

Electronic Bank Account Management (eBAM) received a good deal of attention in 2008 and 2009, however corporates, vendors, banks and regulators have struggled with their readiness to enable a surge in eBAM adoption. Recently, there has nevertheless been some significant progress:

- The eIDAS¹ regulation, providing a Europe-wide framework for the use of electronic signatures has come into force in July 2016;
- CGI² Guidelines for ISO XML standards have been issued for version 1 while publication of the guidelines for version 2 is imminent. The latter are important for the European landscape as they better cater for the European context (paper/electronic mandates, group of signatories).

Before anything else, corporates want to use eBAM services to automate their mandate management processes. These processes lend themselves better to digitisation at this stage as, unlike account opening/closing, there are lesser

regulatory hurdles involved. In terms of solutions, corporates are divided into two groups depending upon their current capabilities:

1. Corporates taking advantage of the bank agnostic XML standards to communicate with bank(s) via SwiftNet or direct connectivity channels
2. Corporates relying on banks proprietary portals to communicate changes in their account administration to the bank

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Instant payments

Real-time or near-real-time fund transfer mechanisms between counterparties already exist in some countries. 18 such schemes exist worldwide and 12 others are under development. In countries where such schemes are in place, inefficient, automated clearing houses have already been replaced or complemented, but their application is restricted to domestic usage only. International transfer of funds is currently only possible via closed-loop systems where payer and payee both need to be part of the same system (PayPal, AliPay, etc.) and is therefore less interesting for use in corporate treasury. With the introduction of SEPA, an efficient retail payment scheme in the Euro zone operating on next-day or same-day basis has been put in place and the Euro Retail Payments Board is moving to adopt an instant payment variant known as SCTInst.

1. The Regulation (EU) N°910/2014 on electronic identification and trust services for electronic transactions in the internal market (eIDAS Regulation) adopted on 23 July 2014 provides a predictable regulatory environment to enable secure and seamless electronic interactions between businesses, citizens and public authorities.

2. Common Global Implementation.

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While instant payments are of utmost relevance in the B2C/retail space and P2P payments, the latter typically coupled with mobile technology, in the corporate world currently there is a lack of ubiquitous requirement for real-time payments. Instant payments can potentially offer value for corporates in the following areas:

- Substituting/complementing cards and cash transactions
- Payment at delivery
- Substituting expensive same-day payments

Faster processing cycles with increased traceability and transparency for international payments is likely to bring more benefit in the short term for corporate treasuries. Hence the SWIFTgpi initiative, promising same-day use of funds, transparency and predictability of fees, end-to-end payment tracking and enriched payment information appears to be an interesting development.

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hence it is inevitable that mobile devices will play a growing role in connecting users and providers of payment and banking services. However, the sophistication of corporate banking is likely to ensure that mobile banking emerges as an extension, not a replacement of existing online and direct connectivity solutions.

The key for mobile technology in cash management is to add value by extending business processes, seamlessly integrating with existing solutions while safeguarding proper levels of security as part of an omni-channel approach. Corporate users are currently looking for mobile access to facilitate decision-making for relatively simple but critical tasks such as, payment approval and tracking sensitive payments, etc. In addition notifications on mobile devices can be a very powerful tool for corporate treasury, eliminating the need to log-in to remain

Mobile technology

Mobile technology has become a commodity in retail banking, so much so that it has replaced online banking to a large extent. According to Gartner, one out of three corporate devices are fit for mobile banking and



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security solutions, when deployed wisely, have matured to give corporates sufficient levels of control. Mobile devices and bank platforms will continue to develop, co-exist and complement each other to create a cohesive customer experience, combining convenience and sophistication.

Conclusion

It is to be expected that eBAM will simplify and harmonise bank account management, instant payments will dramatically cut down response time and mobile technology will lead corporates to a more connected future. However, with new technologies and opportunities come the requirements of cautiously unlocking their potential. Cyber fraud, malware and social engineering have surfaced as the primary means of attack and in doing so, singling out the weakest link in the chain: the human being. It is therefore important for corporates to adopt a multi-layered approach when considering a digitally augmented treasury. A comprehensive security policy, complemented with continuous awareness and training campaigns, response procedures and cyber insurance across the organisation will be key to business continuity in a digital age.

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informed. Conversely, the same corporate users tend to prefer online banking platforms for more complex tasks, such as analysing data through dashboards. Certainly security is a concern as mobile devices are more prone to theft or loss, but

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