Realising the SWIFT Promise: SWIFT's Treasury Transformation

About SWIFT

SWIFT is the Society for Worldwide Interbank Financial Telecommunication, a member-owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. More than 10,800 banking organisations, securities institutions and corporate customers in over 200 countries trust SWIFT every day to exchange millions of standardised financial messages. SWIFT also brings the global financial community together to work collaboratively to shape market practice, define messaging standards and debate issues of mutual interest with a view to developing collaborative solutions.

Introduction

SWIFT's expanding scope and complexity of its global operations brings along challenges that their corporate clients also face. In particular, implementing secure, efficient end-to-end processes for both payments and treasury transactions was a priority for SWIFT, based on best-in-class technology. SWIFT's own cloud-based, multi-bank Alliance Lite2 solution was pivotal achieving objectives within a wider, SAP-based infrastructure.

Treasury challenges

SWIFT has a treasury team based in Belgium that handles around 80 bank accounts in 25 countries and in 20 currencies. As a result of SWIFT's rapid geographic expansion, with new offices in the Americas, Asia and Africa, treasury has faced an enormous increase in its workload, and the complexity of its operations in recent years. This resulted in a number of challenges:

Lack of scalability
SWIFT's existing payment systems infrastructure lacked the scalability and automation capabilities to manage these growing requirements.

Manual processing
Lack of scalability was exacerbated by an increasing number of manual exceptions in payments, cash management and foreign exchange. These were inefficient, lacked efficient auditability and increased the risk of error, particularly in payments processing.

Lack of integration
SWIFT's ERP system, SAP, was not connected to its various electronic banking systems. This meant that payment files had to be uploaded, and individual instructions entered manually, resulting in a considerable resource requirement and concerns over the risk of error.

Complexities in risk management and regulatory compliance
SWIFT was experiencing rapidly increasing FX volumes as the organisation expanded into emerging markets. In addition, the organisation had to comply with EMIR (European Market Infrastructure Regulation). Therefore, existing front- and middle-office processes, and the technology needed to support them, needed to be reviewed to maximise visibility and control over risk, and achieve regulatory compliance.

To address these limitations, SWIFT launched a project to review, revise and renew its treasury processes and technology infrastructure.

Solution in practice

The project started by defining an ambitious Treasury Roadmap as part of SWIFT's internal 'continuous improvement' programme.

> "The Treasury Roadmap project drew on many of the techniques and recommendations of our internal 'continuous improvement' programme, which aims to foster a culture of process improvement and innovation."
>
> Patrick Holemans, Treasurer, SWIFT

This roadmap outlined the efficiencies that SWIFT's treasury team was looking to address, and the technology requirements that would enable them to do so. The team then collectively prioritised the various initiatives, which formed the basis of an 18-month project including the following:

Bank connectivity

The team implemented SWIFT's Alliance Lite2 solution in close cooperation with SWIFT's cash management banks. Alliance Lite2 was integrated with SAP to allow payments to be sent directly from SWIFT via a single channel for all banks and accounts.

Payments request portal

SWIFT developed in SAP a new, integrated payments request portal to allow authorised users, wherever in the world they are located, to request payments of any kind (e.g. payroll, tax, supplier payment etc.) using common processes globally.

Remote approval

Once users have requested payments, authorised users are now alerted of transactions requiring approval by email. These users can then approve transactions remotely as required, reducing delays in approval that can interrupt efficient and timely payment processing. The combination of this new approval tool with the standardised payment request process enables SWIFT to maintain an efficient, consistent payment process globally that is scalable to support additional locations, users and banks in the future.

Real-time monitoring

SWIFT's in-house development team developed treasury 'cockpits' to provide treasury users with a graphical monitoring tool to track the status of key payment events such as payment approvals and transmission, as well as uploads and clearing of bank statements to SAP. By having real-time visibility, users can react quickly in the event of any delay or disruption to processes.

On-line FX dealing

Front and middle-office users now transact and manage FX deals processing via the online trading platform, FXall. This allows better price discovery, auditable competitive quotes, straight-through-processing of transaction information and a significant reduction in the time and resource required to issue and match confirmations. This solution has also helped SWIFT to comply with EMIR regulations.

On-line MMF dealing

Similarly, the MyTreasury money market funds (MMF) portal has been introduced to enhance cash investment decision-making while simplifying back-office processing.

In-house banking

By implementing SAP's integrated in-house cash module, SWIFT is able to settle intercompany invoices through in-house bank accounts. In addition, external cash pool movements are automatically reflected on in-house bank accounts, with automated production of in-house bank statements and interest calculation and posting. This reduces the number, and cost, of external cash flows used to settle internal transactions, and enables treasury to offer a superior service to the rest of the organisation.

Outcomes and benefits

SWIFT's treasury team has achieved its objectives through the combination of standardised, integrated and automated processes, facilitated through new and existing technology, with the following outcomes:

– Reduced operational risk with fewer manual processes, integration between systems and rigorous authorisation processes

– Significantly improved efficiency across front, middle and back office processing, leveraging best-in-class technology

– Leveraged cloud-based technology (Alliance Lite2, FXall and MyTreasury) to achieve rich functionality and usability without the need to invest in additional technology resourcing or host applications in-house

– Improved traceability and auditability of payments through the treasury cockpits and secure, integrated multi-bank connectivity

– Simplified intercompany invoicing and settlement through an in-house banking structure, with treasury able to provide an enhanced service offering for group entities

– Lowered total cost of ownership and increased scalability, allowing treasury to support further business expansion without adding resources

– Created a framework to support regulatory compliance today, and as regulations evolve in the future

> "Implementing Alliance Lite2 as a pivotal part of our treasury infrastructure has been transformative for SWIFT's treasury, but also for our wider business. Our client implementation team has gained a better understanding of the needs and challenges experienced by corporate clients, and we have been able to realise the benefits of a secure, cloud-based, multi-bank connectivity solution in practice."
>
> Patrick Holemans, Treasurer, SWIFT

Factors in project success

There were a number of reasons why SWIFT was successful in achieving its objectives:

– Clear definition of objectives by SWIFT's treasury team as part of the treasury roadmap

– Commitment to embracing leading technology to facilitate new processes, controls, analytics and reporting

– Contribution by both internal and external partners, such as SAP, FXall, MyTreasury and SWIFT's partner banks, together with SWIFT's in-house development and Alliance Lite2 teams

> "The enthusiasm and commitment around this project, together with a great cross-team effort, is really impressive and shows how good and innovative ideas can be translated into concrete actions and deliverables. This is where people make the difference."
>
> Caroline Haedens, Financial Controller, SWIFT

Treasury Today Adam Smith Award 2015

Patrick Holemans, Treasurer, SWIFT
"This project has been a great achievement for the whole team that put so much time and effort into its delivery. In addition to treasury, we received excellent support from IT, Sales and Marketing and our external partners, who contributed significantly to our success. As a result of these efforts, we were very proud to receive the Treasury Today Adam Smith Award 2015 as Top Treasury Team."

Adam Smith Award jury
"The nomination clearly demonstrated not only best practice and innovation, but also collaboration and a real appetite for success."

Francis Vanbever, CFO, SWIFT
"Congratulations to the whole team. The merit of this award goes well beyond the Treasury team. This could not have been achieved without the process integration across Financial Control and the support of our EA colleagues."

For more information, please contact your SWIFT account manager or visit www.swift.com.