



e-invoicing delivers a wealth of opportunities for banks

Benefits

- Stronger value proposition
- Link to payment services
- Financing opportunities
- Grow your business

SWIFT's solution for e-invoicing

Achieving greater global interoperability for e-invoicing

Banks have a number of opportunities where they can use e-invoicing to boost their value proposition across a range of more established financial services. For banks, e-invoicing is sometimes seen only as transactional service delivering a message from the sender to the receiver. However, the true value of e-invoicing can be materialised when it is linked to existing and established services used by the customers. These include the following:

- **Increased customer value from banking channels.** When e-invoicing becomes part of your internet bank or e-banking package your customers receive a higher perceived value from the package they are familiar with.
- **Extended payment services.** When you manage both outgoing invoices and incoming payments, you can offer your customers transaction and exception management services.
- **Enhanced Trade and supply chain finance.** As the information becomes available in a structured and transparent way and is delivered in a timely manner, you are able to enhance your financing portfolio. In addition to improving your factoring opportunities you can also explore reverse factoring and reach a stock of new customers.

- **New and increased revenue streams.** As existing transactional revenue streams are increasingly under pressure it is time to explore new opportunities. This way you are replacing potentially lost revenue and entering untapped income streams previously untouched by banks.
- **Extended customer reach.** Non-bank driven e-invoice solutions often result with a risk of multiple connections and solutions for same purpose. As with payments, banks have the capability to provide single window access towards multiple business partners.

Corporate realities

E-invoicing as such is not a novelty. Large corporates have been using it for decades with their strategic suppliers and often within industry clusters such as the automobile and paper industry. Over the past few years, e-invoicing has been gaining momentum and has become a topic for a broader front of businesses. As it is by nature buyer driven, suppliers often have little or no choice when e-invoicing is requested. Although typical for private sector buyers, more recently the public sector has switched to "e-invoice or no invoice" mode. The Danish government changed the legislation in 2005 making only e-invoicing legal towards the public sector. In other countries, even if legislation changes have not been introduced, many have followed in mandating e-invoicing towards the public sector.

Working with SME's.

Banks in particular have an opportunity to raise the capabilities of SME's so that they can meet the demands from their buyers and also help them to do e-invoicing in a streamlined and efficient way through their existing and familiar banking channels. One of the big challenges for the SME's is that the non-bank solutions differ and with multiple buyers a smaller business possibly faces the complexity of having to manage multiple solutions for same purpose in order to meet their customers' e-invoicing demands. In many ways banks have a prime opportunity to enter e-invoicing and create good value propositions with tangible benefits to their customers.

SWIFT's solution for e-invoicing

SWIFT has worked together with e-invoicing stakeholders and this has helped us to identify existing pain points which in some cases have lowered the speed of development.

These include for example the following issues:

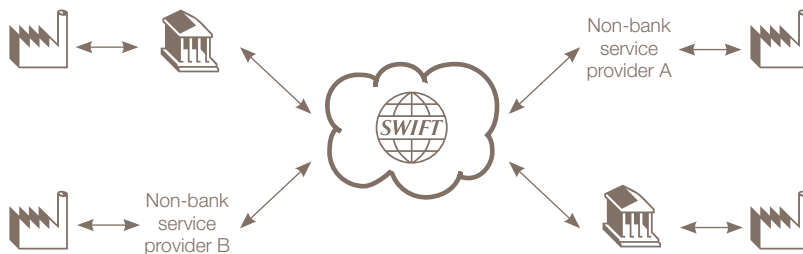
- Number of bilateral arrangements between service providers is on the rise
- There is no true messaging interoperability
- Market lacks common addressing model
- Banks in particular are looking for an e-invoice standard
- Trade is international and global, but e-invoice solutions are often domestic

SWIFT has been working together with the e-invoicing community through an e-invoice ad hoc group in order to facilitate growth and further development of e-invoicing. The key focus has been on elements needed to make interoperability easier and how SWIFT components can be used to make it happen. Technically the SWIFT network would be a clear enabler of interoperability between banks and service providers whilst they continue to manage their own communities of users across their proprietary systems.

SWIFT supporting banks with e-invoicing

For SWIFT the main mission is to help banks extend cash management and financing services and grow payment related revenue. This is delivered through:

- Inter-operability: over 9000 financial institutions are connected to an increased number of non-banks service providers and invoice data can be linked to other trade and payment messages.
- Standards: SWIFT supports the ISO 20022 Financial Invoice standard for e-invoicing. For us it is evident that banks prefer to work with a common standard whereas non-bank service providers are more likely to continue to offer also proprietary solutions for their customers.
- High quality: SWIFT core competencies (e.g. security, reliability, availability, sustainability and addressing mechanism).
- Economic sense: For banks, there are many benefits from the SWIFT proposition. The need for investment is lower as banks will re-use existing SWIFT components and will also already know how to make it work.
- Improved offering: Through cross-selling banks can link existing and new services and this way provide attractive, packaged offerings which also are relevant and easy to understand for their customers.



▲ SWIFT's solution for many to many interoperability

For more information please contact your SWIFT account manager, send a mail to Supplychain@swift.com or visit www.swift.com/supplychain