# Security and Standardisation with 3SKey

by Philippe Bouchard, Group Treasurer, Hermès Group, and
Stephanie Niemi, Channels Marketing, BNP Paribas Cash Management

**B**NP Paribas has been enthusiastic in its support for SWIFT's personal digital identity solution, 3SKey, since it was first launched in 2010. In France in particular, but increasingly in other countries too, the ability to add a personal digital signature to an electronic transaction is an essential requirement. While this capability was provided through ETEBAC 5 in the past, the development of 3SKey enables corporates to comply with their internal security requirements without being limited in their choice of bank connectivity. For example, the ability to add a personal digital signature to transactions with all of their banks, leveraging SWIFT as a single communication channel, is becoming increasingly attractive, as the experiences of Hermès demonstrate, described by Group Treasurer, Philippe Bouchard.

### What is 3SKey?

3SKey is a multi-bank personal digital identity solution developed by SWIFT in partnership with the banking and corporate community. 3SKey signatory devices can be used to digitally sign transactions through the SWIFT network but also through proprietary networks or web-based solutions. Corporate users can therefore sign financial messages and files sent to different banks with a single device, avoiding the need for separate security tokens.

## A corporate perspective

### Philippe Bouchard, Group Treasurer, Hermès Group

Hermès has expanded its international footprint substantially in the past 20 years and is now present is more than 30 countries. Historically, Hermès Treasury has focused on foreign exchange (FX centralisation has been carried out since the early '90s), and then on French cash management optimisation. Now we have focused on enhancing our international cash and treasury management in order to demonstrate best practices in our industry.

### Centralisation and communication

We have always had a centralised approach to FX risk management, but other cash and treasury functions have been managed mostly at a local level, without automated consolidation of cash. We have now

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established a more centralised approach to cash and treasury management, which includes rationalising and standardising our bank connectivity. We recognised that SWIFT was the most appropriate means of communicating with our banks, by enabling us to leverage a single channel supported with optimal levels of security and availability. In addition, we also wanted to standardise the format of information exchanged with our banks using XML-based standards, and ensure

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*Hermès Paris store – rue de Sèvres*

compliance with internal user permissions through 3SKey. Although we considered using EBICS, the replacement for ETEBAC 5 in France, we recognised that this was not a solution that would support our global cash and treasury management requirements.

## A bespoke approach to transaction security

Not all of our banks supported all three of these requirements: SWIFT, XML and 3SKey, which naturally resulted in a reduction in the number of banks with which we do business, although it had not been our initial intention to rationalise our banking partners. BNP Paribas was one of our banking partners before our centralisation project, and we have enjoyed a very positive relationship, and we also recognised that the bank was at the forefront of SWIFT corporate adoption, format standardisation through XML, and 3SKey adoption.

While a number of banks support SWIFT

corporate access, we found that fewer banks were able to support 3SKey. We specifically wanted to replicate the user permissions that our treasury management system, Kyriba, already provides, such as dual signatories and individual user rights, across all transactions sent to our banks. This would ensure that we had a consistent level of security, irrespective of the originating system. BNP Paribas was highly responsive to this request and was able to support our bespoke security requirements

through its entitlements centre and 3SKey, while our second payments bank has taken a year to develop this capability.

## Project progress

We are now halfway through our project to centralise payments and bank connectivity. Our entities in France are now using SWIFT and 3SKey, and we are working with our finance teams in other locations to validate the vendor

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database and connect to Kyriba and BNP Paribas. We are now ready to commence a pilot migration project in two countries, Belgium and Singapore, and we anticipate that the migration process will be complete for 95% of countries by the end of 2013.

Based on the project progress so far, we have already achieved enhanced segregation of duties and we have standardised and centralised our processes through the combination of Kyriba, 3SKey and SWIFT. This is leading to greater efficiency and fewer errors.

Our finance users globally now only have one security token as opposed to having to use separate ones for each bank, which is more convenient and straightforward.

## Project challenges

There have inevitably been some challenges bearing in mind the scope and complexity of the project. Internally, moving from a largely decentralised business to centralised cash and treasury management has been a significant

change. In the past, each business unit had over 20 sets of rules available within the group, but we have now standardised a set of five rules according to the size of the entity. This allows us to recognise the specific nature of the business in each country whilst ensuring a consistent approach to policy and procedure. Secondly, the contractual process, such as agreeing legal and technical terms, and service level agreements, is a complex and lengthy task, which needs to be taken into account when planning the project.

## A platform for the future

Our centralisation project has proved extremely successful so far, and rationalising bank connectivity and transaction security has been an essential factor in this success. The combination of SWIFT, standardisation through XML and security using 3SKey has already been very powerful, and enabled us to establish an efficient, robust framework for the future. ∎

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# A banker's perspective

### Stephanie Niemi, Channels Marketing, BNP Paribas Cash Management

Ever since 3SKey was first launched in 2010, it has been an essential element of the value proposition we offer to our customers. We first completed the 3SKey pilot project with SWIFT and a selection of corporate customers in 2010. Not only was the project very successful, but it also demonstrated that 3SKey is not limited to SWIFTNet; for example, in France we offer 3SKey with EBICS TS (French Interbank Protocol with added personal digital signature) and FTPS. 3SKey is typically used for two main purposes: firstly, to authenticate users in web-based electronic banking solutions; secondly, to validate files through a personal digital signature. For example, nearly 1,000 corporates are now doing this through EBICS TS with BNP Paribas in France.

The enhanced security that 3SKey offers, and the ability to deploy the same solution across multiple channels, encouraged us at BNP Paribas to take a more active role in the roll-out of 3SKey. We therefore made the decision to become a distributor. Since then, BNP Paribas has distributed 5,000 3SKey keys to around 1,000 customers, and the pace of adoption is continuing to accelerate. Customers have been particularly positive about using 3SKey in combination with BNP Paribas' services, such as corporate access to SWIFT. For example, we provide a centralised service to check on users' access rights and limits. With support for SWIFT corporate access in 35 countries globally, companies can be assured that the signature and user rights for each transaction are checked consistently through a central location, and then

processed in the relevant country.

While the greatest demand for 3SKey still comes from France, due to the regulatory requirement for personal digital signatures, we are beginning to see growing interest from companies located in other countries too, particularly as a 3SKey is integrated with our entitlement management services. Not only does 3SKey present considerable opportunities today, but it will be a crucial element of eBAM (electronic bank account management) solutions in the future. Currently, 3SKey is used least in Asia, primarily because security rules differ more substantially between countries in that region than in Europe or North America. Over time, as SWIFT, banks and corporates work with regulators in some countries in Asia, 3SKey is likely to become more applicable. ∎

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