

Great Expectations from BAM (Bank Account Management)

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Ebam, behind a buzz word, many challenges...

- **BAM remains time consuming** and even increased over time because of **new regulations** (i.e. MiFID's, KYC's, fight against money laundering, fraud and transparency, EMIR,...) and it is not over... It **could even become worse** in future...
- **No real multi-bank approach** - each bank at its own pace...
- EBAM messages exist but **lack of harmonization** and coordination, first among banks
- **Not a key priority for Corp's** which still face issues with regulations and IT solutions developments
- **No eBAM bang yet!** Let's be pioneers... if we want to start implementing eBAM
- Once set up, it could become a **key criterion to select new bank partners**
- (e)BAM certainly, the **cherry on the cake of banking connectivity**

(e)BAM... wishfull thinking or best practice?

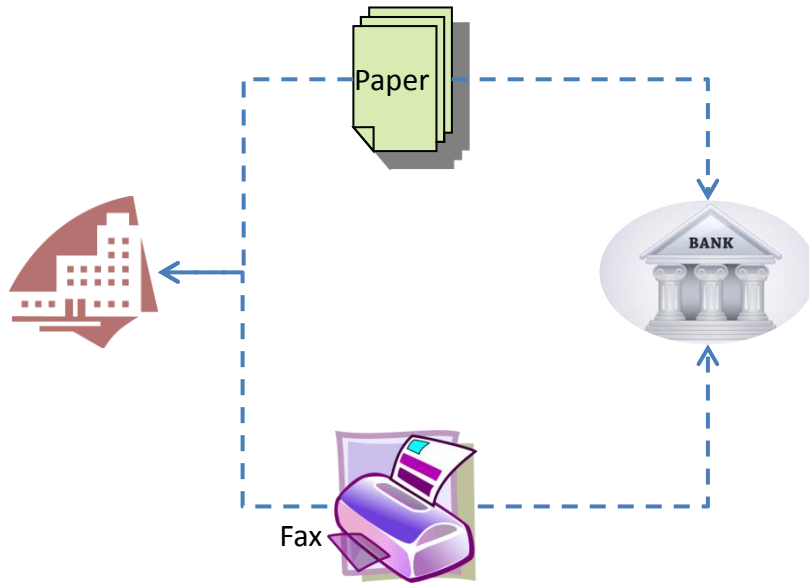
Objectives of an eBAM project:

- **Central repository/register** for all bank account documentations and contracts (requires adapted interfaced IT tools)
- **Controlled work flows** and defined automated processes for bank account maintenance
- **Electronic (formatted) exchange** of information between banks and customers
- **Paperless process** decreasing significantly costs and operational risks
- **Final stage of IHB** and Single Bank Gateway project
- **Uniformed and comprehensive reporting system** on bank relationships to gain better control over group accounts and actively manage them
- **Enhancements of external audit review**
- Better management of proxies and power of signature

But... maybe too early as banks need further harmonization first and not easy to “sell” internally... Where is added value?

BAM today and...tomorrow

Today



- Slow
- Expensive
- Low integration
- Limited satisfaction

Tomorrow



+/- 15 different XML messages
Attached documents
Electronic personalized signature
(via SWIFT)

- Automated/STP
- Standardized
- Dematerialized
- Fast /cheap

NB: Please note that some banks have developed proprietary solutions (e.g. Connexis, ...)

In a world of DIGITALIZATION... needs for evolution and *eBAMization*...

- BAM **without** « E » doesn't mean a lot...
- Although maybe a **first step** before a full electronic solution
- Transferring key information via mails, posts, faxes and manual transmission seem a bit **obsolete and risky**
- **Decentralized BAM approach** seems to be over per Business Unit...
- Even if it is not a big data issue, BAM has to be better managed in general
- Need for a comprehensive and **global overview of all bank accounts** of the group (e.g. number of accounts, costs, etc...)
- Acceleration of processes to open accounts in order to compensate additional time required by complexities behind bank account openings...
- BAM remains one of the few processes that is **not paperless yet**...
- For once, some Corp's were more demanding than IT vendors...
- Solutions exist (e.g. *Speranza, Avantgard, Visualsign*, etc...)

What do Treasurers expect in terms of BAM?

1. **Standardized bank messaging and documentation** across the world
2. **Central database of all bank documents including traceability and audit trails** (ISDA's, MiFID's, general conditions, power of signature, opening forms, ...)
3. **Easier processes to confirm end of year bank balances and mandates / proxies** (for external audit purpose)
4. **Enhanced Internal Controls** (to mitigate risks and reduce risks of fraud – for more segregation of duties)
5. **Better reporting and global real-time visibility of all bank accounts**
6. **Perfect coordination between Legal and Treasury** (in order to be compliant and for maintenance purposes of signer authorization management solution)
7. **IT solutions for automation and secured transmission of messages** in XML format via *SWIFTnet* (i.e. web-based solutions)
8. **Faster (paperless) and better structured processes** (following a defined group policy)
9. **Efficient task manager** (to identify tasks to be run in due course)

Couples of issues before implementing eBAM

- To find IT solution that fits into the Corporates' financial IT architecture, as such a module is not necessary available yet within the TMS
- Not all banks are ready yet → need for a gradual approach
- Be pilot or Guinea pig and start with one bank
- There are bank proprietary solutions (e.g. Connexis – BNPP) but there are not multi banks
- In the ROI analysis, qualitative elements have to be assessed
- Corporates' banks and affiliates scopes keep evolving and new acquisitions come with bank legacy
- eBAM will continue evolving and new messages will be developed
- Not necessarily a key priority project for CFO's

eBAM, from manual to digital...

- ! eBAM, is like moving from papyrus to facebook
- ! It's like a diesel engine... slow to warm up but robust when at temperature
- ! It will enable bank account KPI's for a better BAM and will give a 360 degree real-time view
- ! Risk of fraud has never been so high... it requires to reinforce internal controls and more centralized authority management
- ! It goes with digital signature (e.g. 3S Key)
- ! With staff turnover, it is vital to track instantly all proxies and mandates to be amended
- ! We still are at the early stage of what will revolutionize Corporate Treasurers' work

Today circa 80-90% of Corporates do not have a BAM or eBAM solution in place

EBAM is part of future treasury evolution

Towards Treasury 4.0



KYC's or... KYB's?

- **KYC forms become more complex** and require more and more time
- Why not having a **global KYC register** (as for banks) with SWIFT register? A central secured/protected source of information available to all your bank counterparties
- KYC's... but now, we could also talk about counterparties risk...
- Why not having « **KYB** » (« *Know Your banker* »)?
- They often address bank needs rather than customer needs...
- **Corp's expect:**
 - Fairness and transparency
 - Clarity and clear communication
 - Relevance and tailoring to needs of businesses
 - Innovation in next generation financial management
 - Choice
 - Keeness and proactive services
 - Respect
 - Confidentiality
 - Future proof in long run

Conclusion

- eBAM is **not a fantasy** or simply a trendy project... it becomes more and more a real management need for Corp's
- eBAM is the **ultimate stage of a fully centralized treasury** organization
- Things go (too) slowly. However we can notice progress and more recently appetite for a better bank account management solution
- eBAM comes back on European treasurers' agenda
- It remains a fantastic **opportunity to enhance treasury internal controls**, to reduce and optimize bank accounts and partners
- eBAM capabilities could become over time a **competitive advantage for banks** and **key selection criteria** in RFP

THANKS !

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