

# INTRODUCING THE CORPORATE DIGITAL BANK

BNP Paribas is pioneering cohesive connectivity solutions that support local practices in each country while maintaining consistency and global visibility

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Corporate-to-bank connectivity has evolved considerably in recent years, with treasurers and finance managers now enjoying an unprecedented range of opportunities in the way that they communicate with their banks. As the number of choices increases, however, it becomes more difficult to devise a successful bank communication strategy without expert help. To address this uncertainty and devise connectivity solutions that are specifically adapted to each company's needs, BNP Paribas has pioneered the Corporate Digital Bank. This encompasses all the channels, transaction and information services offered by BNP Paribas within a single framework. The purpose is to offer the same range and quality of services to customers irrespective of the global communication channel(s) that they use, and to help customers to implement the most appropriate infrastructure to meet their needs.

## Supporting diversity

When structuring the Corporate Digital Bank concept, we recognized that different profiles of corporates have quite different needs in the way that they communicate with the bank. For example, highly centralized global corporations typically seek a single entry point to all of their cash management banks with detailed, real-time visibility over global cash balances. Straight-through-processing (STP) is of critical importance,

with prompt alerts in case of file errors. These corporations will often choose SWIFT for bank communications to minimize the number of banking connections and achieve bank independence.

A fully centralized approach to cash and treasury management is not feasible for all organizations and in reality, most multinational corporations combine centralized and decentralized elements, according to their corporate culture, business model and geographical scope. For example, many European corporations have centralized their cash and treasury management activities in Europe, with decentralized payments and collections in other regions. These corporations typically require a combination of solutions and services to enable central visibility and control over group cash and local payments, collections and cash management.

For some corporations, including large multinationals in industries such as utilities and retail, as well as smaller companies, local proximity is important and transaction volumes, such as collections, can be very high. These companies need cohesive connectivity solutions that support local practices in each country while maintaining consistency and global visibility, and avoiding fragmentation.

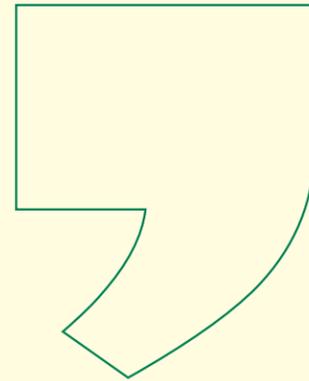
## Harmonization and localization

Within each broad customer profile, each company will have specific needs according to

its industry, geographic reach, business organization and culture, payment and collection strategy and technology infrastructure. The Corporate Digital Bank leverages a single platform for all transaction and reporting services, irrespective of the channel(s) deployed. This enables us to support both local cash management specificities and regional/global reporting requirements. With the development of XML standards and introduction of SEPA, there is a general trend towards standardization and harmonization. However, despite the introduction of common credit transfer and direct debit instruments, many countries have adapted the standard instruments, particularly SEPA Direct Debit (SDD), to meet local needs. For example, in Portugal, the standard SDD has been enhanced in line with local practices so that mandates can be accepted or amended using ATM machines. To maximize customers' use of SDD, it is very important for large-scale billers in Portugal that their banks can support this requirement, whether they manage collections locally or centrally. Consequently, while centralization is a widespread trend, the need to support local specificities remains vitally important.

## The channel of choice

Every company operating internationally needs to balance local, regional and global requirements when structuring its cash management strategy and solutions.



**“The ability to create custom solutions for transactions and reporting in a convenient and highly specific way is a powerful proposition for corporates”**

Consequently, the Corporate Digital Bank concept brings together the full range of local and centralized services and channels (eg, SWIFT, host-to-host, web-based solutions and national protocols such as EBICS and Isabel) within a single framework. Based on the specific needs of each corporation, we can therefore devise transaction and information solutions that bring together the solutions and services that they require, leveraging the

channel(s) that are most appropriate for their business. For example, for companies that value bank-independence, SWIFT may be the most appropriate platform for their regional or global transaction and reporting needs, perhaps supplemented with web-based connections for local users if required. For those that do not have the budget or resources to implement SWIFT, or for which bank independence is less important, host-to-host and/or web-based channels may be more suitable.

## Process and solution integration

A key factor that will influence the choice and configuration of banking channels is a company's internal cash and treasury management infrastructure. For example, a company may make payments and/or access account statements through an ERP (enterprise resource planning) tool such as SAP or Oracle, TMS (treasury management system) or a combination. Irrespective of the technology infrastructure in place, treasurers and finance managers are looking to harmonize and standardize their communications and formats across their banks; however, the mechanism they use to achieve this aim may differ. If middleware is in place between the corporate's systems and the bank, the format configuration will take place within the middleware layer to support industry-standard formats such as XML. Without a middleware layer, corporates may be more restricted in the choice of formats they can produce or accept, so banks may need to adapt more to customers' constraints. To support our customers using SAP, for example, we offer preconfigured XML templates for SAP that exactly match BNP Paribas' specifications.

These templates have already been rolled out across 10 countries and enable companies to implement XML formats rapidly without the need for extensive conversion or testing.

## Corporate Digital Bank in practice

The ability to create custom solutions for transactions and reporting in a convenient and highly specific way is a powerful proposition for corporates. For example, a company in Belgium may be accustomed to using Coda for retrieving and reconciling domestic account statements and may now be seeking to manage international statements in a consistent way. Through the Corporate Digital Bank, we enable conversion to Coda formats irrespective of whether the customer uses SWIFT, host-to-host or web-based solutions, or local solutions such as Isabel or PC Banking Business. This includes account statements from any BNP Paribas account across our footprint. Consequently, the company can use its domestic reconciliation tool to reconcile regional or global payments and collections as opposed to investing in new processes and technology.

In Germany, a majority of companies connect to their banks for domestic cash management via EBICS. Through the Corporate Digital Bank, we wanted to extend the convenience, security and standardization of EBICS to customers' international cash management business. Consequently, we have expanded the use of EBICS to enable customers in Germany to channel their regional and ultimately global cash management business, such as making payments and retrieving bank statements, through EBICS.



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## Supporting the mobile treasurer

When considering the most appropriate channels for bank communication, treasurers' and finance managers' needs are evolving beyond desktop and laptop-based capabilities. Increasingly, users are seeking the ability to perform certain functions such as reviewing liquidity positions and approving payments through smartphones and tablets. We are developing a range of capabilities to support our customers' payment workflow such as enabling users to pre-authorize payment files within the accounts payable or treasury department, which can then be pushed to senior approvers for final validation via a mobile device.

## The Corporate Digital Bank of the future

Digitization and distribution of capabilities via mobile devices continue to be major elements of BNP Paribas Cash Management's strategy. We are increasing the range of self-service capabilities, such as bank account management (BAM), which currently requires significant resources and manual processes by corporates and banks

alike. While legal requirements differ in each country for bank account mandates, we are working to standardize the processes as far as possible. This is easier in Europe where a common framework is in place; however, individual countries are at various stages of implementation. An associated challenge is that differing degrees of digitization of processes are feasible across countries; consequently, when standardizing and automating capabilities, it is important that the process provides efficiencies while minimizing the number of countries that need to be treated as exceptions. The Corporate Digital Bank will continue to evolve in line with changing customer demands, new channels and enriched services not only for cash management but across the spectrum of corporate banking activities; indeed, this is one of the fundamental objectives of the Corporate Digital Bank concept. By leveraging a single platform across channels, solutions and services, our customers will continue to be able to take maximum advantage of our services within a communications framework that is designed around the needs of their business.