



# SWIFT and Electronic Bank Account Management

*The Post It® Note System is Passé*



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REPRINTED FROM TREASURY UPDATE

VOLUME 4, ISSUE 1

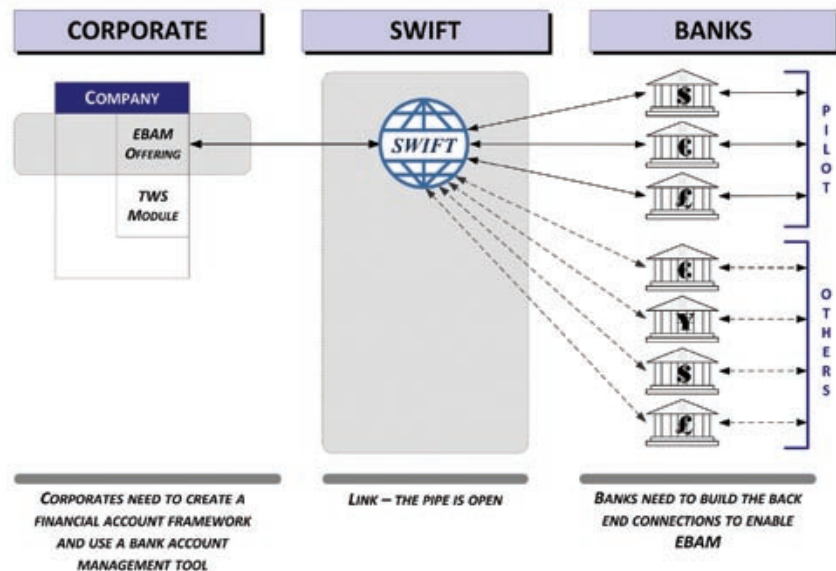
SPRING/SUMMER 2010



In August 2009, we (Strategic Treasurer) wrote a blog article on Bank Account Management that poked fun at one common method of Bank Account Management we have observed, namely the Post-it® Note. (See <http://blog.strategictreasurer.com/TU/?p=26>.) When SWIFT announced in their recent newsletter to Corporates that Electronic Bank Account Management (eBAM) was live, we started to believe that the Post-it® Note and fax might finally be put out to pasture when it comes to bank account management tools. (Carlo Palmers, Issue 4 Q2 2010, Corporates on SWIFT, SWIFT: 7.) We hope, at least, that this signals the beginning of the end of the Post-it® Note method of account management.

eBAM is a series of 15 eXtensible Markup Language (XML) messages that provides a framework for a corporate customer to manage account opening, account maintenance, account reporting (on account products, controls, and other specifics), and account closing, electronically via SWIFT. There are no “Know Your Customer” (KYC) provisions in any of these messages. eBAM assumes an existing bank-corporate relationship where the legal documents allowing the electronic process to occur have already been signed. This eliminates the need for KYC documentation in this process. The effect of eBAM is to get rid of paper, increase control, automate workflow, decrease time, and standardize the process for the corporate. It also promises great benefits for the bank, such as increased

### EBAM Connectivity Is Live: Action Required For Banks and Corporates





straight-through-processing (STP), better control, less paper, lower cost, and increased internal standardization.

These MX messages provide a solid framework and useful messaging standards. However, to allow for the inevitable additional paperwork that will be required by each financial institution, it is possible to group a BAM message with the required PDF or Word documents in a file archive to establish a link between the documents and the initiating message. Additionally, there are provisions in every eBAM message for digital signatures, even though Digital ID from SWIFT has not yet hit the street. How to use the digital signatures, including provisions for signing the whole document, or only part of it, as well as provisions for multiple signatures, is currently left to the institution and the corporate customer to decide.

*“...44% would switch banks to get better service, standardization, and automation through eBAM processes.”*

SWIFT has provided vital leadership that should enable more rapid, streamlined, and automated bank account management, but this is really only the *pipeline* for the communication and the standard, enabling concise communication. The *key* will be the products developed by the software vendors, now that there is a usable standard. We know that IdenTrust (with Bank of America), Weiland, and Speranza are working in this space, and with the recent acquisition of Speranza by Wall Street Systems (<http://www.finextra.com/News/Fullstory.aspx?newsitemid=21327>), it will be interesting to see if any of the other workstation vendors decide to offer this functionality in a more robust manner than the more common basic account management capabilities.

Finally, eBAM alone will not usually provide the business case for a corporate to join SWIFT. However, it may be the incremental change that causes the business case to tip in favor of SWIFT for many corporates that are managing large amounts of bank accounts. According to a 22 February 2010 article by Finextra.com, a 2009 survey of corporate Treasurers (conducted by Finextra.com) said that 44% would switch banks to get better service, standardization, and automation through eBAM processes. (Pegasystems Inc. September 2009. On-boarding and electronic bank account management for corporate treasuries. White paper.) We won't be shedding any tears for the demise of the fax, and we are certain that most companies can find better uses for their Post-it® Notes.



Action: For organizations with more than 100 bank accounts, it is time to formalize your financial account framework and policy. This must cover your banking structure, controls, and management processes. For those firms that take some simple steps today, they will realize significant financial benefits and process improvements. Happily, this will set your organization up for the superior process that eBAM promises as the adoption of eBAM by banks develops. Ask your banker about their timeline for adopting eBAM. ❁

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