SWIFT for Corporates

Update globally – focus on CEE
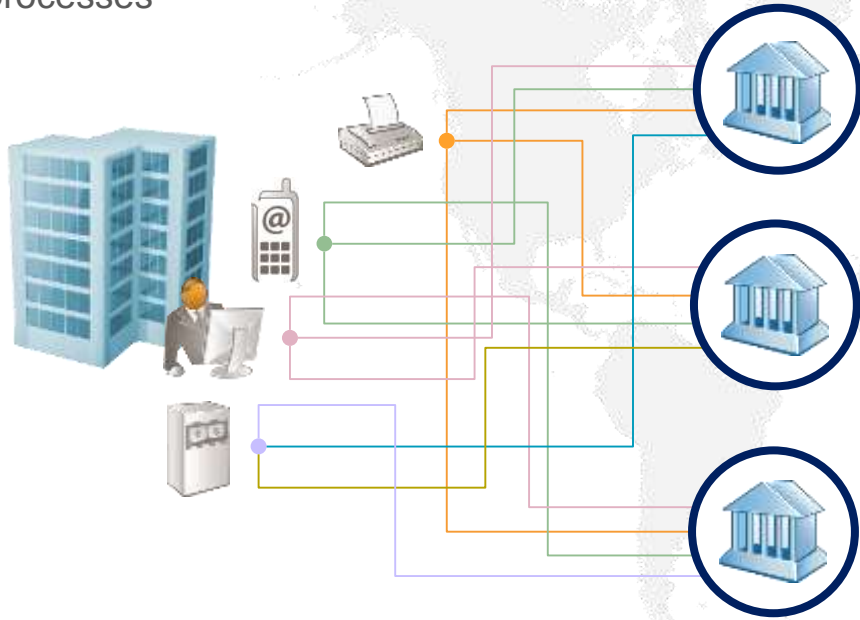
Michael Formann, Head of SWIFT Germany and Central Europe

SWIFT Business Forum Romania, Bucharest, 26.10.2016

Bank connectivity
Complex simplicity

Dealing with multiple banking partners often requires many protocols, security setups, communication channels & processes

Challenges facing treasurers

- Different security protocols
- Lack of visibility on cash positions
- Manual processes & errors
- Variety of formats and processes
- Lack of non standardised banking information
- High on-boarding efforts
- Increasing operational costs
- Complicated traceability
- Regulation and compliance
- Lack of automation of trade transactions
- Challenging to add/change banking partners

Corporate Treasury Insights 2016
A report from BCG and BNP PARIBAS

Highlights

- A cross-industry survey

- 750 corporate treasurers and CFOs

- Around the world

- Builds on the findings of the 2015 Corporate Treasury Insights study

Corporate Treasury Insights 2016
A call for platform flexibility

Treasurer wants

- A consolidated view of their liquidity and financial positions

- detailed reporting

- Greater consistency across geographies

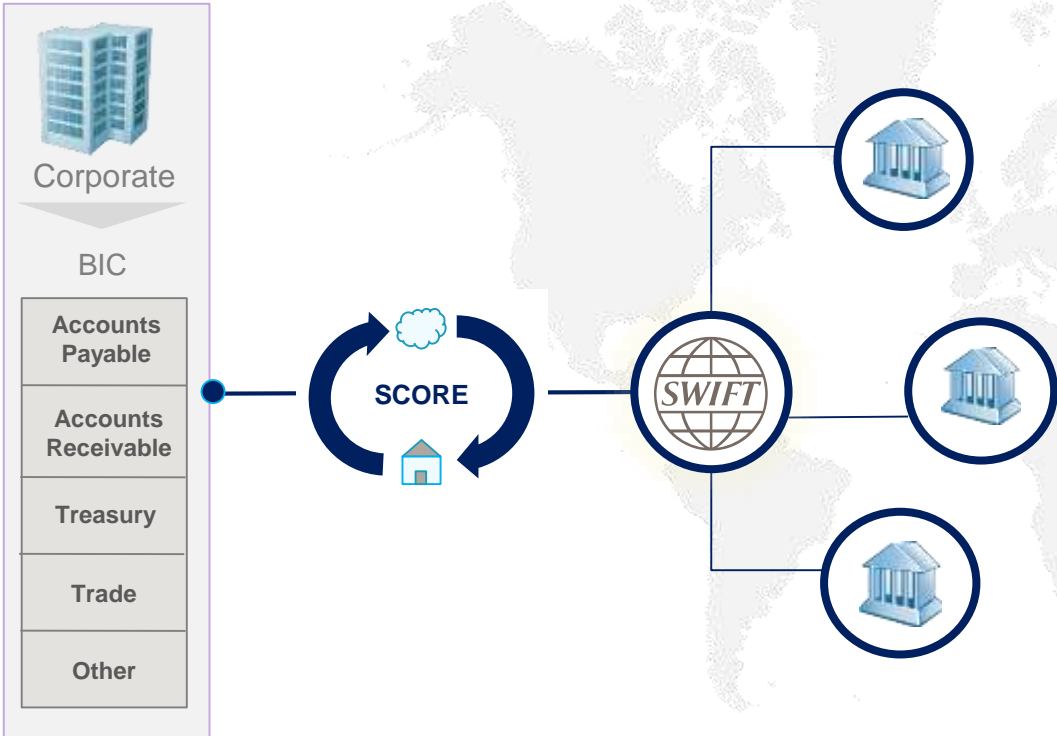- Platforms to aggregate such as cash management, trade, working capital management and FX

…but they don't want to be tied to a single banking platform

Source: BCG / BNP corporate treasurer insights survey, 2015 / 2016

Corporate connectivity via SWIFT
One channel fits all

Higher Efficiency & Reduced Costs across all financial transactions

Corporate

BIC

- Accounts Payable
- Accounts Receivable
- Treasury
- Trade
- Other

SCORE

SWIFT

Centralise and automate
Dematerialised & standardised financial flows in a multi-bank environment

Visibility, control & compliance
Improved straight-through processing end-to-end

Bank and vendor independence
Corporates and banks can make independent decision on technical platforms and implementations

Unique business identification (BIC)
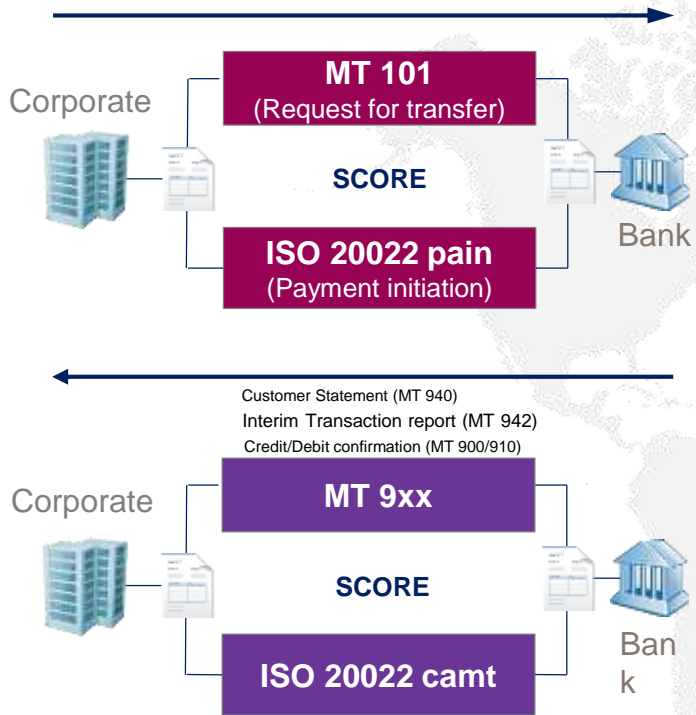Transparent financial transactions using ISO standards for counterparty identification

Accelerate decisions
Timely access to information allows for faster and better decision making

SWIFT Corporate Access
Messaging, Standards & more…

Corporate ⟶ Bank

MT 101
(Request for transfer)

SCORE

ISO 20022 pain
(Payment initiation)

Corporate ⟵ Bank

Customer Statement (MT 940)
Interim Transaction report (MT 942)
Credit/Debit confirmation (MT 900/910)

MT 9xx

SCORE

ISO 20022 camt

| |
|---|
| **Foreign exchange**
Deal confirmations |
| **Trade Finance**
Letters of Credit, Demand Guarantees |
| **Supply Chain Finance**
BPO, Approved payables financing |
| **Securities**
Bonds, Equities, Funds, Collateral |
| **Regulatory requirements**
Trade reporting, clearing & collateral |
| **eStatements**
Electronic end-of-period statements |
| **eBAM**
Account & mandate management |

Connectivity
Bank & Vendor Agnostic
Multi-bank & Global Channel
Multiple Business Segments

Automation
Global Industry Standards
Reference Data
Onboarding Tools
Compliance
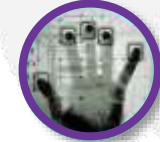
Security
Security & Traceability
Availability, Resilience
Identity & Mandate Mgt.
Single Sign-on

Supply chain
Payment Assurance
Faster Payments
Pre/post Shipment Finance
A/R Reconciliation

Traditional flows in payments & cash management

Additional industry standards for various business flows

SWIFT is even more than connectivity and standards

Current status Corporate segment
Q3 2016 in figures

A growing community since first inception in 1999

1,670
Corporate groups
using SWIFT

2,651
Banks reached
globally
(with traffic in Q2'16)

47%
Fortune 500 companies
on SWIFT

39%
Less than USD 1
billion turnover

27%
Less than USD 0.5
billion turnover

Q3 2016 highlights

61
Corporates joined
SWIFT in Q3 2016

56%
Of corporates that joined
since 2015 went for **Lite2**

726
Corporates used **ISO 20022**
formatted messages
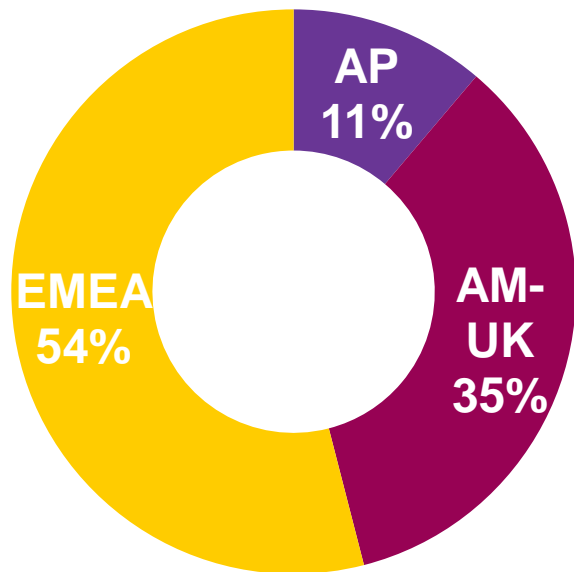
38
Of Top40 SCORE
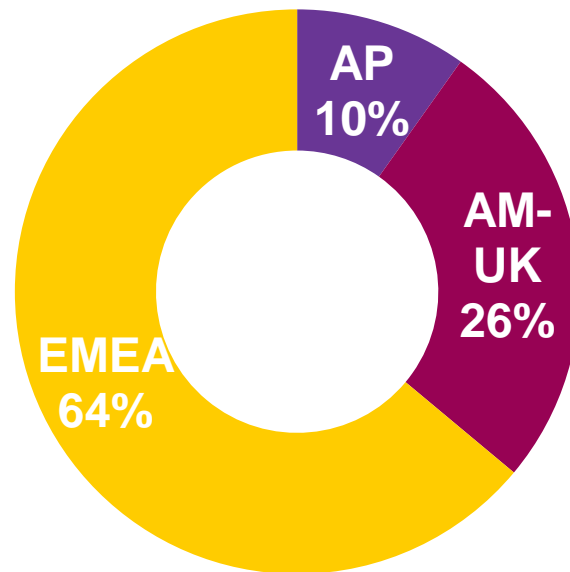banks are **certified**

19
Of Top20 SCORE
banks support
3SKey

SWIFT

Corporate connectivity
Regional adoption

All Corporates on SWIFT

AP 11%
AM-UK 35%
EMEA 54%

Corporates joining in Q3 2016

AP 10%
AM-UK 26%
EMEA 64%

* AM-UK includes Americas, UK, Ireland and Nordic

Corporate connectivity
Per country

Legend

- ▓ (purple)   > 75
- ▓ (magenta)   25 – 75
- ▓ (yellow)   10 – 25
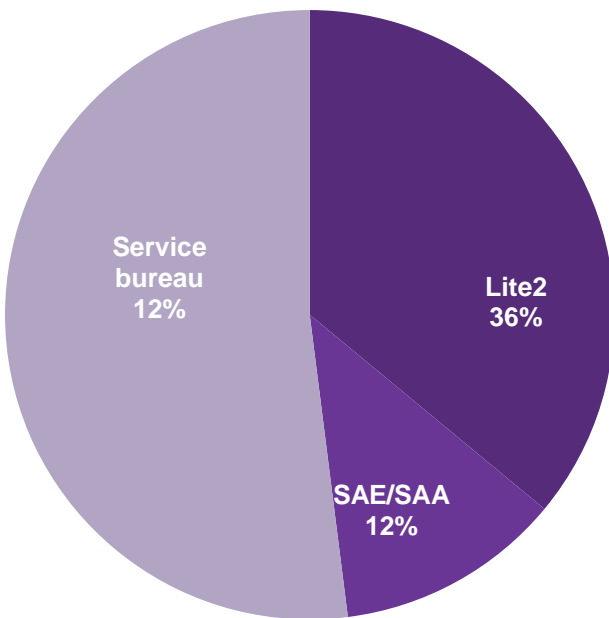- ▓ (orange)   < 10
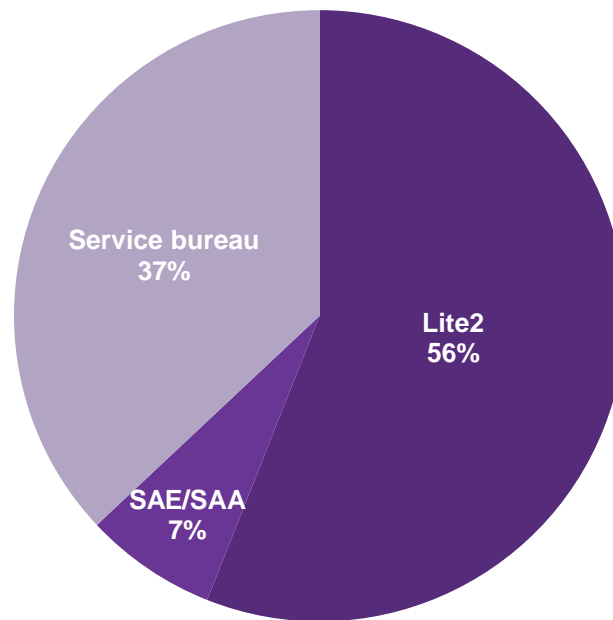- ▓ (grey)   0
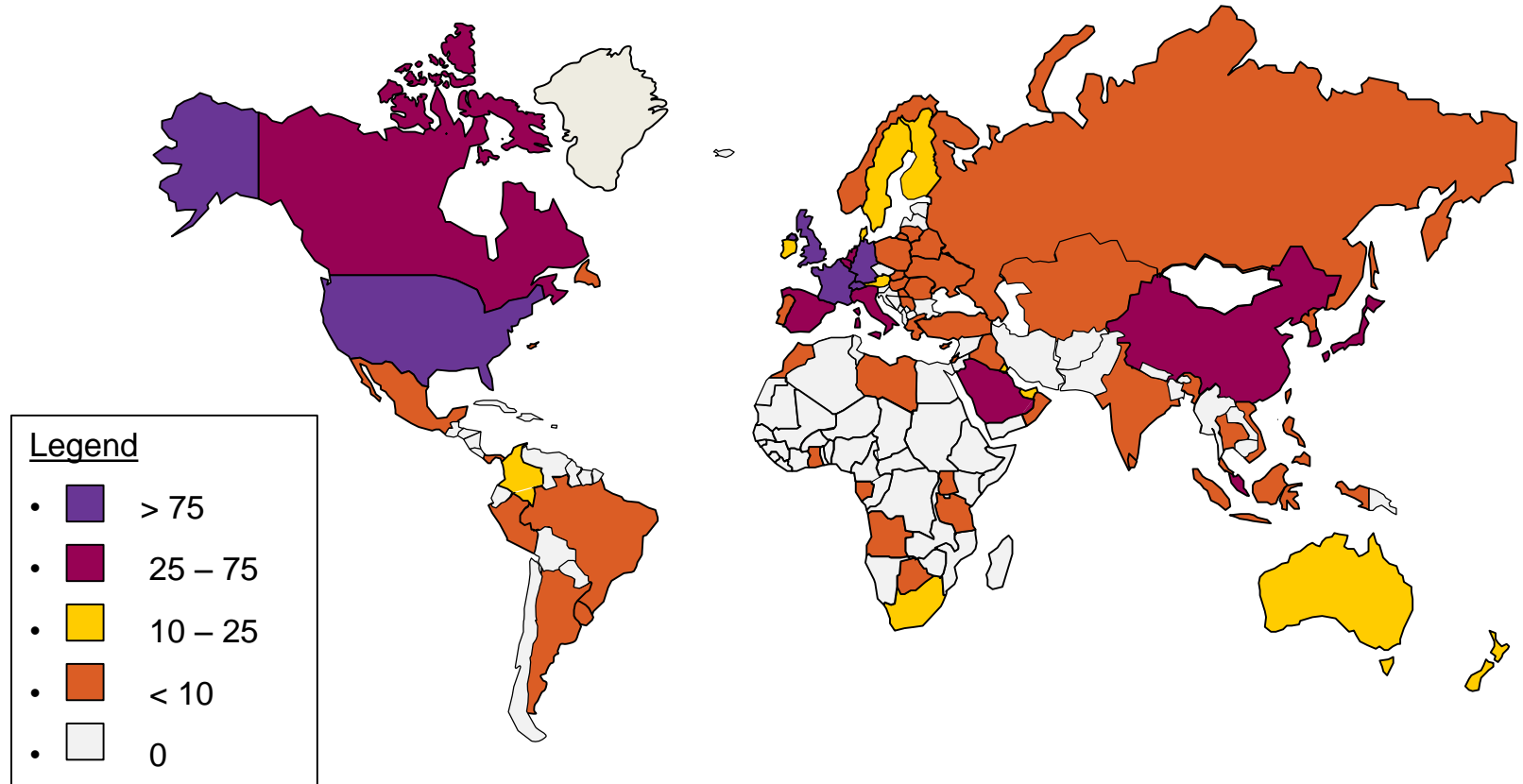
Corporate connectivity
Direct indirect connectivity is gaining market share

53% of the Corporates that joined SWIFT in 2015 have opted for Alliance Lite2
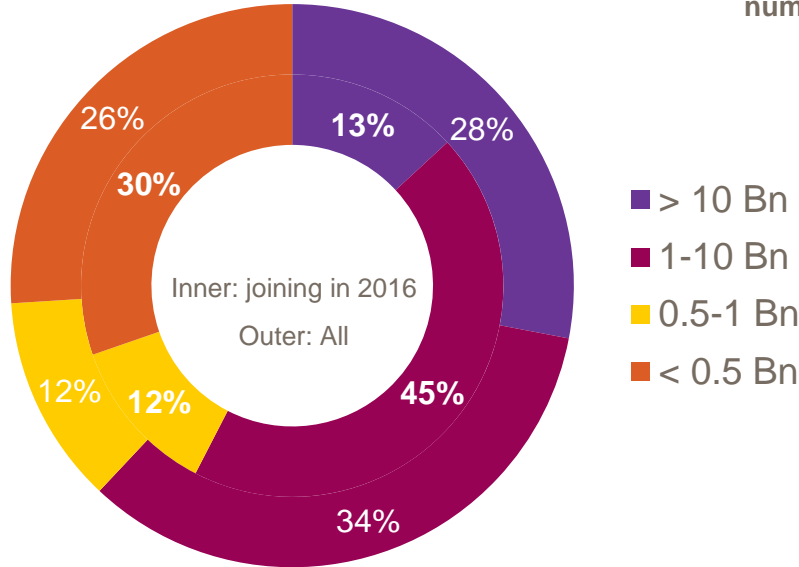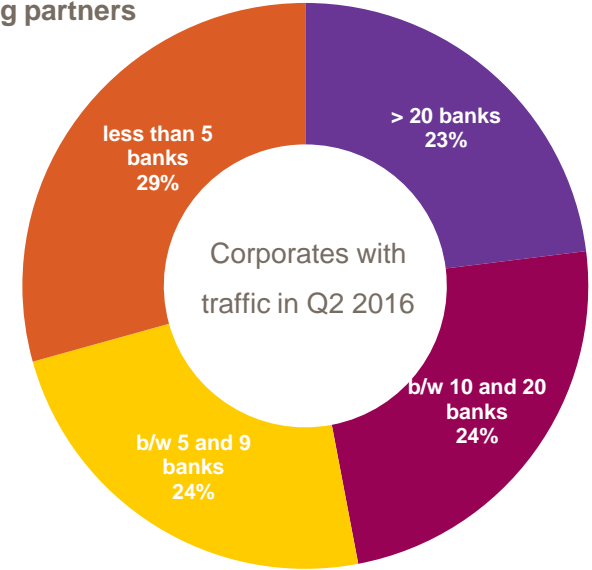
All Corporates on SWIFT

- Service bureau 12%
- Lite2 36%
- SAE/SAA 12%

Corporates joining since 2015

- Service bureau 37%
- Lite2 56%
- SAE/SAA 7%

Corporate connectivity
Per corporate turnover & banking partners

Corporates by annual turnover (USD Billion)

- > 10 Bn
- 1-10 Bn
- 0.5-1 Bn
- < 0.5 Bn

Inner: joining in 2016
Outer: All

13% | 28% | 45% | 34% | 12% | 12% | 30% | 26%

42% of corporates joining SWIFT in 2016 have a turnover < 1 Billion USD
30% of corporates joining SWIFT in 2016 have a turnover < 500 Million USD

Corporates by number of banking partners

Corporates with traffic in Q2 2016

> 20 banks 23%
b/w 10 and 20 banks 24%
b/w 5 and 9 banks 24%
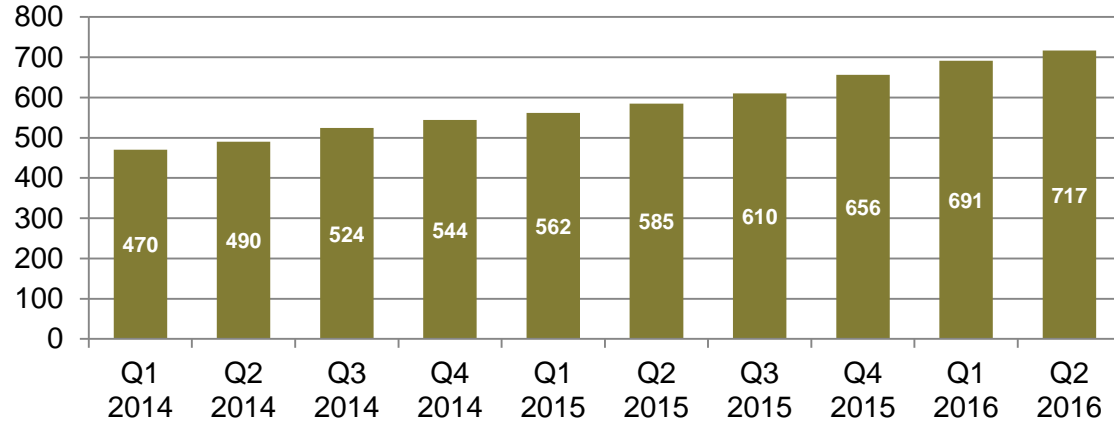less than 5 banks 29%

71% of SWIFT-connected corporates deal with 5 banks or more
(based on Live traffic in Q2 2016)

ISO 20022 traffic
In number of corporates and per region

of Corporates using ISO 20022 (sent and/or received)

Q1 2014: 470
Q2 2014: 490
Q3 2014: 524
Q4 2014: 544
Q1 2015: 562
Q2 2015: 585
Q3 2015: 610
Q4 2015: 656
Q1 2016: 691
Q2 2016: 717

ISO 20022 traffic per region

- Europe - Euro Zone 61%
- North America 16%
- Europe - Non Euro Zone 16%
- Asia-Pacific 6%
- Other 1%

SWIFT for Corporates
Update CEE

227
Corporate BICs in total

35
New BICs YTD in 2016

83%
via Alliance Lite 2
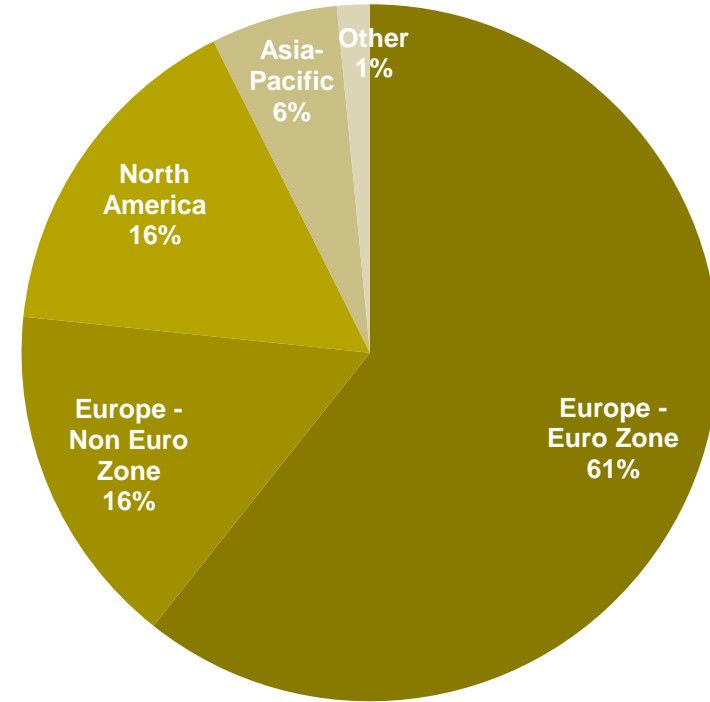
SWIFT2020 for Corporates

Strategy to do MORE

towards SWIFT 2020

2015
1,550 Corporates

1. Expand Reach

2. Develop Traffic

3. Enrich Portfolio

2020
3,000 Corporates

MORE Corporates

Direct – regional sales teams
Indirect – Lite2 ASP model
Integration – on-boarding services

MORE Usage

Covering all business areas
Growing Bank readiness
Promoting ISO 20022 adoption

MORE Products

Beyond connectivity
Multi-bank space
For Corporates and banks

Your contact:

SWIFT

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