



## The blockchain revolution is coming

Blockchain has been the buzzword in financial services for the past few years. Now, after plenty of talk, treasurers are starting to see some of blockchain's promise come to fruition. What will this all mean for treasury operations and are treasurers ready to take full advantage of the blockchain?



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Robin Gregson

CFO

Lookers plc



### The Industry View

Kevin Grant

Chief International Officer

Hanse Orga Group

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# Talk of the town

The annual EuroFinance jamboree heads to Barcelona this year and one topic that is, without doubt, going to dominate discussions is technology. However, we stand at an interesting point in time where treasury professionals have heard enough about the promise of technology and are beginning to demand solutions that can help them today.

Treasury Today Group's recent Voice of Corporate Treasury (VoCT) Study, supported by Bank of America Merrill Lynch, highlights this fact. When quizzed on their technology needs, treasurers called for solutions that solved long-standing pain points such as cash visibility and cash flow forecasting.

There is less demand for innovative technologies like blockchain, but there remains plenty of interest. Indeed, our VoCT Study found that many treasurers are keen to explore blockchain in more depth and are hungry for information. The consensus seems to be that the technology has the potential to underpin a whole host of solutions that will solve many treasury pain points. It is just a waiting game for the banks and fintechs to roll out commercialised solutions.

Given the enduring treasury interest, blockchain will continue to receive plenty of airtime at EuroFinance and other conferences this autumn. In preparation for this, we have analysed the technology in this edition, tracing its growth, understanding how it is being used today and looking at where it is heading. One thing is for sure, it is not going away.

Technology is, in fact, a core theme running through this issue and our main feature looks at another 'hot topic', eCommerce. Unlike blockchain, eCommerce is having a revolutionary impact on business right now. Indeed, it seems that no company, or department within that company, is immune to the transformative effect it is having. We tell you all you need to know about the impact eCommerce is having and look at how digitally native companies and traditional industries are responding.

One final thought. How can treasury use technology to its fullest when it does not think digitally? Find out in our Q&A feature.

## Treasury Today at EuroFinance

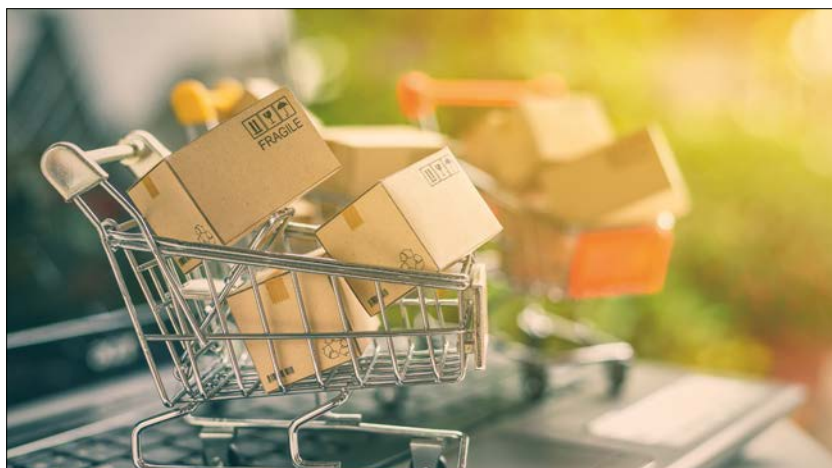
Treasury Today will have a large presence in Barcelona this year. Come and see us at our stand, where we will have lots of free content to give away and much more.

We look forward to meeting you there.



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### A global appetite for eCommerce

eCommerce presents a tremendous opportunity for businesses to tap into new revenue streams around the world. As a result, eCommerce is growing at an exponential rate, with total global retail sales expected to reach US\$27trn by 2020. At the same time, it is transforming corporate business models, having a seismic impact on how they operate. What is the role of treasury in this brave new world? Treasury Today finds out.

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### A quick journey around SWIFT

All those in treasury are sure to have heard of SWIFT, but are you aware of everything it offers? In this article, we go back to basics and discover the global infrastructure of SWIFT.

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Robin Gregson  
CFO

**Lookers** plc

Robin Gregson, CFO at Lookers plc is equally at home casting a critical eye over liquidity and capital structures as he is weighing up the potential of the latest supercar at rest on one of the company's many forecourts up and down the country. For him, the CFO role is a pleasure in itself. But as CFO for a major motor industry player, it verges on a labour of love.

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**Kevin Grant**  
Chief International Officer



For many businesses across the world, digital transformation is, or should be, very high on the agenda. What role does robotic process automation have to play in this transformation? Kevin Grant, Chief International Officer at Hanse Orga Group explains.



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### Your guide to the real-time payments revolution





## Seize the day: Maersk's eCommerce journey

When you think of the world's leading eCommerce organisations, it is doubtful that a shipping company will come to mind. Yet with 99% of bookings made through its online channels, Danish shipping giant Maersk can safely claim to be just that. In achieving this status, it has redefined how it operates and supports its customers, breaking down many preconceptions that exist in the shipping industry.

### Chicken or the egg?

This hasn't happened overnight. Maersk first began to digitise its business over 15 years ago. In an earlier incarnation of what would become its modern eCommerce strategy, the primary focus was on consolidating internal processes and enforcing standards.

Things changed after the global financial crisis. Maersk's clients increasingly began to demand more 'e-enabled' solutions. "Over the past five years, our eCommerce strategy has really taken off and 'e' is now at the heart of everything we do when working with our customers," says Carsten Frank Olsen, Senior Director and Global Head of eCommerce at Maersk. "The key has been digitising the end-to-end customer experience."

### Fully digital

Maersk's website is unsurprisingly at the heart of its digitisation efforts. "Through our website, our customers can find the solution they need, get a price for this and book in a matter of minutes," says Olsen. "Previously this process would have taken a few days."

To drive digitisation through the end-to-end process, Maersk has also built a portal where clients can store and manage documentation. "Trade more broadly has been dogged by a lack of transparency due to the use of paper-based documentation," says Olsen. "What we have done by digitising documents is give our clients the efficiency and transparency they demand."

It is not just documentation that Maersk's clients are able to track. "Companies, and the banks that finance their trade, want to know what is happening at every point whilst the shipment is in transit," explains Olsen. "We have enabled this by providing tracking of our ships on our website, as well as offering updates about any changes in routing and timings of the shipment." In recent months, Maersk has extended this service to importers, giving end-to-end visibility to all involved in the supply chain.

### Payment priority

Maersk has also placed a significant focus on giving its customers a variety of ways to pay for the company's service – something that Treasury Today has previously reported as being key to any successful eCommerce strategy.

"Payments for the shipment service are typically wire transfers; this hasn't changed much over the years," says Olsen. "What has changed is that we have added credit card payment capabilities through our MyFinance portal. This enables us to seamlessly debit small-value payments for things like documentation charges as the goods are in transit. This stops shipments being delayed because of the late payment of trivial sums."

Through its MyFinance portal, Maersk also provides an overview of its clients' invoices and accounts. Olsen comments again on how this enhances visibility over the financial flow of the transaction and gives certainty to those involved in the exchange. "This was one of the most sought-after capabilities from our large corporate clients and is a channel we will continue to add functionality to," says Olsen. True to its word, Maersk has recently enabled trade financing to be offered through this platform.



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## GDPR is good for you!

The EU General Data Protection Regulation (GDPR) will come immediately into force on 25<sup>th</sup> May 2018. It will be good for business. Eventually.

Some pills are bitter to swallow but they are for your own good! It sounds like Dickensian quackery put this way but in the context of GDPR, it can start to make sense.

GDPR governs the collection, purpose and storage of personal data concerning EU citizens by organisations. It affects organisations regardless of where they are located, even cloud-based operations.

Its purpose is to set up an EU-wide harmonised legal approach to data protection. At its core is the demand for the unambiguous consent of the individual for their data to be held, and the granting of new rights to secure their protection. Most affected organisations will have a lot of work ahead of them in order to comply in time.

### Data protection for the digital age

In essence, the new regulation is a way of handling data protection in the digital era. Where the old EU Directive 95/46/EC had been crafted when digital was a developing art, GDPR sets out to give protection and rights to EU citizens in an age where most organisations – from public to private, from commercial to non-commercial – source and use data in wholly different ways.

The new protections and rights enshrined in GDPR demand that every affected organisation should be responding now. Even UK-based organisations not operating in the EU who may have been uncertain as to how to react with the impending exit from the EU, now have clarity on the matter. This comes in the form of the UK government's issuance last week of its statement of intent to adopt a new data protection bill along the lines of GDPR as part of its planned reforms.

The requirements of GDPR are in essence similar to the old EU Data Protection Directive. The type of personal data covered by the old data protection rules – names, addresses, dates of birth, and so on – remain on the list. GDPR, in its pursuit of digital protection not only includes photographic and CCTV images but also online identifiers such as an IP address, certain encrypted data, and even biometric data used for security identification.

### New powers for individuals... new responsibilities for businesses

New powers handed to individuals will enable them to demand to see any data held by organisations concerning them, for the organisation to immediately make amendments to any errors, and for the individual to have that data removed from almost any system as part of their 'right to be forgotten'. Additionally, there is an 'opt in' clause where organisations seek sensitive data from individuals.

Organisations failing to comply could face a sliding scale of punishments, ranging from a simple warning, up to fines of €20m or 4% of global turnover. The right of aggrieved parties to sue for compensation could also see the rise of so-called 'legal claims farms', as seen in the aftermath of the UK's PPI mis-selling scandal.

The EU has said that GDPR responsibility specifically applies to "the natural or legal person, public authority, agency or other body which, alone or jointly with others".

This translates into either 'controllers' (those who make decisions on how and why personal data is processed, or 'processors' (those who carry out the data controller's requirements).



# Building a digital culture

“What does it take to build a digital culture within the treasury department and why should senior treasurers be looking to do this?”



**Rohit Talwar**  
CEO  
Fast Future

For treasury today, perhaps the biggest challenges are those of raising the function's technological literacy and evolving genuinely digital mindsets. As the digital disruption typhoon sweeps across the business landscape, surviving the storm requires senior treasurers to improve the understanding of themselves and their teams of what emerging technologies enable in terms of functionality and new ways of thinking and doing business. Opportunities are arising through new fintech solutions for treasury functions to bypass banks and other providers – but understanding and realising the opportunities requires deep digital literacy. Technology advances enable radically different concepts underpinned by dramatically different ways of looking at treasury activity, hence digital culture needs to encompass both the emerging technology and the associated mindsets.

At its heart, a digital mindset means seeing everything as data rather than physical objects represented by data – and hence something that can be analysed and manipulated in ever more clever and complex ways. For example, automotive industry leaders are starting to see that the biggest value in cars lies in software and the data it generates about every aspect of the car and what the passengers do while travelling – offering constantly updateable revenue streams rather than a single fixed purchase – the car has become a data generation platform. With the rise of Tesla's autonomous vehicles and similar digitally-minded manufacturers such as Local Motors, who crowdsources their 3D printed car designs, a car is no longer just a means of transportation – it becomes a physical embodiment of digital products and services.

Successful digitally literate business leaders in treasury will need to embrace disruptive technologies such as artificial intelligence (AI), blockchain, cloud computing, hyperconnectivity, and process automation. The tools these technologies enable can help increase efficiency and effectiveness, and create more value for internal customers and others with whom treasury connects. As financial services firms and central banks start adopting blockchain and cryptocurrencies, the pace of change in the marketplace will only accelerate. China is exploring the technology with the intent of transforming its entire finance sector while others are looking at blockchain as a platform for frictionless sale and distribution of equities, currencies, bonds and other assets.

The secure and irrevocable nature of blockchain transactions, coupled with the reduction in transaction fees, make it an

attractive proposition for executing direct peer-to-peer transactions between counterparties without the need for intermediaries such as banks. AI offers the potential for smarter analysis and automation of many routine tasks. Positive digital treasury cultures will explore ways of enhancing the role of people in the organisation through AI rather than simply automating the work. Finding deeper, more meaningful ways to connect to employees and encourage their best work, and providing worthwhile experiences for both employees and internal customers – ie building relationships, will be the true hallmarks of the digitally enlightened organisation.



**Sen Ganesh**  
Principal  
Bain & Company

Corporate treasuries run the risk of being at a competitive disadvantage if they do not accelerate digitisation. But they face the challenge that embedding a new culture and way of working is always a marathon, not a sprint.

Corporate treasuries are increasingly critical to deliver the company's strategy, drive operational efficiency, manage financial risk and controls, and be adaptable in rapidly changing market conditions and regulatory environment.

Achieving these objectives requires end-to-end digitisation of the treasury function. This entails enhancing technology solutions, building new capabilities and ways of working, and engaging in partnerships with banks and non-banks.

For example, increasing adoption of virtual accounts to rationalise a number of physical accounts provides greater transparency on cash and liquidity positions, and supports reconciliation processes. Leveraging emerging real-time cross-border payment schemes can improve cost efficiency and working capital through just-in-time payments. Additionally, companies can make use of improved cash flow forecasting that leverages market data and scenario planning or third-party platforms to manage supply chain invoice processing and enable financing decisions to maximise working capital.

Corporates face choices on how and where to invest in technology, build the necessary capabilities, and manage partnerships to achieve their goals. Some corporates are focused on working with primary banks to digitise and integrate systems. Others are investing in enhancing in-house treasury management systems and teams especially to re-engineer payments and collections processes. Corporates

are also leveraging third parties for specialist capabilities to manage supply chain payments and financing.

Adoption of digital and achieving full potential requires changes in culture. Organisations are in different stages of maturity but typically focus on three key areas:

1. **Digital capabilities.** Identify capabilities for differential investment to build digital leadership, eg data analytics. Across the organisation the bar will be higher on technical, managerial and behavioural skills impacted by digital. Ensure the right metrics (aligned to business goals) to incentivise new behaviours and remove the risk of failure that often hinders innovation and adoption of new ways of working.
2. **Agile ways of working.** Culture is the new organisation “king” and can be a source of competitive advantage in the digital age. Rapid adaption, failure recovery, trust and delegate and networked working represent profound shifts from the classic command and control or matrices approaches that typically exist today. Refine governance models to be faster and more responsive, delegating decision rights to teams whilst maintaining the appropriate reporting, financial and risk controls.
3. **Partner engagement.** Select and manage partnerships with banks and non-banks to accelerate opportunities to digitise and drive to full potential. This typically includes increased data sharing and integration of technology systems through private APIs, jointly exploring new innovative solutions through deep understanding of the corporate’s needs, and leveraging expertise and presence in local markets where corporates have limited footprint.

Another consideration for companies looking to change their ways of working is that leadership role modelling is critical: real change is driven from the top – and for this to happen, the leadership team needs to “live and breathe” the values and behaviours, listen, learn and loop back to understand what is truly important and adapt as necessary.



**Gulru Atak**  
Global Innovation Head for  
Treasury & Trade Solutions  
Citi

A digital culture is created when everybody within the organisation is thinking about how technology can improve the business. To do this, business leaders must give their workforce the mandate to be curious and explore how

existing and emerging technology might solve the challenges that exist within the organisation.

The creation of a digital culture does not just happen overnight. For example, at Citi, it has been a clear focus for us over the past decade to encourage and foster a digital culture across the organisation. To achieve this, we have taken a multifaceted approach that is underpinned by making digital a key part of our mission statement. From this, a digital ethos has been embraced from the top, and filtered down throughout the organisation, so that everybody has the mandate to come up with new ideas that can benefit the business.

To further facilitate digital thinking throughout the organisation, we encourage all employees, no matter who they are, to pitch their ideas. And, perhaps most importantly, the organisation has made a commitment to listen to and test these ideas out. For me, this is crucial when building a digital culture because it gives people confidence to develop new ideas and allows us to learn what does and does not work together.

A type of culture and new way of thinking cannot be created in a silo. Around the world, there are hundreds of innovative companies that are developing new ideas and new ways of operating. It would be remiss of any business not to look at and learn from these organisations.

Just as becoming digital has been a top priority for the bank; I believe that it should be a top priority for corporate treasury departments as well. The role of treasury is undoubtedly growing within organisations. As it does, it will increasingly be looked at to provide technological solutions that facilitate the digital path the business is following.

This does not mean that treasurers need to be experts in blockchain technology, or implementing AI based solutions right now. But it does mean that they need to be thinking digital, by understanding the pain points the business has and what technology or process improvements can solve these.

At Citi, we are helping our clients on this journey by bringing them into our innovation labs to highlight issues and brainstorm solutions. The aim is to co-create and also to further improve the knowledge base of the corporate treasury community so that they can better serve the organisations they work for.

Through this work, and through all the other initiatives happening in the treasury space, I foresee most treasury professionals being digitally native in the next five years. As a result, treasury departments will have a digital culture by default, so it would be prudent for senior treasury leaders to start fostering this culture today.

### Next question:

“What challenges have corporate treasurers based in the Middle East been faced with in the last 12 months? What solutions/strategies are they using to overcome these challenges?”

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# A global appetite for eCommerce

*eCommerce presents a tremendous opportunity for businesses to tap into new revenue streams around the world. Treasury departments must help their company meet the challenge, with agile eCommerce players ready to eat the lunch of anyone who doesn't keep up.*

Did we witness a watershed moment in the development of electronic commerce this summer? Amazon's announcement in June that it was paying US\$13.7bn to acquire upmarket US grocery chain Whole Foods seems likely to mark an opening shot from the world's biggest online retailer as it moves into America's US\$700bn grocery business.

It's the latest chapter in the expansion of eCommerce, whose growth is reflected in the market capitalisation of its biggest players. In 2013 Google was first to hit the figure of US\$300bn, while Amazon and Facebook climbed above the same level in late 2015. Further growth potential is reflected in the fact that while US online buying reached US\$395bn last year, the figure represented only 11.7% of total US retail sales.

In May this year the elite US\$300bn+ group was joined by China's tech giants Alibaba and Tencent, whose Asia Pacific home markets offer the potential for huge further growth. Potential new members include Chinese internet conglomerate and video game company NetEase and search engine Baidu, dubbed "the Google of China". Each has conditioned consumers to expect not only overnight delivery of goods but also same-day fulfilment.

Such is the power of these online behemoths that when they lobby leaders of the world's major economies to eliminate barriers to digital trade, politicians respond. At the most recent G-20 summit in July, members put eCommerce and the internet's steadily growing impact on the global economy top of the agenda. A central part of their efforts will be tougher international and domestic legal frameworks for security, privacy and data protection to engender greater trust in doing business online.

"We're now seeing acceleration in the growth of eCommerce – even in the relatively developed channels of North America and Europe where it is extending into new areas," says Yory Wurmser, Senior Analyst at market researcher eMarketer. "Consumers are more willing to go online to buy big-ticket items such as furniture as well as groceries; hence the Whole Foods acquisition. US consumers are now taking up the concept of doing their weekly grocery shop online."

eMarketer estimates that while total retail sales globally will rise from US\$22trn last year to over US\$27trn by 2020, double-digit growth will push the figure for eCommerce sales over the period from US\$1.915trn to US\$4trn+. Asia Pacific, as the world's largest retail eCommerce market, will dominate, with the region's total rising from just over US\$1trn last year to around US\$2.725trn by 2020.

## An evolving term

So what is generally understood by 'eCommerce'? Tom Durkin, Managing Director for Digital Channels at Bank of America Merrill Lynch believes that in many respects the term has become outmoded. "Basically it refers to all the transactional activity that has moved to become an online experience although it doesn't convey the fact that it's a 24/7 online activity."

"The concept has steadily shifted to one of mobility, with a growing number of consumers using their mobile phone to make purchases," adds Durkin. "eCommerce via mobiles helps to establish more of a personal relationship between the buyer and the supplier, with the latter able to develop a better understanding of customers."

Initially, the PC drove eCommerce's strong organic growth in Europe and North America back in the 1990s, as businesses and individuals grew increasingly comfortable with transacting online. The emergence of new platforms and social media, such as Facebook, opened up previously untapped opportunities.

"Growth has more recently got impetus from tech-savvy smartphone and tablet users, particularly in countries with logistical challenges, where shopping in traditional bricks-and-mortar locations can be inconvenient in many areas or even unsafe," says Thomas Lin, Director of Card Product Development at Standard Chartered. "Even in the US many of the shopping malls are in decline or closing, while Amazon is championing robotic bodies."

"So eCommerce is certainly here to stay, but the distinction between mobile and online payments and the traditional bricks-and-mortar shops will blur – as will that between online and offline transactions."

For corporate treasurers, eCommerce offers new markets to be reached as there are no longer geographical limits, but Wurmser adds that it also constitutes a threat if they fail to grasp the opportunity. "Agile eCommerce players are ready to eat your lunch if you don't keep up, so you need a clear strategy," he says.

"Your customers are already online, so treasurers need to take a more sophisticated view of sales," adds Wurmser. "The success of eCommerce depends on the strength of your analytics – which role does each channel play and how much of the company's overall sales does it generate?"

The underlying element of better analytical data allows a supplier to determine, through their customer's behaviour,

where he or she wants to go next, says Durkin. “Amazon was the original pioneer, as evidenced by the buying suggestions it regularly sends to customers based on their purchasing history – an innovation has steadily been adopted by financial services providers and other sectors.

“eCommerce is no longer simply just transaction-oriented but is increasingly focused on the supplier keeping one step ahead – and we’re still at a fairly early stage of the journey.”

Durkin believes many treasury departments are still working out how to navigate their way in this rapidly changing world and digitise their workflows. They can take advantage of processes that eliminate inefficiencies, so digitisation is – among other benefits – helping to make their cash forecasting more accurate.

“It’s also helping with the establishment of completely new businesses, such as Airbnb,” he adds. “Starbucks has been particularly adept at taking full advantage of the rise of mobile apps, using it to gain data on its customers and provide them with special offers, specific services and other promotional activity that keeps them interested.”

## APAC’s new consumers

While growth in European and North American markets was fairly sedate in the early years, Asian consumers and businesses took to eCommerce more readily, says Nick Howden, eCommerce Market Management Lead, Treasury and Trade Solutions at Citi. Indeed the size of China’s eCommerce market overtook that of the US in 2014 and by last year reached an estimated US\$749bn. What’s more, while around 88.5% of US citizens have internet access, the figure is only around 50% for China’s population of 1.3bn, leaving plenty of yet-unfulfilled potential.

“As middle-class populations become more affluent and are able to afford the ever-lowering cost of smartphones, more people are able to come online and mobile access to the internet is the major driver for eCommerce in Asia,” says Howden. “Once they do so, they are able to become a consumer – in the sense that they can actually start to transact in an online environment.”

“The younger generation has particularly taken to it – many are really leapfrogging technology, so they’re moving beyond traditional devices into a mobile environment very quickly,” adds Howden. “When you think of a country the size of India, the region’s highest growth eCommerce market, reports suggest that 64% of its population and 72% of internet users are aged under 35 whilst over 300m individuals are online.”

While Asia’s demographics are particularly favourable for eCommerce, growth for online sales channels requires a greater proportion of its populations accessing basic banking products and services. “Government-backed digital programmes are bringing more people online and availing banking services to populations for the first time,” adds Howden. “So while we’re making great headway – with India leading the charge – in other countries, such as the Philippines, Vietnam or Indonesia, you’re looking at 40% or 50% of the population still without bank accounts. These countries are availing solutions which digitise cash and enable online purchases, or consumers may prefer cash-centric solutions such as cash on delivery or ATM transfers which are after checkout with more friction. There is a gap between card users, bank account holders and smart phone pre-paid subscribers which is a target market for eCommerce growth.”

Howden says India’s progress is thanks to a forward-looking administration. Prime Minister Narendra Modi, in office since 2014, recently spoke of a ‘New India’ within the next five years, with digitisation of the economy a key contributor.

“The government is trying to digitise many of the paper-based services that were previously very cumbersome and difficult to access – such as pension schemes and state assistance for unemployment benefit,” he says.

“Among its initiatives has been signing up some 250m Indians for bank accounts, as well as creating new digital platforms for cross-border settlements which are common in eCommerce businesses.” These initiatives, in turn, encourage banks and third-party providers such as payment aggregators and telcos to devise services such as digital wallets – aka the e-wallet – enabling consumers to make electronic transactions via their tablet or smartphone.

So how can smaller businesses claim a slice of the steadily-increasing pie? Howden reports that Citi has seen the more agile players dominate a local market by identifying a domestic need which needs disruption or creates value, responding with a product or service nuanced to reflect that market and backing it up with great service. He cites Indonesia’s motorbike taxi booking service Go-Jek as a textbook example.

“Go-Jek took a service that has been around for years – roadside hailing a motorbike for transport – and brought it into a mobile phone app-based solution. That works very well in Indonesia, where traffic volumes are intense and traditional car-based transportation services are more challenging. By taking an existing solution and formalising it, they’ve been able to expand beyond their core ride-hailing service into about 15 different business lines, including payment services to their large and growing user space. The data they collect from the various businesses is very valuable.”

Another steadily-growing business is Travelzoo, an online service offering deals on hotels and flights, whose online community globally totals 28 million members with around six million in the Asia Pacific region. Its service includes a weekly top 20 email newsletter highlighting the best last-minute deals.

Honnus Cheung, Travelzoo’s CFO for Asia Pacific says that setting up an ecosystem in a new territory is less of a challenge than setting up an e-payments mechanism. “That’s why we negotiate with the local acquiring bank and payment processor to accept the local currency. We also use the same agreement to pay our local merchants. The challenge for us is that we have to manage quite a lot of foreign currency right now and many of them – particularly the yen or the Australian dollar – have been volatile against the US dollar.

“We try to centralise our major currencies by having one regional bank, into which we can put the majority of our cash balance.”

A further challenge for Travelzoo is identifying the sweet spot between efficiency and security in the customer payment journey. “Nowadays, most of the customers expect an efficient and convenient online or mobile payment process, especially for small value purchases,” says Cheung. “At the same time they also demand that the payment transaction is secure.

“That’s why if the price is a little high – more than US\$500 for example – as the provider you may need to create a more secure mechanism in which to conclude the transaction. As a customer and a credit card holder, I want to be provided

## BMW revs up for its second century

German car giant BMW, which in 2016 celebrated its 100<sup>th</sup> year in business, has noted customer behaviour changing in recent years in favour of digital channels.

"Today's global reality is that customers research and shop online 24/7 when buying high-end commodity products, which includes premium cars and brands such as BMW and the Mini," says Christina Hepe, corporate and governmental affairs and spokesperson for group business and finance communications.

"Customers expect an omnichannel experience, so the collaboration of traditional retail formats and the ever-evolving eCommerce formats are an essential backbone for the future of car sales. So we aim to offer an integrated, premium customer experience across different customer touchpoints, including shopping on their smartphone, talking to our BMW Genius (an app providing videos and other features on the product range) or collecting their vehicle at a dealership."

BMW sees the pace of the eCommerce market continuing to accelerate. "The success of our efforts will be determined by the successful combination of online and offline sales," says Hepe. "The desire of customers for a more flexible sales process is a key factor in our online strategy. It's vital to link these contact points so that customers can move seamlessly between them; this allows the group to interact with customers in a customised manner, at the appropriate time through their preferred channel."

"Every vehicle sold in the UK market for example can now be bought online – from vehicle selection and configuration to financing and payment. Customers can receive individual support from a Product Genius via chat or telephone or by contacting the dealer directly." BMW is currently reviewing the extent to which the initiative can be rolled out in other markets and to other of the group's brands. "It's important to note that what works well in one market cannot necessarily be transferred or replicated in another," notes Hemp.

With BMW i Ventures, set up in 2011, the group has its own venture capital unit for investing in fast-growing technology start-ups. The unit invests in the group's innovation spectrum under Strategy Number ONE > NEXT, an initiative defining BMW's future goals, which include electric cars and automated driving. Its remit, says Hemp extends "beyond the traditional automotive value chain, from mobility services through vehicle technology to fintech". A recent example is its investment in Carobi, which offers a certified garage service, booked online for a fixed price.

What threats and opportunities does eCommerce present for treasurers? Hemp says that BMW's group treasury believes that new digital formats present great opportunities for improved operational efficiency. "eCommerce is a growing channel and the fastest change is coming from the Asian region, especially China," she notes.

"One example is the investor communication and interaction for asset-backed security (ABS) transactions in China that, besides using email, also happens via WeChat – among the country's most important social media mobile apps."

"If we communicate our bond or ABS transactions for example via new eCommerce channels it is more transparent, often quicker than conventional communication channels and easier for potential investors to access the information."

with better cyber-security and to achieve it I may have more patience than to demand that it's completed in just one or two clicks."

## Financial strategy is key

So how should treasurers go about optimising their role in this brave new world? "It's crucial that treasurers educate themselves. Don't sit back and watch an eCommerce transformation happen through a purely financial perspective," suggests Ken Yontz, Global VP, Transformation Management, for product information network 1WorldSync.

"Be strategically involved in the larger business decisions, as establishing an eCommerce presence requires devoted financial investment. Treasurers should understand the eCommerce tools and technologies in place to make smart financial decisions."

Yontz believes that eCommerce presents obvious valuation opportunities for treasurers, as the more that successful companies open new channels of revenue, the more they will be worth. eCommerce implementation also provides

opportunities to explore merger and acquisition strategies, digital strategy and value positioning in the finance space.

"However, setting the wrong digital strategy has serious financial implications and timing on investments – or lack thereof – will severely impact company finances," he warns. "Growing eCommerce capabilities requires a strong financial strategy that supports digital commerce transformation."

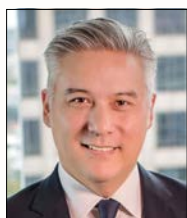
How might the market change over the years ahead? "As millennial consumers grow older, they'll continue to take over the market in terms of wallet share," says Yontz. "This generation grew up with technology in their hands, which is quite a shift from the catalogue-browsing, in-store shopping generation before them."

"As a result, you can expect the commerce experience to become more and more connected in the future, putting technology at the core of every customer interaction. eCommerce certainly won't become the only channel to shop – there will still always be a need for human interaction in commerce – but the experience will become more convenient and informed through digital."



# Trading paper for precision: seizing the digital advantage in the trade space

*The trade and supply chain space is ripe for disruption in so many ways. But how can this be achieved and to what effect? ANZ's trade experts, Michael Lim and Hari Janakiraman, consider digitisation in this key function and explore the future prospects.*



**Michael Lim**  
Head of Trade & Supply Chain



**Hari Janakiraman**  
Head – Trade & Supply Chain Products



Some aspects of life just seem to be fixed. A casual look at the trade and supply chain space would reveal a set of underlying processes that haven't greatly altered over hundreds of years. Paper is still king and the humble fax is still much in evidence as a means of sharing documentation.

"Trade is probably about 20 years behind from a technology perspective," notes Michael Lim, Head of Trade & Supply Chain at ANZ. The chief reasons for this lag, he believes, are more commercial than technology-driven. Progress in most international transactions is largely suffering at the hands of an over-populated chain of participants.

The will of so many actors to move forward is yet to create a kind of tipping point but it really ought to. "Given that we still see so much paper in the sector, the opportunity to apply new technologies, generate efficiencies and improve the customer experience is huge," Lim states.

## Gathering pace

To be fair, this opportunity has not gone unnoticed and the feeling is that a competitive momentum is building. With an increasing number of fintechs showing interest in this space, there is acknowledgement by leading banks and financial institutions (FIs) of the need to adapt to the digital agenda to remain relevant, says Hari Janakiraman, Head – Trade & Supply Chain Products at ANZ. "We are seeing more banks investing in technology companies to ensure they are in the driver's seat."

Indeed, many banks, including ANZ, have a stated objective to promote the digitisation of trade. This is generating much more support within these organisations to come up with relevant initiatives.

In addition to the impetus given to the trade space by the competitive agenda, there has been increasing attention from governmental and regulatory bodies, notes Janakiraman. There has been active interest, support and leadership from stakeholders such as the Monetary Authority of Singapore and the Hong Kong Monetary Authority. This has seen the establishment of a number of working groups and initiatives willing to provide seed-funding as a means of stimulating involvement in the drive to digitise.

With regulators and major industry participants all pushing in the same direction, it would certainly seem that a collective momentum to digitise the trade space is driving progress. "We are now seeing change in a more productive way," comments Lim. "Progress is much more organised and a lot of the banks have come to the conclusion that the best way to deliver on the benefits of digitisation is to cooperate because the real value is, ultimately, in getting the broadest network of participants."

## Points of progress

In practical terms, the focus on technology has given rise to a number of broad approaches. Highlighting three in particular, Lim acknowledges that the removal of paper will be a key target when it comes to optimising trade processes.

The conversation around distributed ledger, and in particular blockchain, looks increasingly promising in this respect, he notes. This is exemplified by ANZ's recent blockchain trial that digitised the bank guarantee process for commercial property leasing. The trial, in collaboration with Westpac, IBM and Scentre Group, has proved such a success that it is now being moved through to the pilot stage. However, while distributed ledger technology is going to play a greater part over the next few years, even as industrialised flows of data in this space ramp up, Lim feels paper "will be around for quite a while yet".

The rise of the third-party platform, although not new per se, is another key development, especially in the supply chain financing specialism. The reason is simple: corporates that are multi-banking across multiple jurisdictions are not interested in managing commensurate numbers of banking platforms if they can avoid it. The role of these platforms in consolidating trade processes is, Lim feels, indisputable.

Perhaps one of the more scientific recent developments in the trade space is the application of machine learning. With computing power and data storage having reached a critical mass and affordability, machine learning – where computers understand and process without being explicitly programmed – is a distinct possibility in ever more applications. Its adoption, notes Lim, will help trade practitioners on all sides of a deal to be a lot more efficient in capturing, using and automating their existing manual processes and data flows.

But it will be the willingness of the various stakeholders to cooperate and keep aside their competitive differences that will truly be ground-breaking, says Janakiraman. The creation of a more open environment has been noted in the last few months as a number of banks have announced partnerships and collaborative networks.

But it is the rate of development here that is most interesting. It looks like technology is both enabling and compelling the banks into collaboration. This is perhaps on the understanding that if partnerships are not agreed between certain players, then certain other players who are cooperating will seize the initiative and win the business. As Lim comments, “If the industry is to evolve, it cannot be done alone”.

## Joined-up thinking

Bringing organisations and technologies together to achieve a cohesive end-to-end game-changer for clients will not work without a digital strategy. ANZ’s internal discussions led it to conclude some time ago that customers want self-service, ease of access, a transparent and reliable service, fast execution and surety of funding. Its approach to the digitisation of trade reflects these multiple needs.

The efficiencies and the cost savings for the bank will naturally be derived from transformative technologies such as distributed ledger and machine learning. Individually, these can offer a more instantaneous way of doing business over “shuffling bits of paper from office to office”, notes Lim. The provision, for example, of deeper insight for customers through data analysis, is thus a strong motivational force to bring them to market.

It is true that these technologies are subject to ongoing development, but even in the interim they can be used to automate selected labour-intensive processes. On the paper reduction side alone, there’s a potential 30% to 50% turnaround time saving for customers.

However, says Lim, as the digital future of these tools becomes reality, and their respective benefits are brought together – just as banks must work together – then the real transformation of trade will take place.

One area where the power of combination is yet to be fully revealed is in the Internet of Things (IoT), says Janakiraman. “We are looking at how we can embed RFID/chip technology into various parts of the supply chain to ensure the entire process becomes visible to the bank,” he explains.

This would not only eliminate the need to receive paper-based information but, in creating full process visibility for the financier, risk management enhancements are achieved. This has an important customer benefit.

The term ‘RegTech’ has entered the common lexicon in recent months. Trade has a lot of opportunity to exploit robotic process automation (RPA) as a means of harvesting and analysing regulatory data in real time, says Janakiraman. Better understanding of risk equates not only to faster, better and more cost-effective compliance but also, as a result of such efficiencies, the opportunity to make improved funding offers for clients.

## Visible benefits

Indeed, the overarching benefit of digitisation can be seen in the drive towards greater depth of trade financing across the board. IoT, RegTech and RPA and all the other new technologies can combine to give unprecedented visibility with a positive effect on risk-based funding decisions.

But deeper visibility and process improvements also mean funding solutions that were previously only made available for higher value transactions (because of their administrative cost), suddenly have commercial viability lower down the value scale.

The availability and tracking of multiple sources of trade data in almost real-time also provides improved opportunities to support sustainable finance programmes, where provenance of raw materials, for example, is vital.

This, notes Lim, demonstrates the capacity of big data analytics in tracking every redistribution point, or node, in a supply chain. “Once you have that level of data and visibility, it makes it a lot easier for a business to quickly identify where inefficiencies and potential losses are taking place.”

Many large and sophisticated corporates have been able to accumulate detailed trade data from counterparties and from banks and can use this to provide visibility and analytics across, for example, their accounts payable and receivable. They might then use this insight to match and optimise their use of trade finance facilities.



The efficiencies and the cost savings for the bank will naturally be derived from transformative technologies such as distributed ledger and machine learning. Individually, these can offer a more instantaneous way of doing business over “shuffling bits of paper from office to office”.

Michael Lim, Head of Trade & Supply Chain

This has not commonly been available for smaller to mid-tier corporates and those from emerging countries, especially those with multiple banking relationships, says Janakiraman. As trade data becomes more accessible through the advent of new technologies, the benefits enjoyed by the larger corporates will become available to a far wider cross-section of the trade community. “This will give them a level of visibility they have never had before, helping to level the playing field.”

### All pull together as a team

In helping corporates make informed decisions on funding and even purchasing, disruptive technologies, and the will of banks to cooperate and create a functioning ecosystem for all trade partners, are essential. But the regulators too must all pull together to create the desired global trade proposition.

“There is a lot of work that needs to be done to update regulatory and legal frameworks to support the aims of trade,” suggests Janakiraman. “There are still debates around whether a digitised bill of lading has the same weight as its paper counterpart. There are still debates between certain countries as to what is acceptable as a digital document. These debates need to move on.”

The ICC is reviewing standards of trade document creation, drilling down for example into what constitutes a digital invoice. This level of granularity is complemented by its push to organise working groups looking at broad policy recommendations for governments and regulatory bodies. With the likes of ANZ fully on board, it is reviewing how digitisation may be best facilitated. It is also considering how its own ICC business rules need to be revamped to encompass the future exchange of digital trade documentation.

The banking community has a reflective task too, says Janakiraman. Where banks agree to form trade networks, certain anti-competitive issues may arise. All such agreements must be conducted with the utmost transparency, he insists. “It needs to be clear to all stakeholders that this is not about forming a cartel but servicing the client and benefiting the community.”

### A waiting game

The technologies referred to earlier are in development in the treasury context; they are practicable solutions in the making. “From ANZ’s perspective, we are operating on the expectation that truly commercialised and industrialised digital trade flows will be a reality, potentially within three to five years, closer to three,” says Lim.

It is well understood that paper will not be removed from the equation completely, and certainly not within that timeframe. However, Lim believes that there will be a more rapid transition to digital flow in the trade corridors and sectors where proactive government and regulatory bodies are working with the industry and financial sector to drive that change.

Here he pays particular attention to the flows in and out of the markets of Singapore and Hong Kong, where the regulatory authorities are indeed proactively supporting the digital agenda. Lim also suggests that advancement will be more notable where there are large concentrations of industry players that are prepared to use their scale to both drive progress and materially benefit from the efficiencies of digitisation.

### ANZ in the real world

Wherever progress is seen, it will be at the invitation of the end-users and not the banks, says Janakiraman. The broad ANZ policy on technology is, he explains, about enhancing the customer experience through self-service, connectivity and speed based around its channels’ data-processing efficiency.

It is the ANZ approach that if there is an issue to be resolved, then it will work with a group of customers to find the best solution. Under this model, there is no developing a product in isolation and then hoping to find a real-world problem for it to fit.

This understanding sits at the heart of the ANZ approach to the world of trade digitisation. “We invested our time and resources to develop the Distributed Ledger Technology Guarantees Proof of Concept because it solves a genuine customer and industry problem,” explains Lim. “Our aim is to make sure we are focusing on enhancing the customer experience and everything we do is designed to deliver for our customers.”



# MMF reform: the impact for treasurers

*With the European money market reform on the horizon, Treasury Today talked to corporate treasurers about how the new rules will affect their short-term investments.*

Corporate treasurers have long used money market funds (MMFs) as a short-term investment vehicle. Alex Fiott, Head of Front Office, Treasury at AstraZeneca, explains that like many companies, AstraZeneca has been reliant on MMFs for a number of years. “They continue to serve us well as an investment vehicle,” he comments. “The attractive features have been the AAA credit rating status, liquidity, and the diversification benefits of investing in such funds.”

GasLog, which owns, operates and manages liquefied natural gas carriers, is another company which makes use of MMFs, as Yannis Lefas, Assistant Treasurer – Banking & Operations, explains. “MMFs provide daily liquidity, and the immediate availability of funds gives extra flexibility in times of unpredictable cash flows,” he says. “Further to that, no bank can provide you an AAA rating, which is achievable using MMFs. The various asset management companies have several instruments which provide extra security or yield, and that has made MMFs rather useful to treasurers.”

As such, Lefas says that GasLog has adopted a set of conservative MMFs as an alternative to cash balances and traditional time deposits, focusing on the company’s mandate for capital preservation. “MMFs allow us a better yield than our current accounts, but also the flexibility of daily liquidity that time deposits lack,” he says.

## MMF reform

But despite their popularity, MMFs have been the subject of considerable scrutiny in the last ten years. The financial crisis notably triggered the collapse of the Reserve Primary Fund in the US, resulting in a run on money market funds. In the intervening years, regulators on both sides of the Atlantic have sought to strengthen MMFs, resulting in significant changes to how MMFs operate. Particular attention has been focused on the constant net asset value (CNAV) model, where funds maintain a constant share price of £1, €1 or US\$1.

In the US, where funds are now required to adopt a variable net asset value (VNAV) model, the reform has resulted in significant outflows from this once-popular instrument – and many treasurers have no plans to reverse this decision. Indeed, the 2017 AFP Liquidity Survey found that 41% of respondents who had stopped investing in prime funds following the reform do not intend to resume investing in prime funds in the future.

In Europe, the upcoming reforms have taken a somewhat different direction. Regulators are replacing CNAV funds with two new categories: the Public Debt CNAV fund and the low volatility NAV (LVNAV) fund. According to research published

in July by Moody’s, LVNAV MMFs are expected to attract most of the assets currently invested in prime CNAV MMFs, with the majority of MMF managers intending to offer LVNAV funds to their investors.

After years of discussion about the final outcome of the European reform, the reaction from many corporate treasurers has been one of relief. “The proposed European MMF Reforms appear a good balance between the regulators’ desire to highlight the inherent risks of a MMF while not forcing all non-government funds to automatically become VNAV Funds after a set date,” comments Fiott.

“I believe that it was eventually good news to get an MMF reform in Europe,” adds François Masquelier, Chairman of ATEL (the Association of Corporate Treasurers in Luxembourg). “In my view, the European solution, with a new category of funds (ie LVNAV), was a good and acceptable compromise to match recommendations from G20 and expectations from fund managers.”

The possibility that all funds would need to convert to VNAV was not the only potential concern: treasurers had also been worried that MMFs would be prevented from obtaining an external fund rating. “Practically speaking for investment policies that have a reliance on credit ratings to distinguish investments, the allowance that MMFs can still be rated is welcomed,” says Fiott.

## Reviewing the investment policy

Masquelier notes that treasurers will need to inform their treasury and audit committees that it may be necessary to amend investment policy in order to comply with the new reform and to adapt the relevant reporting and revaluation tools. “The good news is that we have some time,” he adds. “As interest rates will remain low or negative in Europe for a while it is better to make sure that treasury can on-board several types of investment products.”

Where AstraZeneca is concerned, Fiott says that the pending money market reform – together with changes to bank regulation and continuing low and negative yields – have provided a catalyst for the company to review and update its investment policy. “It appears that cash and liquidity will increasingly require the treasurer’s focus and attention over the coming years,” he comments.

In some cases, Masquelier says that treasurers may consider adapting their strategies by segregating their cash and “allocating more appropriate tenors to the different buckets in order to

## Time to consider VNAV?

While much attention has focused on the new LVNAV model, some treasurers may also wish to look at the possibilities offered by another type of fund which is already available: the VNAV fund.

Auna Dunlevy, Head of Liquidity and Investments at Royal Mail, has already taken the plunge: she currently uses a combination of CNAV and VNAV funds. “We started looking at VNAV funds because there was a lot of talk that CNAV funds would be subject to significant changes – for example, there were initial proposals that funds would no longer be rated and this would prove problematic in terms of our investment policy,” she explains. “What we found was that VNAV funds are not as scary as we thought. We also found that there is quite a range of funds with slightly different strategies, whereas sometimes CNAV funds all seem to be investing in the same thing.”

After conducting thorough research, Dunlevy began investing a small amount in VNAV funds and has continued to use them – albeit for specific purposes. “This is not money that we use for everyday liquidity,” she clarifies. “We like to make sure that we can leave the funds there for three months or six months.” This is possible because the organisation’s cash flows are highly cyclical: in the run-up to Christmas, the increased postal revenue generates an increase in cash within the company.

Dividends are paid out in January and July, which gives the company an opportunity to invest that cash on a three to six month basis. VNAV funds are used for the portion of this cash which is regarded as long-term cash – so, as Dunlevy notes, “we have the longest window of opportunity so that if there is any volatility within the funds, we can hopefully ride it out over that period of time rather than to have a daily call on these funds”. Dunlevy is satisfied with the results, noting that VNAV funds tend to provide “an extra pick up in terms of return”. She adds, “We do feel that if we have the money available, it is in the best interest of the business that we achieve an appropriate return on the funds.”

## Using VNAV

When using VNAV funds, Dunlevy explains that Royal Mail has historically chosen fund providers with whom the business is already familiar. “It would tend to be someone we’ve identified as a good name over the door,” she says. “We will speak to them about the fund, their investment strategy and risk management.” She adds that they have found varying strategies amongst the VNAV funds – some funds are very similar to CNAV funds, albeit with a slightly longer duration, whereas others may have a lot of asset-backed paper. “As long as we’re happy with the underlying assets and strategy, we are generally pretty happy – although obviously we do know that this type of fund may lead to higher volatility.”

Another difference between CNAV and VNAV funds is the nature of Royal Mail’s relationship with the provider. Despite having used VNAV funds for a number of years, there is more internal scrutiny of the funds and their return: understanding the risk and return is important. “We like to keep the provider close to us,” Dunlevy emphasises. Yields are monitored daily and might involve discussions with the manager around significant movements. More detailed consultations happen each year before reinvesting.

However, choosing a money market fund isn’t necessarily an all-or-nothing decision. Dunlevy has continued to use CNAV funds for the most part – and looking ahead, she has also been familiarising herself with the new LVNAV and, indeed, public debt CNAV funds. “We’re broadly happy with the idea of LVNAV because you’ve still got that 20 basis point movement before they have to mark to market and it is a product which we will use to manage our daily liquidity,” she says. “The public debt CNAV funds may be very low in terms of their return, but there may be some funds out there which are able to give a slightly better return, depending on their strategy.”

extract more yield (or at least to generate and book less losses),” he says. However, Masquelier adds that he does not expect to see any major changes in companies’ investment strategies.

## Weighing the impact

Once the new rules come into effect, how will corporate treasurers proceed? For many it is too early to say until finer details emerge of how the new funds will operate. Dunlevy says that of the fund providers she has spoken to, “Information is slowly coming out on this – and a few of the funds we deal with have indicated that they are going to be LVNAV – but we haven’t heard from everybody yet.” She adds, “The working assumption seems to be that most providers will switch their CNAV funds to LVNAV.”

The impact of the changes may vary depending on a company’s business model. GasLog’s Lefas points out that the EU reform will affect all money market funds domiciled,

managed and marketed throughout the EU. “For us, a shipping company which is not registered in any EU country, the impact will be indirect,” he says. “We could be affected by changes in the structure, investment strategy or jurisdiction of the funds we’ve elected to use.” Consequently, Lefas says, the company needs to ensure that the MMFs used continue to serve the required purpose. “Our treasury team is therefore in close co-operation with our relationship managers and has an overview of the forthcoming changes.”

It will be some time before the full impact of the reform is understood. Indeed, the 2017 J.P. Morgan Global Liquidity Investment PeerView<sup>SM</sup> survey found that 44% of respondents needed more time and/or information before making a decision about how they will use money market fund structures under the new rules. But in the meantime, many treasurers are optimistic about their future use of MMFs. As Masquelier concludes, “At the end of the day, I think it should not be a major issue – and we have time to prepare ourselves accordingly.”

# Right of reply: keeping your investment policy current and relevant

*A flexible and up-to-date investment policy is essential if companies are to react promptly to market developments and take advantage of new investment products. How can treasury shape such a policy? Jason Straker, Managing Director, Head of Client Portfolio Management for Global Liquidity EMEA at J.P. Morgan Asset Management, explains.*



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Asset Management

From regulatory changes to high liquidity costs, current market conditions present many challenges for corporate investors. For one thing, interest rates continue to be historically low in most of the major currencies. But with rates already rising in the US – which has seen three increases since December 2016 – the days of near-zero rates may be coming to an end. Europe and the UK have yet to follow suit, but expectations of future increases have driven the benefit of investing for longer maturities higher than it was 12-18 months ago.

Meanwhile, regulatory developments such as the arrival of Basel III have made liquidity more expensive. As a result, if treasurers build too much liquidity into their investments, this may result in the loss of potential yield benefits. Treasurers may therefore wish to consider any opportunities that enable them to invest in higher-yielding, longer-dated investment products.

First, though, they will need to review their investment policies and make sure these continue to be fit for purpose.

## Reviewing the investment policy

Choosing when to review the investment policy involves striking a balance. Making meaningful changes to a policy takes considerable internal effort, so the policy should not be updated too frequently – but nor should it become too stale.

In practice, treasurers may review their investment policies for a number of different reasons. For one thing, scheduled reviews will be carried out on a regular basis, typically annually. However, market changes, such as interest rate developments, can also prompt a review, as can developments in the credit market.

Regulatory change is another common trigger, as illustrated by our recent **2017 Investment PeerView Survey<sup>SM</sup>**. The research found that in light of the current regulatory environment, 46% of respondents plan to change their investment policies in the coming six-12 months, up from 38% in 2015.

## Should you consider lower quality investments?

Following a review, treasurers may choose to make some changes to the policy – and this may include widening the range of permitted products. In some cases, this could mean looking at lower-rated investment products, for example by reducing the minimum acceptable credit rating from A to BBB. This won't always be appropriate – but in the current market, with interest rates on the rise and credit health appearing to be at historical highs, lower quality investment solutions may be attractive to some companies.

Treasurers may encounter some internal resistance to such a move, but there can be a strong argument for considering this approach, depending on the type of investment. Where banks are concerned, a lower credit rating simply means that their cost of borrowing will increase, which can negatively affect profitability. But companies which are rated BBB are often solid industrial and utility businesses which are happy with the amount of debt they have on their balance sheets and are therefore comfortable with their BBB ratings.

Of course, corporate investors will still have some types of investment that they will not consider – and for most, dropping from BBB to BB is out of the question. Sub investment grade or high-yield investments are more likely to attract speculative investors and are therefore unlikely to be suitable for risk-averse investors such as corporate treasurers.



It is important to note that if treasurers do opt to invest in lower-rated products, the investment policy still needs to be flexible enough to react to any market changes so that treasurers can revisit the position if needed.

## The benefits of cash segmentation

When reviewing their investment policies, treasurers may also build in the ability to segment cash – in other words, divide cash into different ‘buckets’ depending on how soon that cash will be needed. These balances can then be invested in accordance with suitable investment horizons, giving the company the opportunity to invest in high-yielding, longer-dated investment products.

It's fair to say that more companies are segmenting their cash compared to a few years ago. In light of new money market fund regulation in the US – and the upcoming changes in Europe – companies have access to a greater range of investment products than in the past. We are certainly seeing companies take advantage of that greater choice and put more segmentation in place.

Typically, companies adopting this approach will divide cash into three tranches as follows:

- **Operating cash.** For the company's working capital, treasurers tend to use same day investment solutions such as money market funds, liquidity funds, overnight deposits or overnight repo.
- **Reserve cash.** The next portion of cash relates to funds which may not be needed for three months or longer – for example, cash which is earmarked for M&A activity or capital expenditures.
- **Strategic cash.** The longer-term tranche includes cash balances with an investment horizon of one year or more.

While companies which segment their cash broadly follow this approach, different treasurers may define their investment horizons in different ways. Some will broadly match the maturity of a particular investment to the investment horizon, whereas others may think about how long they will need to invest for in order to expect a positive return.

For example, some treasurers would equate a tranche of cash with a three-month investment horizon with a three-month bank deposit. But where asset management solutions are concerned – such as longer-term bond funds – it may be more appropriate to ask how long you need to invest before you get a positive return. The underlying investments within that product may be much longer, but on average, when you look at the fund or portfolio as a whole, the expected gain will take at least around three months.

## Flexibility and planning

Above all, investment policies need to be flexible. If a company's situation changes, its need for cash – and its chosen investment solutions – may vary considerably from one quarter to the next. Flexibility is important for three reasons:

1. **Taking advantage of new products.** Where new products are concerned, the types of product available will be affected by the investment solutions that are offered by different banks or asset managers, as well as by changes in regulation.
2. **The company's changing circumstances.** Changes in circumstance can have an impact on its ability to implement cash segmentation and forecasting successfully. Corporates' ability to forecast cash does change over time – sometimes future flows will be much more certain, and sometimes less certain. Market developments such as interest rate rises and changes to the creditworthiness of issuers may also require flexibility in the investment policy.
3. **Market developments.** When reviewing the investment policy, forward planning is also important as this can give treasurers the ability to move more quickly when needed.

What does flexibility look like in practice? One example is that a treasurer might decide to approve a new type of investment solution before the company needs to use it. The process of opening a new account or carrying out the due diligence on a new solution can take some time – so there is a clear argument for doing the groundwork, getting a new type of investment approved and then waiting until the right moment before actually using it.

In practice, time-strapped treasurers often do not start doing the necessary groundwork and due diligence until a solution is needed, which can mean that the process is more rushed than it would otherwise be. By planning ahead, treasurers can give themselves the flexibility needed to seize opportunities as they arise.

## Supporting change

With considerable regulatory and market changes under way, it is more important than ever for treasurers to keep their investment policies up to date. By doing so, treasurers can achieve the flexibility needed to segment their cash effectively and take advantage of different products and investment horizons when opportunities arise.

However, the demands of this task should not be underestimated: more than three quarters of respondents to our **2017 Investment PeerView Survey<sup>SM</sup>** mentioned that implementing a change would take moderate or considerable effort. Treasurers should therefore seek support from a trusted partner who is able to provide guidance about market developments and assist with the creation of a suitable investment policy.

To find out more, visit [www.jpmgloballiquidity.com](http://www.jpmgloballiquidity.com)

# SSCs: operational or value adding?

*The shared service centre is evolving to become a value-adding utility for the business. What does this mean for treasury?*

The concept of shared service centres (SSCs) is not a new one. For over 30 years, corporates around the world have established these centres to consolidate and outsource operational tasks – often in low-cost markets – as part of broader centralisation projects. This has allowed them to drive economies of scale, increase efficiency and control – and, most importantly, reduce operating costs.

The role of the SSC is changing, though. Forward-thinking organisations are beginning to see these centres as more than mere cost-saving devices, and are giving them the tools needed to become value-adding centres of excellence. This is a trend that is not only redefining the role of the modern SSC but is also impacting corporate treasurers.

## Origins of the SSC

The first SSCs were created in the late 1980s by European multinationals keen to consolidate offshore operational processes in areas such as finance and accounting, procurement, HR and IT. These companies had many different reasons for establishing SSCs. Some, for example, were looking for economies of scale, while others were chiefly interested in improving efficiency and control.

For most companies though, the main goal was to cut costs – something that remains a key priority today. To do this, organisations located SSCs in markets with cheap operating and labour costs. To this end, SSCs have been a roaring success, helping to cut costs by as much as 70% in some cases.

From a treasury perspective, the first SSCs offered very little benefit. As Karlien Porre, Partner, Treasury Advisory Services at Deloitte, explains: “Treasury itself was still an emerging function and it was keen to keep its processes in house. Also, the complexity of many treasury tasks, even those that are operational in nature, didn’t make it an easy function to outsource.”

## Centres of excellence

Over time, more treasury back office functions began to shift to SSCs. “Moving some of the operational tasks conducted by the treasury to the SSC became a necessity for many treasury teams,” says Porre. “This is because many departments were increasingly being asked to do more with less and simply no longer had the time or resources to conduct these tasks.”

As the role of treasury has become more strategic in nature – and SSCs have matured – more treasury activity has moved to the SSC. “Today, SSCs are doing more than they ever have before, covering everything from liquidity management, inter-company netting, accounting, tax and FX to interest rate management,” says Sara Castelhana, EMEA Core Cash Head at J.P. Morgan.

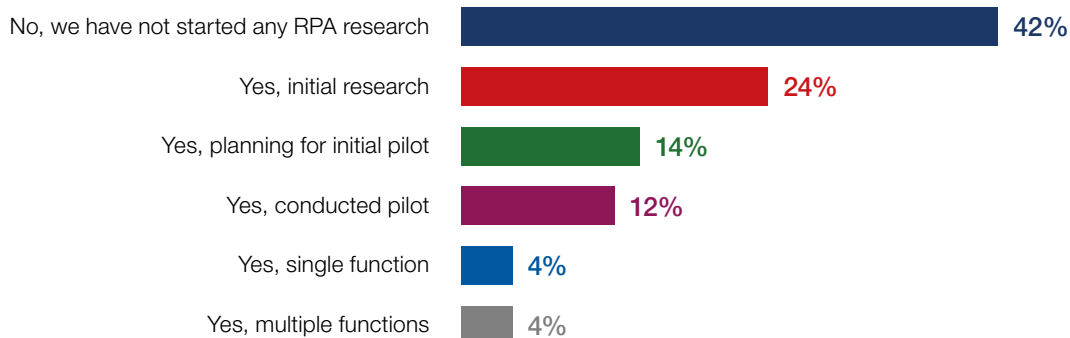
“What is interesting about this trend is not that SSCs are taking on more functions, but that they are increasingly responsible for more complex functions,” adds Castelhana. “This is part of a broader trend that is seeing business leaders look to transform SSCs from processors to value creators and giving them the tools and mandate to do this.”

Indeed, Deloitte’s latest Global Shared Services report states that the adoption of more complex, knowledge-based processes has doubled, or in some cases tripled, since 2013. As a result, many SSCs are now much more focused on accurate and reliable reporting, cash optimisation and reduced error rates. They are also developing the processes and knowledge needed to become a centre of excellence.

## Stepping up

By becoming centres of excellence, SSCs can transform into what HSBC calls global business service providers. “These are SSCs that have moved beyond simply being reactive to the business to ones that are considered as business

### Is your SSC or GBS organisation actively exploring RPA activities?



Source: Deloitte, Global Shared Services 2017 Survey Report



New technology and the application of big data will be a positive disrupter underpinning the SSC's transformation from a processor to a value creator.

Kee Joo Wong, Asia Pacific Regional Head of Global Payments and Cash Management, HSBC

partners,” says Kee Joo Wong, Asia Pacific Regional Head of Global Payments and Cash Management at HSBC. “These have increased responsibilities including advisory, analytics and full ownership of certain finance and treasury processes.”

For the most part, it is technology that is enabling this to happen. Deloitte's Porre highlights how companies have worked hard over the past decade to modernise and drive uniformity in their technological set-up – especially the ERP. “In treasury, the proliferation of cloud-based TMS systems has enabled users to access a standardised and consistent data set no matter where they are in the world,” she says. “This has boosted the ability for the SSC to develop analytical capabilities and better predict the needs of the treasury department.”

Leading SSCs are now taking this one step further by introducing more innovative technology into the SSC so that they can harvest and utilise all this data. “New technology and the application of big data will be a positive disrupter underpinning the SSC's transformation from a processor to a value creator,” says HSBC's Wong. “We are already seeing some of our clients begin to leverage intelligent process automation (IPA) by using robotic automation and machine learning to mimic the activities once performed by people within a SSC.”

Deloitte's SSC report puts this point into context, highlighting that over 50% of organisations are currently using, piloting or researching tools that leverage robotic process automation. Unsurprisingly, cost cutting remains a big driver for this work, with a third of SSC professionals expecting that robotics will deliver cost savings of 20% or more.

However, the use of robotics is about more than cost savings. The report notes that the technology might “lay the groundwork for more advanced cognitive technologies that augment or replace the need for human judgment in complex, knowledge-based processes”. This will allow the SSC “to efficiently perform higher value tasks and analysis – such technologies could lead to fundamental changes in how SSCs operate and deliver service to customers”.

In many cases the banks are leading the way, experimenting with innovative technology within their own SSCs. Citi, for instance, talked to Treasury Today Asia earlier this year about how it is using optical character recognition (OCR) technology to digitise and more readily process the paper-based trade

documents that it receives. This is allowing the bank to improve its processing and turnaround times and more readily share information with its corporate clients.

The use of such technology can also help the SSC protect the business better against emerging risks such as cyber-fraud. J.P. Morgan's Castelhana explains that SSCs have already gone a long way towards mitigating risk by taking on more complex tasks and establishing robust controls around these. “If the SSC can have access to a wealth of data and tools to analyse this in real-time then they can be even more effective in mitigating the risk of cyber-fraud,” she says. “This is what banks have been working on for the past few years and we are seeing an increasing focus on cyber controls within corporates as well.”

## A true treasury value creator

The growing scope and effectiveness of SSCs will clearly have an impact on treasury departments. And with effective communication between the treasury and SSC, this impact can be very positive. “The ability for the SSC to support the treasury effectively has always been dependent on the communication between the two departments,” says Castelhana. “The need for more effective communication will only increase as the SSC takes on more treasury activity and operates as a value-adding support function to the department.”

HSBC's Wong agrees, saying that “it is very important that treasury and the SSC maintain a close relationship built on clear roles and responsibilities, mutual trust and appreciation of the true value of the SSC's role”. He notes that he recently had a conversation with the regional treasurer of a leading chemical company, who noted that without the fundamental tasks performed by their SSC they would not be able to function effectively. “They rely on the SSC's regional coordination with the various Asia finance and treasury teams to consolidate into a single set of data points to execute treasury policies,” he says. “The SSC is recognised as an invaluable partner to treasury providing accurate data feed for treasury to execute against their positions and policies.”

Other treasurers use the SSC as a global payment centre and global reconciliation centre that assists the treasury by providing insight into the group's liquidity position for treasury to facilitate the global daily funding requirements. “The accuracy, efficiency of payment and collection processes performed by the SSC is the foundation of cash flow forecasting work and FX management performed by the treasury team,” adds Wong.

## An uncertain future

The role of the SSC is changing: it is expanding from the pure execution of instructions for basic functions to become predictive in nature, offering more sophisticated analytics and consultancy to the business. Through this, SSCs are adding increased value to the treasury department by freeing up time for staff to focus on strategic matters.

However, it is worth pondering what impact the increasing use of robotics, machine learning and AI will have on SSCs in the long term and whether the structure will become a completely virtual utility. It is probably too early to predict exactly what will happen, but with predictions that robots could take on a significant chunk of the work currently done by humans, it is not outside the realms of possibility.



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## The wheels of fortune

**Robin Gregson**  
CFO

**Lookers plc**

Robin Gregson is CFO for major UK motor group, Lookers plc. With a penchant for numbers and a passion for cars, he is ideally placed to take the business to the next stage. But is the time right for growth?

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*Lookers plc is a nationwide motor retailer headquartered in Manchester, England. Founded in 1908 to sell bicycles and accessories, today it trades across the UK and Ireland, representing a number of volume and high-end automotive manufacturers including Mercedes-Benz, Audi, Lexus, VW, Jaguar and BMW. With almost 30 subsidiaries in the fold, Lookers' 2016 revenues exceeded £4bn. It was listed on the London Stock Exchange in 1973.*



Banks and banking have “changed for the better” but, people have long memories and many will be wary of a repeat performance.

As CFO at Lookers plc, a major UK motor dealer, Robin Gregson's stock-in-trade is numbers. But he is equally at home casting a critical eye over liquidity and capital structures as he is weighing up the potential of the latest supercar at rest on one of the company's many forecourts up and down the country. For Gregson, the CFO role is a pleasure in itself. But as CFO for a major motor industry player, it verges on a labour of love.

Gregson started his career as an accountant with Deloitte before finding his niche in the motor industry with CD Bramall, rising to Finance Director and occupying the role for six years. When the firm was acquired by Pendragon in 2004, Gregson took the opportunity to diversify his range of experience in the privately-owned ATM business.

By 2009, the auto industry came calling again. Gregson, in the right place at the right time, secured the position of FD for Lookers, alongside former CD Bramall Chief Executive Peter Jones and Chairman Phil White.

## Right place right time

Arguably his ascent to the Lookers FD position was entirely at the wrong time, taking on a key role in a nervous industry at a point when the global financial crisis was beginning to take a firm grip of proceedings. But the unflappable Gregson seized the moment, tackling the banks and finance facilities when the banks were not best disposed towards lending. He admits that the banks' reticence proved quite a challenge, many seemingly (and perhaps understandably) focused on “protecting their own interests”.

As the economy improved and the banking sector suddenly remembered what its role was and once more started looking forward, Gregson comments that although banks and banking have “changed for the better”, people have long memories and many will be wary of a repeat performance.

With control and response in mind, Lookers has made a conscious effort to avoid creating the kind of destructive hierarchies that can flourish in growing companies. It is, he states, a relatively non-political organisation “where people co-operate with one another”.

## Keep it simple

He has been at pains to steer clear of over-complicating the finance function too, allowing each part freedom to breathe. The business is organised into divisions, predominantly by the franchise groups in which they operate (Mercedes, Audi, Jaguar and so on). Finance is delegated in line with the organisational structure of the business, each having a

financial team and a financial controller reporting up to the Group Financial Controller, the FD and ultimately the office of CFO.

With the divisions selling different products from rival manufacturers, each necessarily operates on different lines, reflecting the needs of each franchise. However, although they are to a degree in competition with each other and communication is kept low key, in financial terms, a common management reporting system ensures aggregation of data all the way to the top.

Lookers is an acquisitive business, many of its 30 subsidiaries arriving by way of merger. This can be an issue for financial transparency for many treasurers and CFOs, especially with cross-border deals. Despite franchise differences requiring an individual touch, the retail motor industry's tendency to use similar accounting systems at this level plays straight into Gregson's hands, such that he describes the process each time as being “reasonably easy”.

His own involvement in the day-to-day running of the group tends to be as-needed, the management structure and the benefits of a harmonised reporting mechanism in finance clearly enabling devolvement on a trust basis. “That commonality of reporting is helpful on the operational side of the business too, because it allows them to manage on a consistent basis,” he says.

## A growing concern

Since Gregson's arrival, the business has changed. Not only is there a great contrast in relative economic positions between then and now, but Lookers has also grown a lot in the intervening years. The immediate aftermath of the global financial crisis was challenging for most businesses. But turnover since 2012 has more than doubled, from £2.05m to £4.08m in 2016, with pre-tax profits rising in the same period from £34.3m to £79.6m. In part, this is explained by some major UK dealer group acquisitions by Lookers, including Knights, Drayton and Benfield in 2015/2016. But the firm has also managed some impressive organic growth within its existing franchises as the new car market saw new life breathed into it.

Not that it is all plain sailing now. “I think the biggest concern for us now is all the political unrest and the uncertainty that goes with that,” says Gregson. The uncertainty created by elections, the referendum and Brexit in particular has impacted the automotive market. “Our business is very much dependent on consumer confidence. If that changes in a negative way – and all the noise around the economy right now seems to be negative – obviously our volumes will decrease: we are directly affected by the UK economy.”

With so much uncertainty, “see how it develops and then react accordingly” is about as good a response as can be offered by any business right now. But Gregson points out that automotive sales is a huge issue across many European countries. Lookers buys all cars in sterling. Although he feels that the pre-referendum pound was overvalued, the lower euro exchange rate impacts what manufacturers such as Audi and Mercedes-Benz receive when repatriating cash. This may hit prices and demand in the UK for imported cars. It could get worse. “The UK is the second biggest market for German cars. If tariffs are applied, it won't be helpful. As an industry, we hope sense will prevail.”



## On the money

For now, as the politicians begin thrashing out the details, Lookers' Q117 was strong. It reported a "buoyant" quarter in which retail sales volumes were up 9.2% and fleet sales volumes up 5.1% both on a like-for-like basis. However, Gregson acknowledges that Vehicle Excise Duty rises scheduled for 1<sup>st</sup> April 2017 will have brought forward some sales in March as the first new registrations of the year were rolled out. A small reduction in Q2 sales seems to support this theory. Nonetheless, the current economic instability is at best unhelpful.

The UK motor trade does have spikes (another is due as new September registrations are released). With two obvious sales peaks, Gregson says these make great demands on working capital. Two months of high new car volumes is compounded by commensurate numbers of part exchanges of customers' old cars. Many of the older vehicles are committed to used-car stock, giving a working capital spike that slowly tails off as they are sold over the next couple of months. "In a stable market, used car values are fairly predictable. But if consumer confidence deteriorates then price movements will impact both new and used markets."

The capacity to mitigate the risk is minimal, says Gregson; the only way is to liquidate car stocks but then the business can't sell to customers at a profit and, as such, this would be deemed a "drastic action" that under normal conditions no motor trader would want to take.

## Regs and regs

Notwithstanding the tax-informed partly cyclical nature of the motor trading in the UK, Gregson feels that the industry – and many others – is facing an increasing burden of regulation. The National Franchise Dealers Association does lobby the authorities, he notes. But ultimately it is the people on the ground that have to deal with the political output and unintended consequences of rulings from Brussels and Westminster.

The EU's General Data Protection Regulation (GDPR), for example, is, he says, "pretty harsh" in terms of its commercial impact (it gives individuals new rights over data held and imposes new responsibilities on companies around storage and use of that data).

And whilst Financial Conduct Authority (FCA) rules on selling finance in the UK may have less administrative impact on large groups such as Lookers, he feels smaller operations may be less able to absorb the cost of compliance. He accepts the need for certain controls but suggests that "it does not help business operate in a free market when we have increased regulation coming in such as this".

The nature of the business for Gregson is such that each day can be different. The normal monthly reporting cycles, for example, must be adhered to but plans can change rapidly if an acquisition is put on the table. "The variability keeps it interesting; much of the work needs planning and controlling but there are many things that can affect the day's activities."

## Communication is the key

Lookers continues to make significant investment in technology; all research by customers is now carried out



The UK is the second biggest market for German cars. If tariffs are applied, it won't be helpful. As an industry, we hope sense will prevail.

online before they even step into a showroom. Providing user-friendly and useful access to help that process is essential. The changing nature of the industry is reflected in the budget process and for Gregson it is vital that finance works with the operational and IT functions to understand, prioritise and plan ahead. Within Lookers he feels there is "very much a team mentality" that keeps the channels of communication open, enabling the timely sharing of information. Without this approach, he believes there would be a rather different story in terms of progress.

This openness extends to the relationship Lookers has with external partners, especially its panel of banks. "They are now very supportive and helpful," he comments, adding that most are "generally proactive where they can be, even if they are still trying to sell you something".

In terms of uptake of bank products, on the funding side at least (Lookers is a net debt business) matters have remained somewhat vanilla. The working capital cycle is managed via RCFs, Lookers' banks being fully cognisant of the cyclical flows of the sector. A brief review of the bond market revealed finance that was "more expensive than what we pay the banks" (Gregson thus has little interest in securing a private credit rating, for now). And with current borrowings simply taking advantage of existing low rates, interest rate hedging has been pushed off the agenda.

## It's a reflex

The ebb and flow of trade within Lookers, to all intents and purposes, is managed in a calm and professional manner. This is precisely how it should be. The skills required to achieve this position are similar to those for any other senior management role, says Gregson. "A lot of the job is about interacting with people in the business," he adds.

However, his early qualifications in accountancy and time spent working up through the profession, gaining a wide variety of experiences in different sectors, have proven an "invaluable" base for progress. Indeed, with this solid grounding, Gregson has been able to adapt to changing circumstances, the work he is doing now having morphed "into something very different from what it was eight years ago".

One thing that remains unaltered though is his passion for motoring and motorsport. Although not having set out to join the automotive sector, the prospect of driving some of the more exotic specimens on the forecourt is pure temptation for any petrol-head. For Gregson, this is one test of his skill, judgement and reflexes that he is quite happy to indulge anytime.

## Building a virtual network

*As companies work to grow their businesses, many turn their attention to opportunities overseas. However, international expansion is not without its challenges – particularly where corporate treasury is concerned. While companies need to put appropriate banking structures in place in order to operate in new markets, the company's existing banks will not necessarily operate in the required countries. Even if current banks do provide coverage, it may be necessary for the company to set up relationships with local banks in order to access key services.*



Sebastian Niemeyer  
Head of BELLIN  
GTB Services



Finding suitable banking partners can be a challenging and time-consuming process – and the difficulties do not end once a bank has been selected. In the current regulatory climate, the onboarding process can take considerable time and effort, both in terms of meeting legal regulations and putting the technical connectivity in place. As such, there is a growing need for solutions which can streamline these processes and support companies as they move into new markets.

### Bank connectivity challenges

Corporates need to consider many different factors when choosing a new banking partner, from a bank's offerings and services to its fee structure and risk rating. Identifying the right partner is an exercise which may take many weeks, particularly when the company does not have prior experience of the market in question. In some cases, companies will seek support from consultancy companies – but inevitably the selection process is cumbersome.

Once the company has selected a bank, the next step is to begin the legal onboarding process, including Know Your Customer (KYC) compliance. With banks facing increasingly rigorous regulatory demands, this has become a complex and time-consuming process.

"We've heard from a corporate treasurer who wanted to open an account with a bank in Austria," says Sebastian Niemeyer, Head of BELLIN GTB Services at treasury software and services provider BELLIN. "After six months, the company has still not fulfilled the KYC process because no one really knows exactly what they need to provide." Compounding the challenge, the KYC process can vary considerably depending on a number of factors. "The experience in the market is quite different from bank to bank, from corporate to corporate and from country to country," says Niemeyer, noting that even within a single global bank, KYC requirements can differ from country to country.

As Niemeyer points out, banks' KYC requirements are evolving over time, so even once all of the requirements have been fulfilled, further documents may be requested a couple of months later. As such, the more international a company's footprint, the more complex the challenges become.

### Technical considerations

A further challenge is that of establishing the technical connection between the company and its chosen bank. A number of options are available when it comes to connecting to banks. Companies which need to connect to multiple banks at a global scale may opt for SWIFT for Corporates, while other banks may choose to build a single window to each of their banks by setting up a host-to-host connection. Other connectivity options include EBICS, a domestic standard in Germany and one which is being introduced in other countries such as Austria, Switzerland and France – although the 'flavour' of EBICS does vary from country to country.

In other cases, companies will opt to use different banks' e-banking solutions, although this is not without its challenges. "You have a lot of different tokens that you have to use to identify yourself and release payments, so this may not be the way to go if you are banking in 30 or 40 countries," says Niemeyer.





## A new approach

With so many challenges involved in the bank selection and onboarding processes, the market is ripe for solutions to help treasurers set up new bank relationships in a more streamlined way. One notable development is the new virtual network bank concept developed by BELLIN. By incorporating a virtual network of banks, the solution enables BELLIN's customers to identify suitable banking partners and set up relationships with participating banks in a streamlined and standardised way.

"We are expanding our network of local champions, which will include the financial institutions that are leading the market locally in different countries," explains Niemeyer. "We will reach agreement with them on the services to be offered, the points of contact within the bank, the processes involved in KYC and the technical onboarding arrangements. The idea is to make it as easy as possible for our corporates to open an account with those financial institutions, while facilitating all the different processes involved in onboarding."

How will this work in practice? Niemeyer explains that banks will be able to join the network in order to offer their reach and experience in particular countries to BELLIN's customers, while providing full transparency and predictability over the cost of services. BELLIN will also work with participating banks to achieve clarity over the processes involved in opening an account, as well as establishing the technical connectivity between bank and corporate.

"Once a corporate says they would like to open an account in a particular country, they just need to choose a bank from the list which is already a member of the virtual network bank initiative," says Niemeyer. "The corporate will know what to expect and we will facilitate the whole process because we will know who to talk to at the bank and will have the contractual framework at our fingertips. The charges will be transparent and known up front. There will also be a standardised contract. This will greatly ease the process of finding the right banks and opening an account."

## The benefits

The unique model being developed offers considerable benefits both for banks and for their corporate customers. For one thing, the concept will unlock a customer base which some banks may not currently be able to access. "There are a number of corporates that due to their size, local footprint and internal process may be limited to working with global transaction banks," says Niemeyer. "In many cases, strong local banks may not have the opportunity to establish a bank relationship with these corporates due to the complexity of choosing a specific bank for each country and opening an account."

As such, Niemeyer says that the virtual network bank concept will enable these banks to make contact with corporates that may not previously have been on their radar. "As we have more than 400 clients, ranging from large scale multinationals to mid-size corporates, I believe that the buying power from the BELLIN community is big enough to attract banks to join this," he adds.

For corporates, meanwhile, the network will save time, effort and costs. As Niemeyer explains, "With the virtual network concept it will be much cheaper and more efficient to set up banking relationships, compared to spending six to eight months going from bank to bank and undergoing different contractual negotiations."

Niemeyer believes that this ground-breaking model is different to anything currently offered by other TMS vendors. "Other providers tend to be focusing on the technical implementation and on the ability to have their systems running with the financial institutions – but they do not cover the rest of the process or treat each bank onboarding as a company-specific, custom consulting project, which leads to high costs and long implementation cycles," he says. "If you look into the whole process of onboarding a bank and establishing connectivity, the technical connectivity is just the tip of the iceberg. So this is quite unique, and as well as being bank and system agnostic, it covers the whole process from A to Z in a highly standardised way. The corporate treasurer can choose a bank from the listed banks which form part of the virtual network bank initiative to be onboarded in no time."


## Next steps

BELLIN plans to roll the solution out globally in order to attract as many banks as possible to the virtual network, focusing in particular on markets where opening an account is particularly difficult. That said, the solution is already attracting interest from some unexpected quarters.

"We are currently in talks with the first banks about adopting this solution," says Niemeyer. "Surprisingly, it is not only the small local hidden champions of the banking industry which are interested, but also the large players who don't want to lose market share."

As the concept gains momentum, Niemeyer hopes that it will help companies establish treasury processes while alleviating the burdens of the onboarding process. This, in turn, will support companies in conducting international business activities. As Niemeyer concludes, "If you have the ability to spread your business across different banks which are acting locally, you can break the chains and overcome the limitations of bank connectivity today."





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do best and add value to  
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JEREMY HAMON  
Head of Group Treasury  
Primetals Technologies

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# The rise and rise of blockchain

*Blockchain has become the buzzword in finance. Why has it captured so much attention, what is being done with the technology today and where is it going in the future?*

Blockchain has created a buzz in financial services unlike anything else in recent memory. Since being introduced to the technology through the rise of Bitcoin, the industry has been awash with talk of blockchain and its potential impact. Some see this technology as a cure for all ills; others fear the unknown and the disruption it might have. One thing everyone agrees on is that blockchain is here to stay.

In brief, the blockchain is a distributed database that irrevocably records and confirms the ownership and transfer of a digital asset. Although this does not sound especially exciting, it has the potential to be revolutionary, bringing increased transparency, speed, trust and reduced costs in the financial ecosystem and beyond.

Despite the promise of blockchain, it would be remiss not to highlight that the industry has a long way to go before the benefits can be realised. Legacy processes, technology and thinking are not easily changed. The transformation will therefore not occur overnight – but the industry has set a course for the road ahead.

## The emergence

The story of blockchain begins in 2008, when Satoshi Nakamoto, the alias of a still unknown computer programmer, pressed the button that unleashed Bitcoin into the world. This was a seminal moment in finance. The launch of Bitcoin highlighted that technology had advanced to a point where a

fully digital currency could be created and exchanged directly from A to B without the involvement of traditional financial institutions, central banks or governments.

Yet the initial reaction to this game-changing technology was muted outside of the realm of technology enthusiasts. It was not until 2011/12 that Bitcoin began to make the headlines as the crypto-currency increased in value and was accepted as a method of payment by a limited number of merchants.

From this point on, interest in Bitcoin began to gain momentum, due in part to several high-profile negative news stories. These included the use of the currency on the Silk Road – an online black market – and the criminal investigation into the collapse of Mt. Gox, the largest Bitcoin exchange at that time. Although these stories brought Bitcoin into the public consciousness, they may have proved a death knell for the ambitions some had for it to replace fiat currencies as corporates, banks and other traditional institutions quickly moved to distance themselves from the crypto-currency.

As the financial industry moved away from Bitcoin, it quickly became apparent that all the attention had been focusing on the wrong aspect of this technology. The most interesting opportunity is not in the token of exchange, but in the underlying technology that facilitates the exchange.

“This was an eye-opening moment for the industry,” explains Anthony Macey, Head of Blockchain R&D at Barclays. “Blockchain provides a more efficient and transparent way of



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# US\$1.4bn

## invested into blockchain start-ups in 2016

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exchanging digital assets and this plugs a gap that we all knew existed in the digital age of banking. Once this became apparent, we, like many other banks, quickly began to explore the improvements the blockchain could drive in financial services. We identified 45 use cases initially, and this very quickly expanded to over 100.”

Also important, according to Macey, was the work done by fintech companies to expand upon the technology and principles of the Bitcoin blockchain to create more advanced solutions better suited to the complex nature of financial services. Macey highlights Ethereum as being especially innovative as it has enabled logic (smart contracts, for example) to run on top of the blockchain, creating a host of new opportunities for the banks to build new solutions.

Banks did not begin working overtime on blockchain just because of the potential opportunities though; they also did it out of fear. “The emergence of blockchain was the first time the banks were really nervous about the disruptive impact of a new technology,” says Macey. “It was clear that it could create a new way of working that could potentially eat into their margins. They had to act.”

The rest is very much history. Today, nearly every bank has a blockchain strategy and hundreds of fintechs are exploring a seemingly endless array of use cases for the technology. As a result, money continues to pour into blockchain – a total of US\$1.4bn was invested in blockchain start-ups in 2016, according to PwC. Blockchain is truly a global phenomenon.

### The era of exploration

Despite all the talk, blockchain is used very little in financial services today, at least on a commercial scale. The technology has therefore had little impact on corporate treasury professionals. Consequently, a degree of blockchain lethargy has entered the profession and it is no longer front and centre of every discussion.

Discussions relating to blockchain are coming to the fore again, however. Over the past six months, several banks have announced the completion of proof of concept (POC) experiments and pilots that utilise blockchain technology. “These are exciting developments,” says Paige Penze, Director, Head of Business Development in Innovation, Global Transaction Services at Bank of America Merrill Lynch (BoFA ML). “Completing these experiments is helping us properly highlight the benefits of the technology and frame the path to commercialisation.”

The recent announcements by the banks also show that they are taking a more focused approach to blockchain experimentation. In transaction services, the main areas of focus are cross-border payments, correspondent banking and trade finance.

In the trade finance space, the banks are having particular success. BoFA ML, working alongside its client, Microsoft, have recently completed a POC for standby letters of credit (SLOC) issuance, for example. The objective was to demonstrate that blockchain/smart contracts can streamline the inherently paper-based and inefficient SLOC process.

Barclays is another bank using blockchain in the trade finance space. Working with fintech partner Wave, the bank completed a blockchain trade finance transaction between Ornua (formerly the Irish Dairy Board) and Seychelles Trading Company. The ‘world first’ transaction utilised the blockchain to allow all parties involved in the transaction to see, transfer title and transmit shipping documents and other original trade documentation with complete visibility. “This eliminated many of the issues created by the legacy process,” says Macey. “It really highlights the impact this technology can have in this space.”

Cross-border payments is another area earmarked for improvement using the blockchain. Ripple is a fintech that has made a big splash in this space through a mixture of interesting technology and impressive marketing. Traditional players have reacted in kind, with SWIFT announcing that it will be experimenting with blockchain as part of its global payment innovation (gpi) initiative. Banks such as BNP Paribas have also announced the completion of successful pilot blockchain payment transactions with their clients.

Taking a slightly different approach to blockchain innovation, Citi recently launched its ‘bridge to the blockchain’ solution in partnership with NASDAQ. In brief, the solution is essentially a protocol that links the ‘traditional’ financial ecosystem to the ‘new world’ – in this case, NASDAQ’s Linq platform for private markets securities.

In Australia, meanwhile, local banks are making good progress using blockchain technology. Commonwealth Bank of Australia, for instance, announced earlier this year that it has built a blockchain for debt capital markets which has been tested by Queensland Treasury Corporation for the issuance of semi-government bonds. The benefit is that it can eliminate settlement risk because the solution links the transfer of title with the payment, meaning that the transaction is executed and settled instantaneously. Other local lenders, ANZ and Westpac, have also successfully used blockchain instead of paper for bank guarantees on commercial property leasing.

### Building blocks

The next step for all of these projects is full-scale commercialisation. However, there is some way to go before this can happen. Predictions about how long this might be range from two years to a decade or more – essentially nobody is sure.

A big reason for this is that regulation and law is yet to catch up with the technology. Although there has been some progress made in making financial laws and regulations more ‘digitally native’, there is a long way to go, with some countries still not accepting any form of digital documentation. Without regulatory and legal innovation, much of the technological evolution will be useless outside of small scale tests like those we are seeing today.

It is encouraging to see that some regulations are taking the lead. The Bank of England in the UK, for example, has been

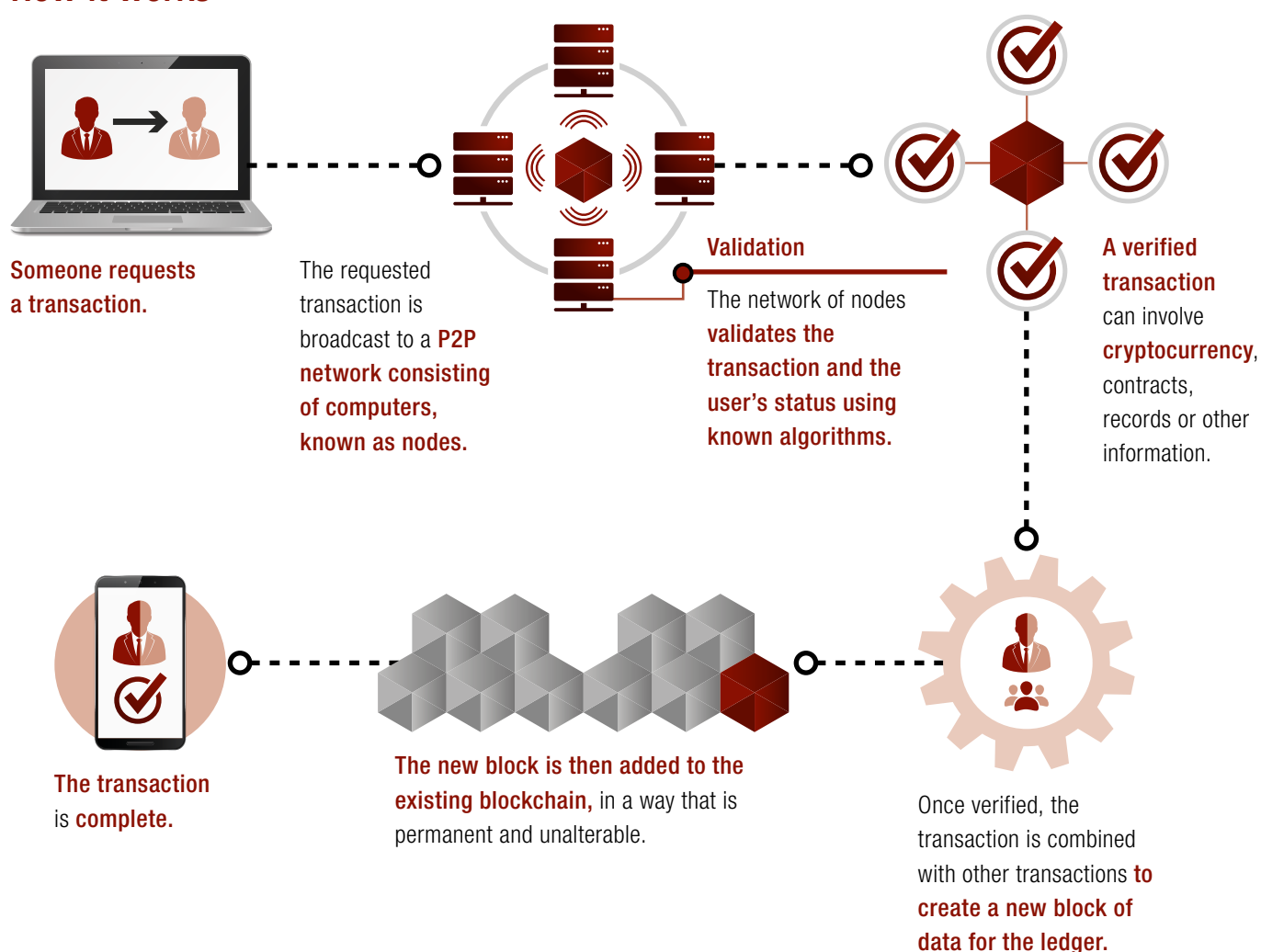


# IN FOCUS:

## BLOCKCHAIN TECHNOLOGY

Blockchain (sometimes referred to as a distributed ledger) is a peer-to-peer distributed database that irrevocably records and confirms the ownership and transfer of a digital asset.

### How it works



### Treasury use cases

#### Cross-border payments

There have already been examples of cross-border payments that can be made quicker, cheaper and more efficient using blockchain-based solutions.

#### Trade

The processes surrounding global trade are being transformed using the blockchain. The technology is looking to drive greater speed, transparency and reduce risk.

#### KYC

A number of fintechs are looking to use blockchain as a means of sharing digital identity, removing a lot of the pain currently associated with KYC processes.



## Two blockchain solutions won Adam Smith Awards in 2017

very interested in exploring and experimenting with blockchain. The Monetary Authority of Singapore is another progressive regulator, actively embracing blockchain and seeing how it can be used to make doing business in the country more efficient.

Away from the regulatory and legal issues, there is also the question of whether there is a blockchain currently suitable for commercialisation. Paul Thwaite, Head of Transaction Services at NatWest and the Royal Bank of Scotland, does not think there is. "There is no blockchain platform that is currently considered to be finance or business grade," he says. "However, the platform evolution evident today suggests that we are moving further away from the original libertarian Bitcoin blockchain."

Barclays' Macey thinks that the Corda platform built by R3 – the blockchain consortium – is one of the closest to becoming a platform fit for purpose in financial services. But even when such a platform exists, there are challenges for the banks when it comes to using it. "Let us assume that the R3 platform works, is scalable and ready to go live – what do you do then?" he says. "You can't rip out the legacy banking system overnight – even minute parts have to be changed slowly. A big bank can't risk any disruption to businesses. This is the biggest risk posed by adopting blockchain and thus is the biggest obstacle to large scale commercialisation."

BofAML's Penze adds to this point. "We are not going to replace our legacy systems with blockchain overnight," she says. "It will be a slow and steady process, allowing us to iron out any issues before we expose this technology properly to our clients."

What about the cost of all this IT work? Asks Peter Farley, Senior Strategist, Capital Markets at Finastra. "To adopt blockchain in a meaningful way, the banks will need to change all the technology in their back offices," he says. "This is a big issue for many banks, especially the global banks with a large monolithic IT stack looking at blockchain as a cost saver. In reality, IT budgets will need to increase before blockchain allows them to reduce – if this is possible at all."

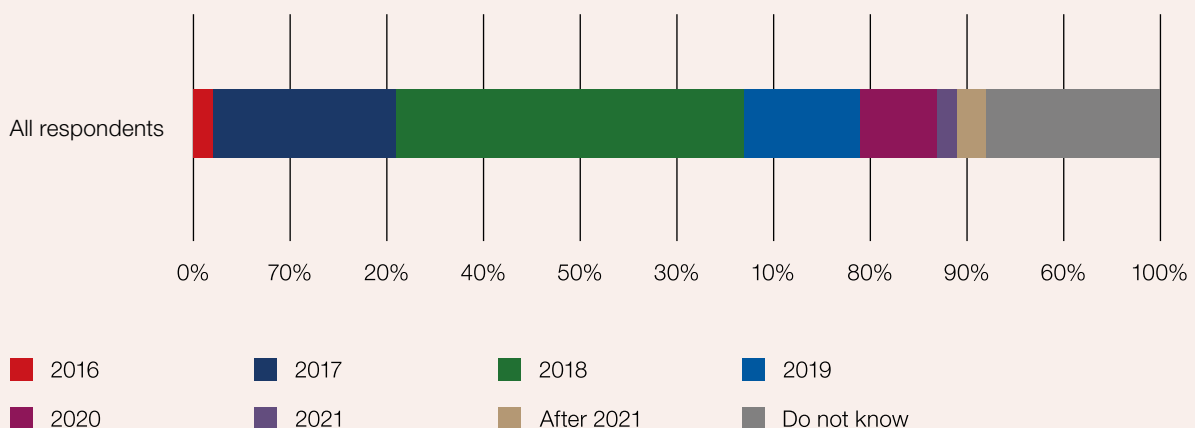
Farley also highlights the sporadic nature of blockchain development at present – something reflected by everyone Treasury Today interviewed for this article. "The whole ecosystem is very fragmented," he says. "This needs to be brought under control sooner rather than later, otherwise there will be many different systems that exist which will not integrate very well, making it hard for blockchain to deliver on all its promise."

### More to come...

Despite the challenges that need to be overcome before blockchain becomes ubiquitous in the commercial banking space, it is likely that this will happen.

But exactly where and how blockchain will be used remains to be seen. An educated guess would be that trade finance will be first, with payments to follow soon after. The impact this will have on treasury also remains up for debate. The hope is that it will usher in a brave new world where low-cost, automated solutions are the norm. On the other side of the coin, some fear the fragmented development will create an even more complex world than the one that exists today. In reality, it is likely to be somewhere in between.

### What timeframe do you most likely expect to see your organisation adopt blockchain as part of an in production system/process?



Source: PwC's Global Fintech Survey 2017. Base: 578 respondents.



## Why treasury needs robotic process automation

**Kevin Grant**

Chief International Officer



*In a turbulent world where change is the only certainty, the technological advancement that is robotic process automation can carve out some distinct advantages for treasurers. Kevin Grant, Chief International Officer, Hanse Orga Group, explains.*

We are living in the age of digital transformation. The Internet of Things, mobile, hyper-connectivity, big data, social media, cloud, in-memory computing – all these elements (and more) are equal part commercial threat and opportunity. Which one depends on company outlook.

Either way, they need to be addressed because customer behaviour is changing and established business models are disappearing or morphing into something new in response.

There is also the considerable matter of global economic uncertainty bearing down on profitability, to the point where commercial survival is threatened.

For many businesses across the world, digital transformation is, or should be, very high on the agenda. Why? "The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic," said US Economist and Philosopher, Peter Drucker. Companies worldwide are





Our aim is to build robotic solutions with an element of AI across different financial workflows.

challenged by turbulence every day and need suitable tools and robust data that enable them to be competitive and to stay sustainably successful.

Robotic process automation (RPA) has a key role to play.

## Rise of the software robot

Forget the images of powerful mechanised arms and futuristic factories; in this context, the robot of RPA is simply defined as the automation of routine processing tasks using rule-based logic. This 'software' view of robotics is something many companies are already using, says Kevin Grant, Chief International Officer, Hanse Orga Group.

Indeed, treasurers afforded the luxury of automated compliance with hedge accounting policy and standards will be running forward and reverse exposure analyses on their current hedging portfolios. These 'simulations' are entirely within the scope of RPA, says Grant.

Arguably this is a specialist use-case but RPA can encounter a wide set of circumstances and offer an appropriate response. It is being applied not just to the processing of high volumes of data but also being deployed into a broad subset of scenarios and allowing the 'machine' to make the decisions, following the logic programmed into it, when it encounters those situations.

This serves to limit the number of exception items that have to be processed by humans. It also serves treasury's widening scope of interest in corporate financial data and the need for process improvements and efficiencies to deliver better cash management.

Understandably, RPA has become a hot topic in recent times. It is enabling vast improvements in process effectiveness and efficiency, calling upon precisely the kind of forward-thinking logic of which Drucker would approve. The statistics speak for themselves.

According to The Hackett Group's research, typical finance organisations can cut process costs by 35% by adopting digital technologies, nearly matching the level seen today by world-class organisations.

## A library of solutions

The reason RPA is so successful is that if during the process of extracting exceptions for humans to fix, the software tools within RPA are used to fix the problem, machine learning begins to understand both the issue and the fix. It then captures both within the 'scenario library' so it knows what to do next time it encounters that situation. Rather than humans continually remedying the same problem, once RPA has learnt and stored the fix, it has removed that exception from the sphere of human intervention.

For RPA to begin the good work there needs to be a level of configuration based on the client's workflows, processes and controls they wish to put in place. As a system supplier, Hanse Orga Group will create pre-configured systems that are designed to tackle certain tasks. These will have been drawn from its wide industry experience across customer-types and built into the scenario library.

"Customers will already be a step ahead," says Grant. "They will already have access to a greater capability than they are likely to require to begin with." When they come across a scenario that is likely to be new to them, the chances are that a subset of scenario rules will already have been created. Through an easy interface, and following training, RPA can then bring that scenario into the client's ever-expanding active library of fixes. "We call it self-learning but the client is really selecting the fix from the library that suits their needs."

## Building and using robot

Implementation of a user-friendly and pre-configured system, pitched at business people not IT, should be relatively easy. And Hanse Orga Group's RPA offering is just that, says Grant. Following initial consultation, configuration and training, updating of scenarios thereafter should present few issues.

For SAP users, there is no need to fear tackling Advanced Business Application Programming (ABAP) code to build new scenarios. Hanse Orga Group has already written this into specific functions in a logical way that allows clients to self-serve. The new functions they create, in turn form new scenarios that are logged in the library as fixes. Think in terms of how an Excel cell knows what to do every time it receives new data, says Grant. It has been configured by users based on current requirements and can be used to automatically tackle the same scenario in the future, or be modified as required. It is not difficult!

The current RPA use-case for treasurers relates in particular to cash visibility, notes Grant. This has historically not always been easy for treasurers. Hanse Orga Group is focusing in detail on accounts payable and accounts receivable and allowing the treasurer to implement efficient processes which are automated to a high degree. This, he explains, takes head-count out of these processes, enabling the focus to shift onto higher value-added tasks.

At a more granular level, data can be processed much faster and to a higher level of accuracy. The information being presented to treasury for decision-making is therefore far richer, notes Grant. The explicit understanding of cash positions, for example, can lead to a reduction of external volumes of cash, or, for those long on cash, the confidence to invest more profitably.

"We are doing all the processing at a lower level on DSO, DPO and DIO," he says. This allows treasurers to have a working capital management solution that takes into account invoice level data, not just data at the reported bank balance level. Taking this with forecasting information, overlaying it with details of any bank credit facility and actual financial transaction data, a far more intuitive and all-encompassing working capital management solution is created.

## Advancing AI

A core development from this wide-ranging view, and the data that makes it possible, is the move towards analytics. Treasurers can be led to decisions quicker and the availability

of key metrics means KPIs can be put in place to drive further process improvements.

If some of this sounds futuristic, the next wave of RPA is upon us already. Automated decision-making based on the results of analytics and artificial intelligence is possible, notes Grant. This is currently practiced in the area of foreign exchange risk management. A system can connect with a trading portal, making requests for an order to be fulfilled and lodging a competitive bid, and then executing that deal before automatically creating trades in the treasury deal portfolio, updating the cash forecasting within SAP and even feeding into the hedge accounting and risk management areas.

Can it go further? It can, says Grant. "But treasury needs to decide what level of AI it is willing to accept." This amounts to a definition of rules and risk appetite, he notes. A treasurer may be comfortable with the idea of automating processes or even deal execution. But at what point do they want a process to become an exception item with human intervention? And to what extent should intervention be used before the follow-on action is confirmed? This is a matter of choice and confidence in the technology. There is a curious point to make about the latter.

RPA can process far higher volumes of data at far greater speed than any human. Whether matching invoices or making trades, RPA can look at source data and many forms of complementary data. For example, stock price volatility or the volume of credit default swaps being processed against a set of customers can inform a decision to reduce exposure to a sector or individual financial counterparty. Even meteorological data can be analysed to inform trade decisions. "The fact is that RPA gives a far wider vision, building intelligence into decision-making because ultimately, it is about data management."

## The circuit breaker

The threat of automation to some livelihoods is real. Is RPA's move into analytics-based decision-making the death-knell for treasury? In much the same way that pilotless passenger planes are a long way off, leaving key financial decisions to a 'robot' is unlikely, says Grant. It is a matter of confidence and this can be managed.

"Companies may wish to put circuit-breakers into their automated processes," says Grant. "In making a call on risk tolerance and putting in those circuit-breakers, they will achieve the level of control they require relative to the level of automation to which they aspire."

Any RPA system must be capable of creating an exception when given data outside a certain tolerance, effectively pulling the plug on itself. In the treasury space, a statement may reveal a customer is going outside of its payment terms. Tolerance to this can be set, triggering automated dunning at that point. But that trigger point is not always clear cut. Dunning may be best served with a harder or softer approach, according to the value or volume of trade, for example.

Interfacing this process with the sales system, allowing modification of the credit appetite accordingly, would serve to protect relationships. If a customer always pays 30 days late, then the credit risk is minimal. Payment outside of normal behaviour may be a sign of increasing credit risk. This is where AI tools can be deployed to spot patterns over long



Treasury may have disparate systems but what can be created with them is a unified workflow process in a master SAP system.

periods, just as credit card systems track trends in cardholder spend for anti-fraud purposes.

Taking the decision on where to raise the exception and how to handle it will yield different results. It may require human intervention, or automatic reduction of a credit facility for example. The key is to have access to a range of data to inform that decision.

## Reaching further

"Our aim is to build robotic solutions with an element of AI across different financial workflows," explains Grant. To complement Hanse Orga Group's own systems it has acquired technology in the past year through Soplex, Dolphin, e5 and Tembit. By using standard SAP treasury functionality and integrating with the AP, payments factory, in-house banking and cash management, credit and receivables management technologies from its acquisitions, it is forging links between historically disconnected treasury and finance processes.

When solutions are embedded within the same technology, in this case in SAP, the workflow follows a natural path, even within multiple incidences of the ERP, says Grant. But workflows from outside this environment, from other ERP providers, can be brought on board and integrated using standard connectivity too. "Treasury may have disparate systems but what can be created with them is a unified workflow process in a master SAP system."

## Big data is the key

From localised data capture and processing, treasury gains centralised visibility and control over every aspect of payments. But, as Grant notes, the point of RPA is that with solutions incorporated within an enterprise data processing environment, "there is no reason why treasurers can't automate on a far wider set of data points".

This makes the concept of capturing and exploiting big data – including the new notion of the unstructured 'data lake' – central to RPA. Using technology embedded in the same environment, such as SAP, provides a single source of truth from that data. This makes for compelling information and intelligence for treasurers. Greater levels of automation are but a step away.

We are indeed living in the age of digital transformation. With RPA's help, the vast range of data from which treasury is constituted – past, present and future – suddenly seems like an opportunity after all.

# A quick journey around SWIFT

*Few in treasury have not heard of SWIFT. It's a complex beast that some say is run by banks for banks. We go back to basics, picking out the key elements and trying to unravel the mysteries of this global infrastructure.*

SWIFT is a global bank-owned provider of secure financial messaging services. SWIFT has only ever been a messaging service: it does not hold funds nor manage accounts on behalf of customers. At its heart is an IP-based closed network infrastructure, known as SWIFTNet. This is a secure messaging environment that uses end-to-end encryption and a Public Key Infrastructure to ensure authenticity, integrity, confidentiality and non-repudiation of every message it handles.

Today, SWIFTNet connects more than 11,000 banking and securities organisations, market infrastructures and corporate customers in almost every country and territory on the planet.

With a claimed availability level of 99.99%, the platform carries standardised messages used, for example, in making payments or confirming trades. SWIFT's standards group works with users to define all message standards. These not only specify the data elements included in messages but also document the meaning and format of each element. The standards also specify mandatory and optional elements, message order and in some cases the response required by recipients.

Although mostly associated with banks, SWIFT has long courted the corporate community as direct users of its services. Initially this was just the largest companies installing in-house connectivity but now it is pitching services at the midcaps too, having made adoption easier and cheaper.

## Messaging services

SWIFTNet incorporates four messaging service variants: FIN, InterAct, FileAct and WebAccess.

**FIN:** FIN enables the exchange, on a message-per-message basis, of a wide range of messages formatted with the traditional SWIFT MT (message type) standards. It also supports the exchange of proprietary formats between market infrastructures and their customers.

**InterAct:** this is similar to FIN but it enables the exchange of MX message types that use the more flexible ISO 20022-based XML syntax.

**FileAct:** FileAct is all about large batch transfers such as bulk payment files, very large reports or operational data.

**WebAccess:** WebAccess allows users to browse securely on financial web sites available on SWIFTNet using standard internet technologies and protocols.

## Joining SWIFT

Corporates have two main options when seeking to access SWIFT – SCORE and MA-CUG:

### SCORE

The Standardised Corporate Environment (SCORE) has been the main model for corporate participation in SWIFT since 2007. It is a Closed User Group (CUG) administered by SWIFT.

### MA-CUG

Set up in 2001, the Member Administered Closed User Group (MA-CUG) was the first model through which corporates were able to exchange a broad range of treasury and cash management messages via the SWIFT network. Under this model, corporates are required to join a new MA-CUG for each bank with which they wish to communicate.

## Methods of access

There are three main routes:

**Direct access:** the technical infrastructure is located at the corporate's offices, requiring substantial up-front investment and on-site technical support and expertise for ongoing management and maintenance of the connection.

**Service bureau (indirect access):** hosted and maintained by a third party, providing specialist knowledge, full disaster recovery and features such as the conversion of messages to SWIFT format.

**Member/concentrator (indirect access):** hosted and maintained by a third party offering the same benefits as the service bureau model. However, the member/concentrator has to be a SWIFT member and they offer a broader remit of services, including administration of the SWIFT contract such as registration and receiving SWIFT invoices.

## Connecting to the network

SWIFT's IP virtual private network (VPN) is the key to user connection to SWIFTNet. The required software for connecting internal systems to SWIFT and for accessing the network can be supplied either directly by SWIFT or via a third-party vendor.

SWIFT offers connectivity within its 'Alliance' suite. This multi-platform interface provides access to FIN, InterAct and FileAct messaging services. The suite includes the interfaces:

- **Alliance Access.** A multi-platform interface that enables customers to connect single or multiple destinations to SWIFT with maximum automation of system management tasks.
- **Alliance Entry.** A messaging interface that SWIFT has developed for low-volume customers that use a single destination.
- **Alliance Messaging Hub.** A single integration platform for global financial institutions looking to rationalise their messaging infrastructure across networks.

**Alliance Gateway** is the communication interface connecting to SWIFT via a single point. It aims concentrated message flows for SWIFT users with medium to high messaging



volumes via the Alliance Access, Alliance Entry or Alliance Messaging Hub interfaces.

## Corporate-specific connections

**Alliance Lite2.** The easiest way to connect to SWIFT is using SWIFT's cloud-based connectivity solution, Alliance Lite2. It is a smaller upfront investment than direct access but has access to all types of SWIFT messages and files.

**Alliance Lite2 for Business Applications (L2BA).** This is a cloud solution, enabling corporates to combine their own SWIFT-ready software – such as cash management solutions, treasury management systems, trade and securities platforms – with SWIFT connectivity in a single package. SWIFT runs a partner programme for providers offering SWIFT services, as well as a 'SWIFT-ready' certification (or SWIFT compliance) programme for vendors and their offerings.

**Customer-hosted connectivity.** Suitable for high traffic volumes, allowing connection to SWIFT via Alliance Access or Alliance Gateway.

## SWIFT the product provider

SWIFT is expanding its portfolio of products all the time, mainly to help banks enhance their own transaction banking solutions for corporate clients. These developments focus mainly on the following core areas:

### Cash management

MT940/942 messages are the standard customer statement messages. Where recipients need more information, in a format that suits them, the XML-based ISO 20022 camt (short for cash management) messages signal progress.

Anecdotal evidence suggests that, at the moment, there are few banks that are able to send camt.052 (account reporting), camt.053 (account statement) and camt.054 (credit or debit notification) messages.

### Mandate management and user identity

SWIFT's 3SKey secure digital signatory tool provides an opportunity for the banks to securely authenticate end-users and validate the financial transactions based on individual mandates.

### Documentary trade

MT798 messaging standards enable banks to support the automation and centralised processing of letters of credit (LC), standby LCs, collections and demand guarantees.

### Approved payables financing

SWIFT's Bank Payment Obligation (BPO) supports trade settlement using ISO 20022 data structures.

SWIFTRef is a global reference data utility providing reliable data sourced directly from its originators in a format compatible with ERP systems. The SWIFTRef platform is used to collect, manage and deliver worldwide payments reference data for use by over 5,500 financial institutions and 500 corporates globally. SWIFTRef data is used to validate and check international and domestic payment operations, as well as supporting regulatory reporting needs.

### KYC

SWIFT's KYC Registry provides KYC information for correspondent banks as well as fund distributors and

custodians. Banks contribute an agreed 'baseline' set of data and documents for validation by SWIFT, which the contributors can then share with their counterparties.

### Data quality

The Payments Data Quality service checks messages using quality verification rules developed by SWIFT in line with industry practice and in cooperation with its community.

### Standards

MyStandards is a collaborative web application used to manage standards definitions and industry usage. It includes the MyStandards Usage Guideline Editor, an offline application that allows users to define and maintain their own usage guidelines.

The MyStandards Readiness Portal is an online, self-service function intended to ease the client on-boarding process for financial institutions and their customers. Even with global messaging standards, each bank's format will differ slightly. When a corporate wants to connect with a specific bank, these small differences slow the process. When testing a message against a bank specification, any errors or mismatches will generate a response that describes what is wrong. The user will then be directed to the relevant field definition in MyStandards so that the message can be modified accordingly whilst still online and retested straight away.

### Most recently...

Launched in December 2015, the global payments innovation (gpi) initiative is being billed by SWIFT as creating "the next era for correspondent banking". With more than 90 banks signed up, interest represents more than 75% of SWIFT's cross-border payments traffic.

Essentially gpi is a new multi-lateral service agreement. It is designed to offer corporates the ability to make payments with same-day value, obtain transparency over fees, increase certainty by offering end-to-end payments tracking, and ensure that remittance information is transferred unaltered.

But there is a roadmap for services under gpi, including the ability for corporates to request payments through the SWIFT network and the capability for banks to stop payments where a sender has made an error. This requires some supplementary technology.

In July 2017, SWIFT announced that 22 additional global banks had joined its gpi blockchain proof of concept (PoC). The PoC aims to validate whether the technology can help banks monitor, manage and reconcile their international nostro accounts in real time.

Currently, real time monitoring is not possible due to lack of intraday reporting coverage. Monitoring the funds in their overseas accounts is done via debit and credit updates and end-of-day statements. This work adds cost to cross-border payments. The PoC will test whether distributed ledgers can help banks reconcile those nostro accounts more efficiently and in real time, lowering costs and operational risk.

## Final word

This has been a very quick look at SWIFT's activities. It is complex and, for corporates uncertain as to how to approach it, independent research is essential. Banking partners, technology vendors and service bureaus will all have a view that is worth investigating. The truth is out there.

# Your guide to the real-time payments revolution

*The biggest trend in financial services right now is not fintech nor the blockchain; it is the move from batch to real-time. This is the view of Tony McLaughlin, Managing Director, Emerging Payments and Business Development, Treasury and Trade Solutions at Citi. In this article, he charts a course for the payments industry, providing some action points for treasurers.*



Tony McLaughlin  
Managing Director,  
Emerging Payments  
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Development, Treasury  
and Trade Solutions



When the UK launched Faster Payments in 2008, it ushered in a new era for payments around the world: the age of real-time had begun. Many other countries soon followed suit, announcing the completion of their own instant payment rails. By 2020 faster payments will be ubiquitous in all major markets.

The proliferation of digital businesses and the rise of eCommerce has been the key driving force behind this rise. Businesses thrive when they offer their customers a quick, efficient and user-friendly payment method. They have demanded changes in the infrastructure to facilitate this. Regulators have responded, mandating the development of payment rails to ensure that they keep their economies functioning and competitive by supporting digital business.

## Riding the real-time rails

The emergence of instant payments is having a profound impact on the services that banks such as Citi can offer its corporate clients. To provide an example, Tony McLaughlin, Managing Director, Emerging Payments and Business Development, Treasury and Trade Solutions at Citi, cites how the bank is providing eCommerce companies in India with the ability to use a non-card collection method. The solution leverages India's Unified Payment Interface (UPI) and enables eCommerce companies to pull cash directly from their customer's bank accounts in real-time using a tokenised address, such as an email address or phone number.

"This is a powerful tool for eCommerce companies in India," says McLaughlin. "It enables them to reach an entirely new 'un-carded' client base. It reduces costs as they will no longer have to pay an ad valorem fee to use card rails. It also mitigates fraud and charge-back risk."

Elsewhere, Citi is helping the new wave of digital providers to grow their businesses. It is providing them with access to faster payment rails, "reducing the friction between the bank account and the merchant, improving the user experience". Citi is plugged into 12 faster payment schemes around the world, allowing it to offer access on a global basis to these companies.

Traditional businesses are benefiting from instant payments. Insurance companies, for instance, are using faster payment rails to credit their customers more quickly when there is a claim, removing friction when dealing with their clients. Something similar is happening in the aviation industry, where airlines are using faster payments to offer their customers refunds or compensation.

Yet despite the benefits that instant payment rails are already offering companies in certain segments, corporate usage remains minimal. McLaughlin notes that there is little benefit in paying faster for B2B businesses but this should not mean that they should ignore faster payment rails, as these do more than move money faster: they also move more data using ISO 20022 XML-based messaging, which provides more scope for transfer of information as well as value.

## The search for transparency and efficiency

Increasing the data flow and offering more transparency through the payments process is a core tenet of SWIFT's global payments innovation (GPI) initiative. Launched earlier this year, GPI provides corporates with the ability to track payment status end-to-end.

"Corporates have long been calling for these characteristics, especially the ability to track and trace payments," says McLaughlin. "This is clearly a positive development that will give our clients greater visibility and control over their payments," he adds. The challenge though will be moving the banking industry onto GPI and gaining critical mass so that clients can have a consistent payment experience around the world.

Although a positive step, McLaughlin is calling for a more dramatic change in the industry. "Banks have always been able to provide corporates with payment notifications, using SWIFT ACK [acknowledgement] messages," he says. "As an industry, we decided to only send messages for those payments that failed and worked in the mode of management by exception."

The reason for this, explains McLaughlin, is because of the shortcomings of the legacy banking infrastructure. The banking industry today is built on batch processing, with long, end-of-day cycles and store-and-forward messaging on the SWIFT FIN network. “Even if we did send these ACK messages for all payments, they still wouldn’t provide corporates with the real-time information they desire.”

Indeed, McLaughlin notes that this legacy way of working dramatically limits banks’ ability to offer the services that corporates are demanding, beyond track and trace. “To upgrade our services in a meaningful way, the whole industry needs to move from batch to real-time processing. Everywhere we look, this change is occurring and banks need to act.”

## Hyperconnected open banking

Linked to the move from batch processing to real-time is the transformative way that banks, corporates and clearing systems are connecting. “We are entering an age of hyperconnectivity, delivered through APIs, that facilitates real-time banking,” says McLaughlin. “Soon, every bank and every clearing system will be accessible through APIs.”

In Europe, this trend is driven by PSD2. “The banking infrastructure will be opened up to non-bank players using APIs,” he explains. “This is unleashing creativity, especially in the fintech world, and it will transform the payments landscape.”

Individuals thinking about the impact of PSD2, should look at what has happened in China. “The dominant mobile money players in China are not banks, they are technology companies that have built applications that overlay the traditional financial infrastructure,” he explains. “PSD2 in Europe will allow technology companies to do the same thing.”

Although this might seem like a threat to the banks, McLaughlin highlights that it does not have to be. “If banks focus on just being PSD2 compliant, which many are, then this could be extremely damaging for them,” he says. “What they should be thinking is what services they deliver over and above the minimum that will offer value to their clients. If they don’t, the fintechs will.”

For McLaughlin, it is about banks thinking strategically about their offerings, and exposing all these micro services to the world through APIs. McLaughlin notes how Alipay in China provides a good example of this. “It is embedded in lots of ecosystems enabling it to provide data to companies who can thereby improve their customer experience.”

In Europe, McLaughlin highlights how banks could step in and offer finance at the point of sale online. Using APIs, banks could expose their credit services to merchants, enabling them to offer their customers the ability to pay now or pay later – using bank credit – when checking out online. “Everybody wins in this example: merchants can potentially increase sales by offering finance and a seamless user experience; customers will be happy because they have options when making a purchase; and banks will be able to make money by financing the transaction.”

## Corporate action

In this time of change in the payments space, there is a lot for corporates to be thinking about. “I would recommend that corporates speak to their banks about their API strategies,” says McLaughlin. “Most importantly, they should be encouraging them to work with other banks to create a standard set of APIs for the industry – this is crucial. Otherwise, multi-banked corporates will face lots of different integrations, increasing the complexity and potentially limiting the benefit that these can offer.”

Finally, McLaughlin recommends that corporates cut through all the noise around payments and focus on the developments that will really benefit their operations. “There is so much opportunity that can be unlocked in the payment industry,” he concludes. “But it is important to focus on the solutions that are solving problems and not get caught up in the noise created by those solutions looking for problems.”

The emergence of instant payment rails is just one aspect of the entire payment industry’s move from batch to real-time processing, says McLaughlin. “This is the real mega-trend.”

## Do not forget blockchain

It would be remiss to talk about payments without mentioning the blockchain. At present, there are many companies looking to overhaul the existing payments ecosystem using the technology. McLaughlin says that Citi is actively exploring applications of blockchain and has supported clients such as Nasdaq who have built their own blockchain ecosystems.

“Blockchain may find its greatest application in domains where the counterparties don’t trust each other and are poor at record-keeping. This is not a description of the payments world,” says McLaughlin. “Payment systems are comprised of two elements – messaging and settlement. We are investigating whether blockchain based solutions are superior in either of these two layers, but so far results are inconclusive. Meanwhile, the real revolution is taking place in the emergence of real time payments, open banking and APIs.”

McLaughlin advises that it would be unwise to ignore blockchain as the technology is still in the early stages of development and there are several examples of foundational technologies that went through long gestation periods, such as the relational database, first invented in 1970 but only properly commercialised in 1979.



# Rife uncertainty on the global chessboard

*Almost a decade ago, the political scientist Joseph Nye thought of the global balance of power and the changing game of international relations as a 3D chessboard. His underlying idea was that international power is shared between three imaginary 'chessboards' in an era of globalisation. The upper chessboard is set aside for military might. The US has been calling the shots in this respect over a considerable period. The middle chessboard is all about the economy. Here, several great powers are the important players at present. The third board is hardest to define. Power at this level is generated across borders and revolves around issues that are not directly connected to governments; 'fuzzy power'.*

The power on the lowest board is divided among many players and it is unclear who has the most influence. Positions, moves, rewards and players tend to change often. States increasingly need to reckon with the players and topics that matter on the third chessboard. Owing to globalisation and the information revolution, this 'grassroots' chessboard has steadily gained importance in the past ten years.

If anything, the games played out on the 3D chessboard have intensified, while the political, financial, economic and military connecting threads are so convoluted that the ensuing maze resembles a combination of the Rubik's Cube – with panels that are constantly shifting so that every twist and turn can change the face of the cube – and the Whack a Mole game, with rodents popping up at unexpected moments and in unexpected locations.

In this complicated, chaotic, gigantic web of interests, parties and erratic connections, the world's leader – still the US – finds it increasingly hard to run the show. Militarily, the country is still way ahead of the pack but China and the Eurozone players are now operating at a similar level from an economic sense. Nevertheless, America's financial power continues to outflank the competition due to the dominant role of the dollar and the open, deep and broad financial markets. However, the US has lost its leading edge in other respects – and President Trump isn't helping matters.

## Stability, order and chaos

The world continues to hover between stability, order, chaos and disorder. Roughly speaking, order used to dominate the world in the past decades. Unfortunately, the scales now seem to be tipping the other way, due to:

- The (aftermath of the) financial crisis and the subsequent credit and government debt crises.
- The crumbling stature of the US and the associated emergence of a global system consisting of multiple power centres and non-state actors.
- Trump's policies.
- Putin's nationalist, authoritarian, revanchist and xenophobic course.
- Political, economic, cultural, historic and military tensions in Asia, with China as an awakening giant with larger-than-life ambitions.
- Geopolitical, territorial, social, sectarian, religious and ethnic tensions across the Middle East.

Richard Haass, President of the Council on Foreign Relations, wrote at the end of 2014 that, "The question is not whether the world will continue to unravel but how fast and how far." An actual war seems fairly unthinkable at this stage, many would say. Not according to US Professor Graham Allison, who has been writing about the so-called 'Thucydides Trap' in recent years, which implies there is a high chance of war during a period when a rapidly evolving power starts to compete with a dominant great power. There have been 15 such situations in the past 500 years and war broke out in 11 cases; often triggered by the interaction between assertiveness and fear.

Many in the West would love to go back to the post-Cold War period when quite a few Western leaders and observers believed that an international order had been firmly established that prioritised human rights, international law, collaboration, global institutions, peaceful conflict resolution and free trade, the "new world order" as former US President George H. W. Bush called it then.

However, as law professor Eric A. Posner wrote, "The liberal order that was born with the Soviet Union's collapse rested on a fiction: that all nations were equal and submitted to the same rules because they reflected universal human values. In reality, of course, the rules were Western rules, and they were enforced largely by the United States, which was no one's equal. Today, the fiction has been exposed, and the world order looks increasingly like the one that reigned during the 19<sup>th</sup> century."

In other words, Putin is not alone when he tries to reintroduce 19<sup>th</sup> century geopolitical power balance thinking in the 21<sup>st</sup> century. Putin is not travelling back in time but is a man of his time. The West, on the other hand, often tries to hang on to a period that is on its last legs.

Under this brand new order, the great powers will eventually start to balance each other out. And whereas the US will continue to be the key actor for the time being, it can no longer unilaterally mould the world to its will.

The new order has not yet taken a definite shape by a long shot. A structural, painful transformation of the international system is ongoing, as evident from the Ukraine crisis, clashes in Asian waters, and the 'proxy wars' in the Middle East.

It would be a mistake to think that the power games will play out in the same way as they did one or two centuries ago. The global game board has changed fundamentally, power is exercised very differently and more variations, individual nation states, and non-state actors add unpredictability to the mix. As a result, it has become harder to foretell the outcome of the geopolitical chess game. And there is no guarantee – whatever some experts may say – that global economic intertwinement will be enough to limit the risks of chaos, instability, and violence.

## Europe's new order

Europe is clearly struggling to define its role in the new order. Yet, it is undoubtedly in better shape than before.

- After the inward-looking years when it was forced to fork out hundreds of billions on propping up the economy and financial sector, Europe can again afford to spend money on military, political and other initiatives that should safeguard its position. Although progress is slow, change is definitely in the air.
- Whereas the survival of the Eurozone was largely achieved through panic measures in the past years, there is now a larger focus on strengthening the European structures.
- Europe also radiates more confidence when dealing with the rest of the world. It no longer seems fragile, uncertain and divided (even if it has deep-seated problems).
- The member states and the EU aim for sustainable peace and stability. A 'social contract' between citizens and the states is underpinned by the EU as it strives to protect security, prosperity, freedom and equality for the European citizens. Perhaps the protection and social security that most European countries offer their citizens has a larger chance of success in the long run than the everyone-for-themselves model that is prevalent in the US.

Nevertheless, we should not be taken in too much by the European euphoria:

- Brexit means that the EU will lose its second economy and most important military power.
- Theoretically, the social welfare net should enable Europe to weather the next economic storm in better shape than the US but it remains to be seen if future savings and earnings will allow European countries to pay for pensions and social welfare as needed.
- Several Eastern European states – especially Hungary and Poland – are dismantling the democratic cornerstones of the EU.

Regardless of these critical comments, it will be clear that Europe is considerably better off than many predicted a couple of years ago.

In the US, the worries about Team Trump's chaos are slowly having an effect. However, they are mainly connected to a dearth of economic stimulus including infrastructure investment and tax cuts. Once the markets really start to pay attention to the (additional) unravelling of the Western structures and the risks associated with the 'Thucydides Trap', we may well see large-scale volatility.

America is more likely to thrive in a brave new world (at least, for the time being) compared to Europe. After all, its economy is relatively self-supporting, it has retained a dominant military position, and it is – despite all its problems – more united than Europe.

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# IACT: 30 years on and still driving the treasury profession forward

*In celebration of the 30<sup>th</sup> anniversary of the IACT, Treasury Today catches up with its current President and two former presidents to reflect on the Association's role in promoting the treasury profession in Ireland.*



**Jimmy Doyle**  
Founding Member  
and Former President  
IACT



**Stuart Kirk**  
Director, Group  
Treasury  
Xerox



**Lorcan Travers**  
Senior Investment  
Manager  
Johnson & Johnson

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When the Irish Association of Corporate Treasurers (IACT) formed in 1987, only a handful of treasury centres resided in the country. Today, Ireland is one of the world's foremost treasury destinations, playing host to the European treasury centres of many of the world's largest corporations.

There have been many factors contributing to the growth of Ireland's position as a global treasury hub. One factor that cannot be overlooked is the role the IACT has played in promoting and formalising the profession in the country.

Jimmy Doyle, one of the founders of the IACT and its third president explains: "When myself, Gerry English and Aengus Murphy formed the Association, our primary objective was to educate the corporate sector in Ireland about the benefits of prudent financial risk management and the value a professional corporate treasury department could deliver." But there was a more protective element at work here too. He continues: "We wanted to make sure that the treasury profession in Ireland had a collective voice to articulate the requirements of treasurers and to ensure that the banks delivered the appropriate products."

In the early years, the IACT also started playing a crucial role in educating treasury professionals. "We ran a course in treasury management at Dublin City University," explains Doyle. "Over 350 treasury professionals have graduated from this course and they form the basis of a well-educated and talented treasury community here in Ireland."

The status of the IACT as an educator has increased as the treasury profession has developed over the past 30 years. Stuart Kirk, Director, Group Treasury at Xerox and former IACT President, says that this educational role proved vital during the financial crisis, providing Ireland's treasury professionals with the skill set to deal with the challenges ahead.

"The true value of the IACT really came to the fore during this time," says Kirk. "The networks that were created through the Association meant that no matter what the issue, treasurers had peers they could speak to, sounding out their ideas and finding the path to the right solution. These networks have continued to be important post-crisis as the role of treasury has expanded in all organisations and gained a seat at the top table."

Today, the IACT is central to the treasury landscape in Ireland. Its primary objectives remain to educate the treasury community and facilitate networking between treasury professionals in the country.

"The modern treasurer should be curious, constantly learning and adapting how they work to meet the changing needs of the businesses they serve," says Lorcan Travers, Senior Investment Manager at Johnson & Johnson and current President of the IACT. "The role of the IACT today is to cut through the noise. This will help ensure that our members are informed about the topics that matter to them, allowing them to continue offering value to the business." The IACT is, he adds, also always ready to "facilitate conversation, providing treasury professionals in Ireland with a network of peers who they can turn to for advice and benchmark themselves against".

Networking and encouraging debate around latest treasury topics and industry megatrends are high on the agenda for the upcoming IACT Corporate Treasury & Cash Management Conference. "We will cover the full gamut of topics presented by many overseas speakers, ranging from technical treasury skills to the impact fintech will have on the profession," says Travers. "The conference will be interactive, with different formats facilitating audience participation," he explains. "I encourage all members of the IACT to come along to the event on 15<sup>th</sup> November at Croke Park, Dublin."



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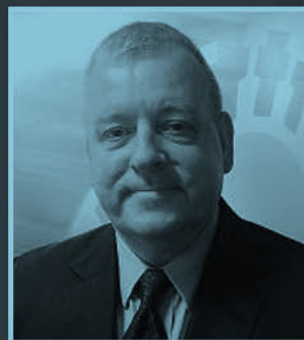
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## INSIGHT &amp; ANALYSIS

**2017: the year in review**

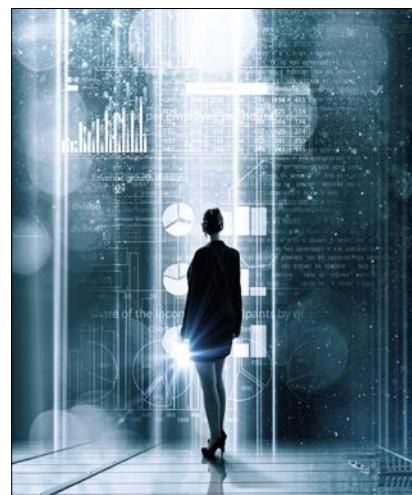
In 2016 the global political landscape was put in turmoil. The upheaval in Europe caused by Brexit and the Trump effect in the US sparked rife uncertainty. What impact have these two events had on interest rates, trade, globalisation, and open markets in 2017 and how has the corporate treasury universe responded?



## TREASURY PRACTICE

**Innovation in working capital management**

The utilisation of big data is allowing treasurers to become more strategic and construct actionable insights for their businesses. This perhaps is most evident in the world of working capital where corporates are leveraging the next generation of working capital solutions to improve their own metrics and ensure the sustainability of the supply chain.



## BANKING

**The future of banks**

Digital disruption is transforming corporate banking services. At the same time, the regulatory fallout from the financial crisis is having a profound impact on how banks can service their corporate customers. How then can banks balance these two priorities to deliver cutting-edge solutions to treasurers and fend off the threat of new challengers?

**We always speak to a number of industry figures for background research on our articles. Among them this issue:**

Gulru Atak, Global Innovation Head for Treasury & Trade Solutions, Citi; Sara Castelhana, EMEA Core Cash Head, J.P. Morgan; Honnus Cheung, CFO, Travelzoo; Jimmy Dempsey, Former President, IACT; Auna Dunlevy, Head of Liquidity and Investments, Royal Mail; Tom Durkin, Managing Director for Digital Channels, Bank of America Merrill Lynch; Peter Farley, Senior Strategist, Capital Markets, Finastra; Alex Fiott, Head of Front Office, Treasury, AstraZeneca; Sen Ganesh, Principal, Bain & Company; Kevin Grant, Chief International Officer, Hanse Orga Group; Robin Gregson, CEO, Lookers; Christina Hepe, Spokesperson for Group Business and Finance Communications, BMW; Nick Howden, eCommerce Market Management Lead, Treasury and Trade Solutions, Citi; Hari Janakiraman, Head – Global Core Trade Product, ANZ; Stuart Kirk, Director, Group Treasury, Xerox; Yannis Lefas, Assistant Treasurer – Banking & Operations, GasLog; Michael Lim, Head of Trade & Supply Chain, ANZ; Thomas Lin, Director of Card Product Development, Standard Chartered; Anthony Macey, Head of Blockchain R&D, Barclays; François Masquelier, Chairman, ATEL; Tony McLaughlin, Managing Director, Emerging Payments and Business Development, Treasury and Trade Solutions, Citi; Sebastian Niemeyer, Head of Virtual Network Bank, BELLIN; Paige Penze, Director, Head of Business Development Innovation, in Global Transaction Services, Bank of America Merrill Lynch; Karlien Porre, Partner, Treasury Advisory Services, Deloitte; Jason Straker, Managing Director, Head of Client Portfolio Management for Global Liquidity EMEA, J.P. Morgan Asset Management; Rohit Talwar, CEO, Fast Future; Paul Thwaite, Head of Transaction Services, NatWest and the Royal Bank of Scotland; Lorcan Travers, Senior Investment Manager, Johnson & Johnson; Peter Van Ginneken, Country Head of Payments and Cash Management, Netherlands, HSBC; Kee Joo Wong, Asia Pacific Regional Head of Global Payments and Cash Management, HSBC; Yoram Wurmser, Senior Analyst, eMarketer; Ken Yontz, Global VP, Transformation Management, WorldSync.



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