MORE CORPORATES EMBRACE SWIFT
BANK PARTNERS HELP EASE THE WAY

Cari Anderson, CCM, VP, SWIFT Product Manager

In today’s often tumultuous financial environment, corporates are relying more and more on their internal financial leadership to provide steady strategic guidance for improving liquidity management and finding new ways to boost the bottom line. Often, financial professionals turn to their banks to help sort through these complexities. Helping corporates understand SWIFT is an example of PNC’s consultative approach to identifying solutions for clients.

Long a trusted resource for financial institutions, SWIFT also supports corporate treasurers as they face expanding roles and shrinking resources. In the last few years, an increasing number of large corporates have adopted SWIFT to streamline and standardize communication with their financial service partners. New initiatives are making it feasible for mid-size companies to benefit as well.

The Role of SWIFT in the Corporate World
SWIFT is a member-owned cooperative whose role in support of corporates is twofold. SWIFT provides messaging standards that define a common means of structuring data for a broad range of financial purposes, from cash management and foreign exchange to trade finance. Additionally, SWIFT provides a highly secure proprietary communication platform and products such as SWIFT FileAct, which supports the exchange of bulk files between corporates and banks. FileAct provides an alternative channel to proprietary host-to-host file transmissions.

Initially, only financial institutions could become members of SWIFT, but more than a decade ago membership was opened for corporates to join. And many have. Today, more than 1,500 corporate groups, representing more than 30,000 corporate entities, have joined SWIFT with the Asia-Pacific the fastest-growing region.
Implementing SWIFT simplifies and standardizes a multi-bank environment, allowing for a single communication channel versus a multitude of different channels for bank-to-corporate transmissions.

**Characteristics of SWIFT Corporate Adopters**

SWIFT corporate adopters are a diverse group. They represent a wide range of industries from automotive to software, food to personal goods. They may be large or mid-size. Some operate with a centralized treasury structure while others are decentralized. They may have relationships with just a few local banks, or numerous international banking relationships. No matter what the corporate profile, common treasury management challenges may include:

- High costs of maintaining multiple connections with multiple financial services providers and of manual work required to utilize the data that is exchanged
- Poor visibility into their global cash position
- Cross-border operations requiring compliance in each region
- Multiple platforms internally that need to exchange data with bank providers
- A variety of data standards and connectivity protocols
- Inconsistent or unreliable security protocols across various bank platforms

Often the driver for a corporate to consider SWIFT is the installation of a new treasury workstation or ERP system. Many ERP applications have integrated SWIFT modules, making implementation that much easier. Implementation of a new ERP application integrates well with a SWIFT implementation since both require an evaluation and re-engineering of back-end processing as well as testing with the bank.

It can be valuable for corporates to consult with their banks for insight into how best to approach these projects.

Corporates gain process efficiencies and cost savings as they increase utilization of the SWIFT channel. SWIFT message standards increase straight-through-processing (STP) since they allow corporates and their banks to “speak a common language” when exchanging data. This can drive staff productivity gains, for example by eliminating the need to manually re-key data into their treasury application.

Other benefits include:

- Improved global funds visibility by receiving end-of-day or intra-day reporting from all banks in a consistent format through one channel
- More control over payment initiation, again driven by streamlined information reporting
- Consistently high security and network resilience
- 99.999% availability that is especially beneficial for corporates that suffer from regular breakdowns of their e-banking systems
- Reduced administration time to document and maintain banking communication processes, useful for corporates under stringent regulation, such as Sarbanes-Oxley

**Making SWIFT More Accessible**

There may be a perception that SWIFT is only for large corporates, but data from SWIFT indicate that 55% of corporates registered on SWIFT have one to five banking relationships, while 25% have six to 10 banking relationships.

SWIFT’s Alliance Lite2 is dramatically reducing the effort required for mid-size companies to establish a SWIFT channel. It maintains the SWIFT infrastructure as a cloud-based solution, so corporates do not need to build and maintain the technical infrastructure themselves. All that is needed is an internet connection, the Internet Explorer® browser, a Windows® system and a SWIFT security token.

Alliance Lite2 offers all SWIFT message and file types as well as a range of integration options. SWIFT can provide resources to guide your setup and ongoing maintenance of Alliance Lite2 service. Combining the benefits of direct connectivity and reduced total cost of ownership, Alliance Lite2 delivers easy direct access to SWIFT with limited up-front investment.
Getting Started with SWIFT
The first step in taking advantage of the benefits of SWIFT is to become a member. Corporates that meet eligibility requirements can register in the Standardized Corporate Environment (SCORE). SCORE is SWIFT’s closed user group that enables communication with all of a corporate’s banks.

To make the business case for joining SWIFT, a corporate will need to weigh the operational and financial benefits to be gained against the costs of the project. Benefits may include:

• Increased security
• Risk mitigation
• Improved visibility of cash internationally
• Simplification of communication infrastructure
• Increased STP

Costs include direct SWIFT costs and overall project costs for internal resources.

The migration to SWIFT begins with defining the scope of the overall project. Corporates should ask themselves these questions:

• Which of our banks and financial services will be migrated to the SWIFT channel?
• How prepared is each of my banking partners to implement and support SWIFT on an ongoing basis?
• What internal processing application will be impacted and what formats are used in each one?
• How are all back-end applications currently connected to the respective financial institution today?

If the expertise or resources to assist with the implementation and ongoing support of the SWIFT infrastructure are not readily available in-house, a service bureau may be helpful. SWIFT also offers consulting services.

How PNC Supports SWIFT for Corporates
PNC has responded to its corporate clients’ increasing need for SWIFT connectivity for treasury management services.

To support the growing number of clients and services utilizing the SWIFT channel, PNC established a dedicated SWIFT operations and implementation team. PNC’s highly consultative approach leverages the experience that grows from each new implementation.

PNC’s servicing model provides proactive file monitoring of inbound and outbound files on a 24/7 basis. If an issue is identified, the customer and PNC’s processing application support team are notified so that they can quickly investigate and resolve the issue. Additionally, corporate clients have access to SWIFT support staff via email should they become aware of an issue or have a question.

As evidence of the commitment to the SWIFT channel, PNC is one of a select few U.S. financial institutions to attain the SWIFT Bank Readiness certification. It certifies that PNC provides our corporate clients with a clear view of PNC’s SWIFT capabilities and promotes confidence that we meet SWIFT’s highest level of operational criteria such as testing facilities, documentation and implementation support, and have knowledgeable staff who have been trained on SWIFT services.
More and More Corporates Moving to SWIFT

It’s not surprising that over the past two years, PNC saw the number of corporate clients on our SWIFT services increase by 68%.

PNC offers a robust SWIFT for Corporate range of services, including:

- Messaging services for wire initiation and advising and current day and prior day information reporting
- Bulk File services for batch wires, current/prior day reporting via BAI, ACH origination and EDI 822 for delivery of account analysis statements
- eStatements, which are PDFs of bank statements that eliminate the corporates’ need to store paper documents while retaining un-editable images

This collection of services will continue to expand with the future addition of other treasury management services. Beyond treasury management, we offer foreign exchange confirmations of the settlement of spot and forward contracts.