

The tricky path to standardization

The global credit crunch has underlined to banks the importance of cash management and transaction banking as core businesses, given that they provide steady revenues. Elsewhere in the market the full introduction of the Single Euro Payments Area, with its resultant benefits for banks and their corporate clients, is still some years away

JL, J&W Associates What direction are you taking with cash management systems and services drivers?

DJ, Shell The main driver at Shell is process standardization. We have a major standardization programme running across the group to rationalize systems, implement standardized processes using SAP and to migrate more activities to shared service centres. In treasury we are very aligned with this programme and our main objectives are to continue the roll-out of our standardized treasury model and focus on the core fundamentals, operational excellence, risk management, global and standard operating models, while continuing to keep abreast of market developments.

IJ, Merck Merck is moving towards a single instance of SAP and to shared services and standard global processes. It's a wonderful opportunity to start from scratch, and decide on the best banking structure and treasury-systems infrastructure to support the business over the next 20 years. It's a very interesting time because of what's happening with SwiftNet Score, ISO formats, XML, Sepa and digital signature development. Our aim is to incorporate all these, to help get the global cash visibility from the treasury side, and to help the other shared-service initiatives realize benefits more aggressively and quickly.

JL, J&W Associates Is this a senior management drive or is it coming from inside treasury?

DJ, Shell At Shell this is driven by the Global Finance Vision led by our CFO. Everything that we're doing across the finance organization is aligned with this.

IJ, Merck In Merck, this is a CEO objective. The company is committed, with a view to big savings by 2010. It's a tidal wave through the organization.

JL, J&W Associates Is this a model for the modern company?

DJ, Shell We have already made considerable progress in centralization and standardization and we now want to take this to the next level. We are looking to take further advantage of market developments such as SwiftNet, XML, digital identities, improved global information and liquidity solutions.

BI, ING We see a trend towards standardization. Coping with Sepa [the Single Euro Payments Area] costs money and resources, and the need to pay off these investments changes the scope of ING. We are looking at a more standardized offering. We used to fight for loss-making deals. Now we happily allow other banks to take the losses. We

Executive summary

- Corporates and banks are working together towards standardization in cash management and treasury.
- Global businesses still require local banks on the ground in many countries, slowing the move to standardization.
- The Single Euro Payments Area came into being this month but is still several years away from full implementation.
- Technological developments can still offer many improvements in efficiency in this market.

understand what we want and for which corporates we want it. That means that when looking at RFPs, we are looking at the requirements and to see if there is a good match for us. If the match is good, we will go the extra mile.

SR, ABN Amro Our experience is that with corporate clients, the senior management have the mandate to drive change through local treasury functions and in-country operations. Clients often have different abilities in relation to their own organization structures and their ability to drive through standardization at a local level. Some companies have standardization embedded within the culture, others aspire to that, but still need to manage and support their local offices, and their traditional way of doing business, because they're unable to get them to adapt.

BI, ING There is overcapacity in the industry. If not, you can't explain the irrational behaviour of some of the banks in some deals.

RM, Citi For global customers, standardization is a given, along with the value that brings. The infrastructure is forcing banks to spend. If you have standardization, it becomes a scale game. That could explain why people are picking up these deals. It explains partnerships. Banks have to play nicely with each other because you've got customers asking for standardization.

PNP, Volvo All corporates should request standardized solutions from the banks. That needs to lead to flexibility in banking relations.

RT, HSBC At HSBC we want to focus on understanding the corporate

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cashflows and processes of the customer. By understanding these we can provide solutions to ensure clients get the synergies they are looking for. It's useful if, as a bank, you're at both ends of the supply chain. We bank companies around the world that have gone for a single ERP, and because that's such a costly decision, that drives benefits through to treasury. There are companies that have gone for one process, one payment methodology, one ERP system, one treasury system. The banks look to see where they can capitalize on that, from a transactional and a liquidity base.

RT, HSBC In my mind, the discussion is moving much more towards the IT world. We're getting into realms that banks have not got into before, to do with the integration and standardization of channel. The advent of developments such as Swift for corporates will drive the way that we deliver products.

RM, Citi The issue is how you can face off against an organization pushing for standardization without being standardized yourself? Even some global banks that think they are standardized are being taken to new levels.

RT, HSBC Across multiple regions the big banks have to follow this through. Companies want to see the same liquidity reporting and ERP integration, whether it's in Asia or Europe.

SR, ABN Amro Working with corporates drives how banks standardize and how they provide efficiencies. We have to make sure that we drive the efficiencies at a local, regional and a global level.

MS, Dyson I'm not quite in the same place with standardization. I've spent a lot of time on Canada, Russia and China and the level of standardization across our operations in those three countries is negligible. It's fine talking about standardization in mature economies, but most of our growth will be in fringe places, where standardization is difficult.

IJ, Merck Today we've got different banks in each of those countries, different interfaces and different ways of working but that won't be the case in five years' time. We'll have one process. We'll have one pipe to a handful of global banks with local presence. If the banks can't reach that mark now in a particular country, we will work with them to get there soon.

MS, Dyson I'm not sure anyone's passed that message to the Russian Central Bank, which insists that domestic transfers have to be in Cyrillic script.

IJ, Merck I see that as an issue of process and bank capability. You have to build your processes and interfaces the right way. You have to find a global bank prepared to accept standard formats, which is sufficiently big in the country to accommodate local language and clearing requirements. Starting from ground zero, imagine the interface you

want. You want to send payments. You want messages back about the payment. You want to know about any errors. You want bank statement information. You want your receivable information. The requirements are consistent from country to country. Would you like to build that with 100 different banks, or would you like to do it in one way? It's a simple decision from our perspective.

DJ, Shell We've been through that process, but you have to keep working at it with your banks and with your other partners. Organizations like ours can influence these things.

MT, European Commission All of this will be music to the ears of my commissioner, Charlie McCreevy. Efficiency, opportunity, benefits, savings, rationalization, standardization, economies of scale; those are the drivers behind the Payment Services Directive. The only word I've not heard yet is competition. We want more competition but I'm more concerned about getting Sepa up and running in Europe, and yet you are talking about Canada, Russia, China. How are we going to achieve standardization in the EU?

JL, J&W Associates The solution is to choose banks carefully.

MT, European Commission But is it going to work at the national level throughout the EU, never mind on a global scale? The European Association of Corporate Treasurers is worried about the way XML is being implemented at the national level. Is that not a problem?

IJ, Merck We can do it. If you can keep to a broader standard and not compete on the way you get the information to the banks then you can even move to one pipe. That's an easier decision for the larger banks to accept, but for smaller local banks who don't want to invest in changing back-end infrastructure it's a different matter. Some corporates have to have banks with branches in the mountains of Italy to accept cash receipts or meet local business requirements. Then standardization becomes more of a challenge.

JL, J&W Associates Shell has operations on the local level. Have you come to a solution?

DJ, Shell We still have more than 100 bank relationships. We've tried to overcome this by having a primary bank concept. We need the range of services from consumer to wholesale transactions and we have operations throughout a country, not just in a central location. We need local banking services. Our primary banks partner with local banks to provide us with those and it's not always easy to make that work. As we continue to standardize and rationalize the number of relationships and services, this helps us reduce that reliance on local banks.

JL, J&W Associates Can you explain the competition objective?

MT, European Commission The conclusion of the sectoral inquiry into retail banking was that there was ineffective competition. The

Participants



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Martyn Smith (MS) has been director of tax and treasury at Dyson since July 2001. Previously he spent eight years as group treasurer at Delta plc. Dyson is a privately owned company based in Malmesbury, UK. It operates across the world, with only about 20% of its \$1 billion-plus turnover generated in the UK.



Michael Thom (MT) deals with retail issues, consumer policy and payment systems at the European Commission. He has more than 20 years' EC experience. He led the team negotiating the Payment Services Directive and is now responsible for Sepa. He has an honours degree in mathematics from Cambridge and an MBA (KUL-Belgium).



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Payment Services Directive can provide for greater competition cross-border by providing new platforms, a new regulatory framework for mobile and internet payments, and by encouraging new players into the payments market. Rabobank in the Dutch market has created a joint venture with a telecom company and they say that in 10 years' time 80% of payments will be mobile.

JL, J&W Associates How have you managed the credit crunch?

RT, HSBC All the banks are affected by it and it's a dynamic situation. Cash is king in the corporate market, and visibility of that cash and what you do with it is increasingly important. As companies have moved into the emerging markets and trade more in the Bric [Brazil, Russia, India, China] countries, they're throwing off sizeable amounts of cash in those countries. What do you do with that? A company can transact inter-company lending off the spare cash they have in the easy, less-regulated currencies, but we see more emphasis today on cross-currency pooling and receiving benefit out of trapped cash positions in emerging markets.

JL, J&W Associates Bankers are starting to understand the importance of recurring revenues and the annuity effect. Does it change the importance of your division?

RT, HSBC Banks like the recurring revenues from core transactional banking activities. So we've seen a move back towards them.

BI, ING ING's core focus is payments and transactional banking. Sepa and standardization represent a set of challenges, because there's pressure on this stable source of income, from the European authorities and the market. But Sepa will separate the men from the boys. I wonder what the competition will be in three years, because very few banks will be able to keep profitability.

RT, HSBC Pricing is being driven down. But we need to position ourselves for the future and become more profitable out of the inefficiencies in the buyer/supplier space. Banks have traditionally played in making the end resultant payments. But we've got to get further back into the supply chain, and we need to help corporates to realize some of the vast efficiency savings that can be made. That is where banks will make their future profits in transactional banking.

JL, J&W Associates Is the attitude towards transaction banking changing?

SR, ABN Amro It has always been an important and large percentage of our work, but it's never been recognized because it's not considered sufficiently sexy. The credit crunch is challenging the profitability of other banking activities. So there's a push towards transaction banking; because it provides stable annuity income and an acknowledgment that we need to ensure we grow this business.

JL, J&W Associates How are you managing Sepa?

MS, Dyson We feel that it is on a better footing than a year ago. There's more confidence that it's going to come to something. From the banks I get more realism about the time scale. Reality's setting in that it won't be exciting for anyone until 2009, 10, 11.

In France and Italy they're using Sepa as a chance to bring their processes into the 21st century. They've realized it'll take time but they've got a plan as to how to get there. From such places as the Netherlands we've got the feeling that Sepa is no better than what they have already, so they're not excited. In Spain and Ireland the response from our banks was: 'What the hell's Sepa?'

PNP, Volvo It will take some time to get everything in place. We probably need an interim solution.

IJ, Merck I've been disappointed with the speed of Sepa. Merck thought this would be a great opportunity, because the timing fits our strategy. It should make things easier, so we'll include the Sepa capability in our plans. Potentially we could have all the accounts within the single market in one country. This would ease funding, so we don't have to sweep money across all the countries. But then central bank reporting becomes a major problem. You have to have it all to be able to make a major stride forward, and it's not there yet.

MS, Dyson We're scheduled to go through that process within the second half of 2009 and into 2010, and I feel confident that, by luck, our timing will work out better.

MT, European Commission When we were negotiating the PSD, we tried to get rid of central bank reporting. We had to abandon our attempts because it was going to bring down the directive. There wasn't a majority that would accept it. Now we've got Regulation 2560, which sets the same prices for cross-border transfers as domestic transfers, and in that you've got an exemption from central bank reporting up to €12,500. We're worried about this, as is the ECB, because as soon as you get one country deviating, you get pollution everywhere, and cross-border payments will stay on the old systems. There's a lot of opposition. We would appreciate it if you could go back home and knock on doors and lobby hard. We recognize the need for statistics but there are better ways.

MS, Dyson Is the resistance from the same source?

MT, European Commission Naming names can be counterproductive from the commission's perspective, but in some countries they use it as a tool for identifying areas that they should pursue. There's also a concern that banks want to pass the buck to the corporates. We need to look at that if we have a legislative proposal. Who's going to bear the cost and the hassle?

DJ, Shell Corporate uptake is going to be slow. It's mandatory for banks but I'm not aware of any corporate who has an active plan



to deploy Sepa from January 2008. We are very aware of what Sepa means and don't see any need to make changes in 2008 - we will continue to review our position as Sepa is implemented.

SR, ABN Amro We lobbied to have central bank reporting included in the legislation. It goes against Europe being able to get standardization. The banks are ready to do Sepa transactions. The corporates who have gone through re-engineering processes and take a centralized approach have already got those efficiencies and they're looking for more out of Sepa than it offers. The industry needs more Sepa products and a greater level of national migration towards Sepa.

JL, J&W Associates What progress has Sepa made?

DJ, Shell There's still a lot of work in progress. A lot of people don't fully understand Sepa and what it means to their business. There needs to be a lot more effort from the market to better articulate what Sepa means and in particular the benefits for corporates. Martyn's timeframe is probably more accurate than 2008. There will be a slow uptake but it is definitely a step in the right direction.

RT, HSBC We will be a much better community when it's in. It's going to add a huge amount of competition. Public bodies in Europe can spread their buying activities further. Instead of buying domestically they can buy and settle cross-border, which will make the market more buoyant. It will work but it's the execution and implementation over this three-year to six-year transition period, before we'll ask ourselves why we ever did things just domestically?

BI, ING The product still needs fine-tuning. Most banks can say they are Sepa-compliant and that they have a Sepa offering but when corporates take a closer look they're not impressed, because their solutions are better. Cut-off times need to improve dramatically or the Sepa product will not stand a chance.

MT, European Commission We should see Sepa as an opportunity and not just a compliance issue. By 2012, we could see potentially €123 billion of benefits.

DJ, Shell How many corporate customers are you working with to implement Sepa in the next six months?

RT, HSBC Very few in the initial first month or so. There's a lot of interest. Big corporates are saying, 'I have a huge infrastructure that I've built up over many years that has defined itself on in-country automated clearing houses and credit transfers. My liquidity is structured around that. There's going to be a new credit transfer instrument in the market from January. I'll look at it, but I'm not going to undo five years of internal "plumbing" immediately. Over the years I will be forced to, because I won't have the local ACHs [automated clearing houses] in place any more, and then I will start to take it up through wholesale change.'

MT, European Commission We need to make sure we don't have dual-payment systems; that we don't create a white elephant for cross-border payments. We need to move everybody quickly to the Sepa standards.

SR, ABN Amro Over the last eight months I've seen a big increase in corporates which want to know what Sepa will mean for them. We'll see momentum gather through 2008 and 2009 and as you see direct debits come into play people will look at the benefits.

BI, ING Some of our corporates will move to Sepa in the first quarter and the rest will towards the end of the year.

JL, J&W Associates Citi just bought a major player in the prepaid market. What opportunities are coming from new technologies?

RM, Citi With the adoption of shared service centres by smaller companies, banks have to deal with more payments to payees they don't have a relationship with, or to payees where the beneficiary is un-banked. As the pursuit of efficiency moves down the payment chain there are more low-value, high-volume, high-pain payments.

Another example is where you are unlikely to pay the same person more than once, like with excess baggage payments or VAT refunds. There's an increasing number of contract outsourced transient workforces that need to be paid. Prepaid cards is often a misnomer. It could be a piece of plastic or it could just be a 16-digit account number.

Where will banks add value? In supply chain, for example, banks are looking at adjacent businesses, so the payment is the end result. It's a derivative of something else, so banks are expanding. One form of that expansion is in the payment chain. The bank needs to serve not just the originator of the payment, but the other party.

SR, ABN Amro You need to go through what a company does. There are things like cash payments, or per diem payments. There are situations where they have contractors in place or a new employee that hasn't been integrated into your T&E cycle. You're looking to get efficiencies into the system whereby you can issue a card to individuals and make sure you keep a track of the information. The fight against physical cash is being driven by prepaid.

MS, Dyson People talk about using Sepa to cut down the cost and increase standardization, but you need to add value. Prepaid cards are like that. You can reduce transaction costs and add value.

JL, J&W Associates How have you used corporate access to Swift?

SR, ABN Amro The evolution through Score means that it's become an option for the lower-end publicly-listed company, and more companies will be driven to use it. There has to be some control in relation to how many parties can gain access, because Swift is a robust network that we wish to maintain. However, it is the way for corporates to standardize and for banks to get those efficiencies.

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RT, HSBC Swift is very keen to come out with the next generation, things like SwiftNet Lite, which are less complicated. That's taking down the traditional barriers to joining Swift.

JL, J&W Associates Is it changing the way people do their banking?

BI, ING Smaller companies tend to go for the solution that previously only the big companies could get. Security plays a role too. When a big corporate chooses to go with one bank, it takes an operational risk and this solution allows you to shift within a second to another big provider, allowing you to eliminate that risk. That's important. As the market evolves, the smaller companies start to identify this as a risk too.

MS, Dyson We have an issue with the way Score discriminates against private companies. We're not allowed to participate in Score. Swift says it doesn't make much difference because a MA-CUG approach would be little different, but if that's true then what's the point in Score?

DJ, Shell We're looking to move towards Score, but there is not a major difference if you are already using SwiftNet. The service that you'll get behind either option will be the same. You still need a legal framework and an SLA between you and your bank.

RM, Citi The difference is in the sign-up process. The MA-CUG was built around a bank, so each bank had a club and you could join the club. If you wanted to do this with three banks, you had to join three clubs. Score is the centre of the club, so you join once and it connects to your three banks. The signing-up process became a bugbear. To gain traction and scale they've taken the bugbear away.

RT, HSBC Signing-up was a bit of a chore. The legal documentation between the different banks was so thick that we got together with Swift to standardize an agreement for MA-CUG so that you might see the same document if you went to one or two players. What came out of Swift was whether we could solve all of this and move to a Score model where you only had to sign up once.

SR, ABN Amro But it's not the panacea for everybody. Each corporate needs to work out its connectivity with the banks.

RM, Citi If we're looking for standardization and the one system, this is the closest thing we have.

JL, J&W Associates There are different types of ICM delivery model. How do they work?

RT, HSBC A couple of models have emerged. The first is in primary banking, whereby a customer intends to establish a primary bank for each region and there may be three or four banks across the world, and you build communication links locally. The other is where you make a decision to use a number of banks, but then you bid out each country or series of countries together, so you might end up with two

or three banks in Europe. You might have a sub-set of banks in Asia together with a sub-set of the same banks in Europe. Either way you have to bring together liquidity in one bank somewhere. With the first primary bank model, if you want a global treasury over the top of it you've got to bring liquidity up to a global overlay bank, if you want to get the best out of that. If you do it locally, you then bring it together at a regional level.

IJ, Merck In the pharmaceutical business cashflows are high, but it's not a retail business, so there are fewer bank transactions than you might think. In international markets the wholesalers are usually your customers rather than thousands of individuals. So we don't need support from a network of local in-country branches. Liquidity management is important, because it's a cash-generative business. This all means we achieve major benefits from standardizing the technology and getting global visibility of cash. So we aim to use one channel to and from the banks. The process should be as automated as possible. It should allow whichever group in the organization, be it shared services or treasury, the visibility they need. On the banking side, we will move to a small number of banks to aggregate everything to the maximum.

DJ, Shell I don't see us ever having one global bank, because nobody can match our footprint across 130 countries. I would add standardization is also important from a legal perspective. We have the same legal framework with each of our primary banks, backed up with a legally binding service level agreement.

JL, J&W Associates Is ABN Amro threatened by standardization of bank accounts and cash management models?

SR, ABN Amro We're not threatened by it. There are few players that can provide that service at a global level. ABN Amro can provide that structure. There are only a few players that can provide the level that's needed by some corporates, and ABN Amro is one.

DJ, Shell We've implemented pioneering projects in a number of regions and countries, together with our bank partners. We have a standardized solution in central America, and Asia. We are currently rolling out this concept in Africa. That's a major challenge but we're willing to take this on to achieve our standardization goals.

BI, ING We focus on Europe. We are not a global cash-management bank in terms of transactions, although we do provide global solutions for liquidity. It depends on what the corporate wants and if it wants one operational bank globally, that's not for us. But we can provide this in Europe. We see the corporates' need for global overlay solutions and we provide these via our boutique bank, Bank Mendes Gans (BMG), which offers global notional cross-currency pooling. It's an overlay structure, which has a very open architecture. ING or any



other bank can plug the company's liquidity position into the BMG overlay. The BMG solution allows the corporate to work with the banks they prefer (ING and others) and provides the corporate as such with a view on its global liquidity position .

JL, J&W Associates What kind of model would you choose?

MS, Dyson We can't do things that Shell can. Even if we were in smaller territories like Ivory Coast, it wouldn't be cost-effective to spend time working with banks to come up with the exact solution. We've got to be selective about where we put in a lot of effort and where we adopt something which is not ideal from a treasury perspective, but is the most cost-effective solution. Ireland is a good example. It's a small country. We've got a presence there, but it's a very paper-based market. Our euro pooling for Ireland is unsatisfactory, but we couldn't justify the resources to get a perfect solution.

PNP, Volvo Standardization is the natural step and we would like to have one global solution, and for that we need more global players. The best solution would be to have a global solution delivered by one bank, but most probably the scenario is partner bank relations.

JL, J&W Associates You want a one- or two-bank solution globally?

PNP, Volvo If we want to set up a master solution for reconciliation and payment processing, then it would be better for us to have one bank with accounts in every country.

BI, ING That's fine if you are a double A or a triple A, or even a single A company. If you are lower-rated and you organize your cash pool with one global bank there is a danger that you don't get the credit facilities from this bank because they need to take a huge risk.

IJ, Merck The bank rationalization strategy will work its way down from the bigger companies. If medium-sized companies are in many countries, they will set up shared service centres, and centralized treasuries. They will think about the banking infrastructure they want to support that. They will gradually move to fewer banks.

BI, ING What happened in the sub-prime market may complicate things, because \$10 billion to \$40 billion of losses has already shown on banks' balance sheets and the consensus is that there is another \$250 billion to \$300 billion to come.

JL, J&W Associates Even the smaller companies are looking at into which cash management and overlay they use. What is the role of partners in these solutions?

BI, ING If your client needs services in a country where you are not present, you team up with another bank.

The key is to find a partner that fits you like a glove. That's what we do with SE Banken in the Nordic countries. We are not present in their markets and they are not in ours. We have opened up our electronic banking systems to each other. So big Swedish multinational

clients can use one electronic banking system and reach two banks without them even noticing.

JL, J&W Associates As we get increasing standardization of corporate connectivity to banks, what's it going to do to the banking model?

MS, Dyson The more we can streamline that connectivity the more advantages for us.

JL, J&W Associates Are you going to see an impact as smaller companies gain access to Swift Bureau or Score?

RT, HSBC If we see consolidation of banking, there will be winners and losers. Swift or a Swift Bureau offers the opportunity to reach these players in a common way. Nobody wants a string of banks, because they've got to reconcile all those accounts. Corporates want to clear those costs out.

MT, European Commission I can't believe that we need 7,000 banks in Europe. I see all the forces moving towards greater consolidation.

RM, Citi Standardization driving the large corporates will drive standardization in the banks, and if the bank does it properly, there will be cost savings to pass on to the customer. Infrastructure and access to clearing systems are being normalized, so banks will focus on footprint, cost and service. The banks are going to have to get these right quickly.

JL, J&W Associates But good service is expensive.

RM, Citi You can drive the cost down and put your cost savings in the front end.

MS, Dyson On payments corporates look for service because something's gone wrong. The way to improve the perception of service and keep costs down is to get transactions right. That would reduce the need for highly intensive, highly costly service.

BI, ING Payments will become such a commodity that corporates will take it for granted that payments are done impeccably, and the area they can differentiate on will be the information they provide.

IJ, Merck The information is important. How do you automate the process of feeding information back to your TMS and ERP system. Error handling and manual reconciliation of data is normally the area that carries a big cost in personnel and processing time.

JL, J&W Associates Digital identity, along with related new services and standards, promises to improve the efficiency of bank account management. Citi has been leading this push towards digital identity. What lessons have you learnt?

RM, Citi There are numerous banking interactions which have not been considered amenable to the electronic STP world of transactions. These include opening accounts, maintaining signatures, ensuring that there's a digital ID following an email, things that still require web signatures and paper. The idea is to extend some of the benefits

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we've been discussing: channels, streamlining, audit trails, speed and accuracy. While it's a cool technological innovation, we need to bring it into the commercial and the business space. That's what we've been trying to do and we've learnt that innovation has to be developed with a partner client.

DJ, Shell We have 3,500 bank accounts across the group, which is difficult to benchmark. In other treasury processes, we've introduced efficiencies and high tech solutions, yet we still have this labour and time-intensive process using paper and wet signatures. We can send a payment request to a bank to pay \$1 billion and they'll do that, but we cannot send an electronic instruction to open a bank account or make a change to the signatory list. We've been working with our banks to standardize that account-opening process.

We are implementing a bank mandates system with a database and an internal workflow management. We are looking to extend that electronic workflow externally and integrate with the banks' workflow. This would work by delivering electronic instructions, validated with digital signatures that banks would accept to open and close bank accounts and make amendments to mandates and signatories.

IJ, Merck It's a great opportunity for banks. Bank account opening documentation and changing signatory cards is in the Dark Ages. Solutions would be very well received by the corporate world.

SR, ABN Amro When working with global clients, account opening involves a large number of people, on the bank side as well as the corporate side, and the paperwork is huge. Ensuring that was as simple as possible, while staying within the regulations would be a real value add. ABN Amro has been doing a lot of work to revalidate those regulations to make sure we keep simplifying them.

RT, HSBC We've been looking at identity management, and we will see more work in the EBAM (electronic bank account management) space. It will become a core activity. Electronic account opening will come in and you won't need to fill in paperwork in the future.

IJ, Merck Why don't a few of the big banks just do the first stage in digital account management in a few of the easy countries, say next quarter? Simple pilots can drive this forward.

DJ, Shell There is a working group being run by IdenTrust. Citi, ABN Amro, HSBC, JPMorgan, Nordea and Standard Chartered are involved as well as other banks and corporates and Swift. We need to pick off an easier country and some of the simpler transactions first, for example, a change to a mandate for a bank account held in the US. We could see something in the first half of next year.

JL, J&W Associates What new partnerships should corporate treasurers and finance directors expect in the delivery of ICM solutions?

BI, ING This discussion has focused on the payments business, free of charge. In the process there are the activities on which the bank used to make money which are outsourced to IT or other providers. To grab these revenues back we'll see joint ventures between IT providers and payments banks. You can then go to a client and offer a full solution. That would be very powerful and well received by the thousands of banks that won't be in the payment arena in a few years.

JL, J&W Associates Does white labelling worry you?

MS, Dyson As long as we get the quality service and the pricing, I'm not interested in the detail of what's behind it.

SR, ABN Amro It's how you're able to provide more value add to the corporates and to the consumers with an ever-decreasing revenue line. We need to ensure that information flows and that things are

easier for people to do and that they add to the standardization.

RT, HSBC There's potential in areas where banks are not traditionally strong but IT providers are. You can target getting the paper out of the system by using specialist partners that take paper invoices, scan and dematerialize and put them straight into ERP. There are IT companies that are magnificent at doing that.

MT, European Commission The key is standardization and automation. You need to get paper out of the system but it's not just scanning documents. You want to read things so you can identify things, in that way you can strip out re-keying information in.

RT, HSBC The ultimate game is electronic invoicing and PO matching, but that's a long way off in the bulk of the market and paper will be around for the next 10 years at least.

MT, European Commission They don't even use direct debits in Finland. They use e-invoicing. Nordea is already making a lot of money out of e-invoicing and billing. We need to get that at a European level, ideally at a global level.

JL, J&W Associates If you had a wish for the next 12 to 24 months in international cash management, what would you like to happen?

MS, Dyson Accelerate Sepa, so you've a shorter timescale for standardization.

BI, ING Things would move forwards tremendously if banks weren't expected to do everything. I would hope for some law pushing things forward.

IJ, Merck I would like to look at my banking portal and see all Merck's bank accounts around the world, with digital bank signatories linked. Signatures could be changed electronically. No more bank signatory cards! The digital signature would be linked to payment approval in SAP (our ERP package) and in Wall Street (our TRM package). We would achieve major visibility and control improvements. The technology is available. I think the barriers are more related to focus and willingness to move.

SR, ABN Amro I'd like fewer initiatives in a shorter timeframe, more people, more banks, and corporates making things happen.

DJ, Shell We're working hard on the bank account standardization initiative, so I would like to see that materialize within 12 months. I'd like Sepa to materialize within two years.

RT, HSBC On Sepa, personally I'd like to see the complete removal of these barriers of central bank reporting and different reporting thresholds. If you need an open community to work together in all these European countries, don't limit it by amount and by practices that have taken place in countries for many years.

PNP, Volvo We also need to have more law around helping us with direct debit and electronic invoicing.

RM, Citi I'd like a period of time to consolidate some of the payment project overload that we've been forced to take on as institutions. But deadline-driven, so that we build on the existing initiatives.

MT, European Commission The successful and rapid introduction of Sepa. I've taken note of your wishes on balance of payment reportings. But I'm curious about your wish for more legislation. If you read the tabloid press, you'd sometimes think we have nothing better to do in Brussels than to think up legislation to annoy people.