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Regulation rings the changes for liquidity management

A contribution by Deutsche Bank

Deutsche Bank

In today's evolving regulatory landscape, liquidity managers face an uphill task. Christian Goerlach – Global Head of FI Balance Sheet & Liquidity, Global Transaction Banking, Deutsche Bank – explores the changes at hand.

While the management of cash and high-quality liquid assets has always been influenced by financial regulation, the sheer scale of current regulatory developments means banks now face a far more challenging task. Certainly, a significant number of changes are taking place – all with an impact on liquidity management.

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“Supporting right-time delivery of payments is key”

A contribution by EBA CLEARING



EBA CLEARING

EBA CLEARING Chairman Erkki Poutiainen, Senior Vice President at Nordea Bank Finland Plc, shares his perspective on recent

developments and upcoming challenges in the European payment infrastructure market.

Q: The past six months were a crucial period for SEPA migration, where banks and payment system providers across Europe had all hands on deck to ensure a smooth and timely changeover. How has EBA CLEARING dealt with this challenge?

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Seek the true value of SCF

A contribution by RBS



Companies must choose their supply chain finance (SCF) provider carefully as pricing pressures could force firms out of the market.

By Anil Walia, Head of Supply Chain Finance, Global Transaction Services at RBS

The influx of new banks and businesses offering SCF has pushed prices down to the point where service providers are pricing transactions at the level of a straight liquidity source rather than a structured one.

If too many players enter the fray a shake up will become inevitable and force those who can't provide the full package to stop providing SCF services. Treasurers should seek good terms and rates of course, but companies that choose the cheapest but ultimately weakest will suffer.

They need a partner that can provide strong structuring capabilities and scalability. For example, they might need a provider that can help them expand their supply chains in the developed economies but also the emerging countries – where SCF is expected to grow by 20 percent over the next three years, according to research and consulting firm Celent.

Treasurers should look at each provider's track record and be comfortable they have sufficient commitment and resources.

The flood of new service providers shows how important SCF has become.

Treasurers' roles have grown beyond looking after liquidity. Their ability to improve working capital and manage risk is equally important following the financial crisis. Part of this involves widening their risk remit. They traditionally looked at liquidity risk. Now they need to consider counterparty, geographical and FX risk far more.

SCF helps them manage this wider range of challenges. To really make it work, they must take a more holistic view of the company's operations.

For example, SCF benefits the treasury department in terms of efficient working capital management but only if suppliers sign up to it – and that relationship is usually managed by procurement. The treasury wants to increase liquidity and working capital while procurement wants to increase payment terms or reduce the cost of purchasing.

These goals can conflict but it's important the teams involved work together to ensure SCF delivers maximum benefits for the company. More and more banks are consulting with companies on the best way to do that.

The rise of SCF means companies can consider new techniques and services.

These include dynamic discounting, which gives companies with cash to

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Barclays and Bankgirot Receive Celent Model Bank Awards for Payments Innovation Using Fundtech's Global Payments Solution

A contribution by Fundtech



Fundtech, a market leader in global transaction banking solutions, is proud to announce that two customers have received Celent's prestigious Model Bank Award in the category of Payments Innovation, for initiatives executed using Fundtech's Global PAYplus, a global payment platform for high value, mass payments and immediate payments. The award, given to two Fundtech customers—Barclays and Bankgirot—recognizes leading banking solutions that have a clear and sustainable impact on

business, improving sales or services, reducing risks or costs, and improving business processes for banks and their customers. The Barclays and Bankgirot projects were selected from among 83 nominations for Celent Model Bank Awards.

- Barclays Global Payments received the award for its ambitious initiative to overhaul its entire payments infrastructure. The bank identified an opportunity to replace its legacy payment application with a cohesive payment platform that maintained distinct configurations based on a country's payments infrastructure and regulatory environment.

- Bankgirot, Sweden's clearing house for mass payments and the first non-bank entity to receive the award, was honored for furthering the goal of achieving a cash-free society in Sweden. Using Fundtech's Global PAYplus, Bankgirot launched Sweden's first new payment system in more than fifty years, making the dream of real-time payments a reality. At the time of launch, there was an immediate spike in payments processed through the seven banks Bankgirot supports, and by October 2013, 850,000 users had adopted the system, transacting payments to the value of SEK 1.3 billion.

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SEPA and beyond – the Finnish migration experience

A contribution by Nordea



SEPA has been one of the major investments for banks and for Nordea internally. During the migration project in Finland stakeholders agreed on a master plan and the process was monitored in periodically arranged meetings. Constant monitoring was needed as banks were supposed to provide the same quality as before SEPA. In the first months of the live operations, the process stability did indeed fail to meet the expectations the clients of the financial industry were used to. The Finnish user community did not want to change the existing habit of clearing the funds during the night, which was one of the issues new to pan-European clearing. As processes are now running smoothly, the Finnish community is pleased to see that banks in Italy are also choosing “the night time settlement” for their clearing system. We do believe that process efficiency is improved when the funds are cleared during the night.

“Banks needed all the support from integrators.” This has been one of the key messages Nordea’s Casper von Koskull

stated in his video recording for EBAday. Joint activities towards the migration end-date created synergies for all parties concerned. Therefore, we owe big thanks to all those integrators who work for the corporate market and for the banks. Many of these integrators will be present at EBAday in Helsinki, and discussions continue with all of them to pursue our joint journey towards 2016, when the SEPA Migration takes place in non-EUR countries.

We also encourage discussions to continue on what would be the best strategic way to remove legacy solutions, as well as country specific, but parallel or overlapping services. Or should we also rely on SEPA components regardless of currency, as those applications are already in place at those banks which provide SEPA services and have activities in EUR countries? Discussions will carry on here and now during EBAday.

In order to have the client’s view on these issues, Nordea has invited a good number of corporate clients to participate at EBAday. Their views are always appreciated. Some of them are also participating in panels and that will

be an added flavour to our event, which also needs to be considered for the next events. Our experience shows that the adopted four corner model – ERP vendors, corporate clients, Integrators and banks – does work in practice.

Payments business by using the ISO 20022 XML standard is not enough as such. We need further harmonization in between adoptions, for instance amongst payment initiation services. The journey has started with payment initiations in XML, as a fair number of corporate clients already use statements in XML. Still, the majority of corporate statements is transmitted by using SWIFT MT messages. Full automation in the Corporate E2E chain needs further efforts from all of us.

Banks in Europe may be content about what has been gained. But we also need to see further and seek out innovative solutions from other continents. As we have also a delegation from the U.S. at this year’s EBAday, including their payment experts, we have a good opportunity to exchange views of mutual benefit with them. ■

The challenge for a competitive edge in transaction banking

A contribution by IBM



A number of banks are looking to offer new services around payments, treasury services and supply chain finance with faster customer onboarding through improved integrated portals that deliver access to all services where and when clients need them, including mobile devices. However, shrinking budgets are further constrained by compliance and mandatory changes. As a result,

collaborative partnerships, cloud services, industry utilities and outsourcing have become increasingly attractive. But no one solution fits all activities.

To take advantage of all options, institutions must analyze each component in terms of the core competencies for the specific line of business and across the enterprise, as well as realistically assess their contribution to competitive differentiation. Sourcing alternatives can then best be identified for each component. The top layer should be retained within the line of business; others can be mutualized across the

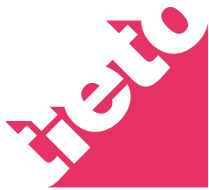
enterprise on a private or hybrid cloud, or externalized to a specialized service provider. Commoditized processes should preferably be outsourced to a volume operator or an industry utility to achieve economies of scale.

But banks’ ultimate competitive edge is their information advantage – their customer data. However, few are leveraging this asset to its full extent. Predictive analytics can help banks gain insights to better manage their customers’ and their own liquidity, as well as develop unparalleled customer-centric services.

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New multi-currency account servicing... virtually

A contribution by Tieto



The banking industry is going through a period of change, in part driven by new client expectations and in part forced by the regulatory environment, says Tieto.

Banks are looking for alternative operating models to drive down cost and provide new revenue streams from information-based client propositions. Cloud-based services are also essential in this context in order to achieve necessary flexibility and global coverage.

Tieto, a recognised Nordic-based technology innovation company, has responded to these changes by developing a Virtual Account Management (VAM) platform which is currently being deployed by a number of major banks.

According to Mats Wikström, director of operations, financial services: "This new operating model, driven by self-service provisioning, enables significant improvements in efficiency and associated cost reductions, for both the bank and its clients."

Self-servicing in VAM changes the client experience, enabling virtual accounts to be opened and administered by the client in a real-time environment, outside the traditional banking process. VAM allows clients to rationalise the number of real accounts held in the bank, and gives the flexibility to open and close virtual accounts quickly and easily. This capability can in turn be extended to the client's clients, thereby enabling the client to improve its own customers' experience.

VAM can be easily integrated into a bank's traditional payment and accounting operating environment, giving a bank the possibility of rapidly creating state-of-the-art transaction services in a virtual front-end environment, with

minimal impact on existing business as-usual processes. Traditionally, a company might have a large number of accounts in a bank which are used for different purposes, such as treasury, accounts payable and accounts receivable. VAM gives such a company the opportunity to reduce the number of real accounts on a bank's ledger into a much smaller, more manageable number, while facilitating the self-service administration of an unlimited number of virtual accounts. These accounts can be set up as single accounts or in hierarchical structures and each virtual account is assigned a structured account number against which payment receipts can be noted.

"VAM is probably the most comprehensive solution in the market in terms of functionality and also incorporates a full cash management suite, including sweeping, pooling and netting, as well as payment validation and reconciliation services" says Tieto's Mr Wikström.

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Financial transactions processing application code published in open source space

A contribution by Allevio



At EBAday 2012 in Edinburgh we announced the start of the FinTP project: Allevio's commitment to publish under free open source licensing terms (GPL v3) its financial transaction processing application, which capitalizes on the ten years' practice-proven qPayIntegrator

suite (certified by SWIFT on SEPA and Remittances compliance) which is commercially available. Publishing FinTP in the open source space represents the acceptance of the commoditization of the payments arena, as well as an opportunity to get away from the existing regulations-driven patchwork.

Therefore, Allevio felt the need for a new business frame, one able to address the continuous downsizing of IT budgets (by substantially decreasing the initial capital investment and the operational costs), as well as to provide free access

to knowledge and promote collaboration. This led to the development of the first open source platform for financial transactions processing. FinTP is a key business software that opens markets by addressing (especially) customers that enjoy the benefits of a falling TCO, while being able to focus on what uniquely differentiates them in their own customers' eyes: quality of service, relevance, trade easiness, agility of delivery, risk containment, social responsibility. FinTP will thus shift the competitive space and consequently

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Down to the very last detail: SWIFTRef's collaboration with National Authorities and Banks delivers real benefits in anticipation of SEPA

A contribution by SWIFT



Banks and corporates need to rely on data completeness and quality to guarantee the success of SEPA implementation. To initiate a SEPA payment, and route it to the correct beneficiary bank, the financial institution sending the payment must derive the appropriate bank BIC from the IBAN. And this is where it all comes down to the detail.

Due to the constantly changing nature of bank data, payment service providers often struggle to identify the exact beneficiary bank and its corresponding BIC. Since many IBANs are also 'self-created', bank identifiers (bank IDs) integrated in the IBAN may actually refer to bank branches that are no longer operating. And this can lead to payment failures. Additionally, only approximately half of all BICs available in SEPA countries

are actually used by their owner banks for SEPA payments, making it even more challenging to identify a valid BIC. SWIFT, however, has initiated a number of measures to address these pain points.

As the ISO Registration Authority for BIC, SWIFT has been a key provider of up-to-date and worldwide BIC data since 1983. In 2012, after also being appointed as the ISO Registration Authority for the IBAN format, SWIFTRef, a worldwide reference data platform, was launched.

Sourced directly from Central Banks, SWIFT member banks and code issuers, the SWIFTRef portfolio has grown rapidly, and now also includes IBAN validation, BIC-from-IBAN derivation, SEPA routing tables, IBAN structures per country, BBAN-to-IBAN conversion, bank contact details and much more.

To guarantee the highest standards, a rigorous and on-going data maintenance process underscores the SWIFTRef utility. The two main elements driving this process are **data completeness** and **data quality**.

To meet the objective of data completeness:

- National bank IDs key for BIC derivation from IBAN, are sourced directly from Central Banks and Banking Associations worldwide.
- Following SWIFT Board approval, a random sample of 10 million BIC-IBAN combinations from SWIFT payment messages are subject to internal quality tests on a monthly basis, with the sole purpose of challenging completeness of the SWIFTRef database. To date, this demonstrates a 99.8% completeness rate for IBAN data.
- Thorough testing was carried out on live payments provided by three major European and American financial institutions. The exercise confirmed a completeness rate of over 98% of all bank IDs and BICs provided in SWIFTRef's IBAN Plus directory. The remaining 2% of data often proves to be invalid bank data used in incorrect IBANs.
- A number of key European banks regularly feed bank IDs that are not listed in IBAN Plus. After in-depth

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PTS Payments Transaction System

A contribution by CSC



The Comprehensive Processing System for the Full Spectrum of Payment Needs

Banks and financial service providers face the burden of not only the regulation of the financial market but also the high demand to concentrate cash

management in Europe for corporates or bank branches together with the permanent cost pressure and observance of the payments area. This leads to the following questions:

- Are you searching for a payments transaction system which covers **national and international payment transactions** as well as **SEPA and Mandate Management**?
- Are you searching for a payment solution which **flexibly adjusts to your payment volume, expansion strategy and market trends**?
- Is it important for you to use a nearly

self-explanatory out-of-the-box and state-of-the-art payments processing platform?

- Are the tangled mass of **regulatory requirements and changes** in the payment market like SEPA for Cards or the coming big bang to TARGET2 XML demanding more and more of your resources and budget?

If you answer at least one of the questions with YES, you should visit us at our booth here in Helsinki and discuss possible solutions.

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Message Design and Quality Control for the Swiss RTGS

A contribution by GEFEG



SIX undertakes a major infrastructure upgrade presently, which caters for future technologies and standards. The new RTGS platform SIC4 is scheduled for introduction to the euroSIC system by April 2015.

GEFEG, a specialized message design company, was selected to provide a message validation portal. The portal was integrated into the IT infrastructure of SIX and enables an early bird testing for banks which will be onboarded with the upcoming new RTGS platform. In addition, the portal was connected internally with the new SIC4 production

test system to automatically validate thousands of case messages every day.

SIX also chose GEFEG.FX as their format, mapping specification and publication editor to maintain ISO 20022, FIN and SIC message specifications, including the validation rules which are executed on the validation portal. ■

“Supporting right-time delivery of payments is key”

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EBA CLEARING
Chairman Erkki
Poutiainen, Senior
Vice President
at Nordea Bank
Finland Plc

EP: I am very pleased, also as a user of the STEP2 Services, with the performance of EBA CLEARING and its technology provider SIA during this important migration exercise across Europe for banks and their customers. STEP2 has smoothly onboarded substantial SEPA volumes over the past six months. At the same time, new functionality was activated on the platform in line with user needs; this included batch processing, connectivity via EBICS and the SDD COR1 option. I think it is safe to conclude at this stage that SEPA migration has confirmed the position of STEP2 as one of the most prominent CSMs in Europe.

Q: What is next on the agenda of EBA CLEARING?

EP: I was listening to a representative of one of our corporate customers the other day, who voiced a very clear position when she was asked “What comes after SEPA?” Her answer was “Please, nothing for now!”

I believe that stability and continued high quality are crucial to a satisfying customer experience – whether we are

talking about payment services delivered by banks or to banks. That is why over the past two years EBA CLEARING has heavily invested in performance and resilience enhancements, such as upgrades of the processing capacity and the set-up of a third processing site. In the same vein, most of the changes we have in the pipeline for this year and next are about helping our banks to further mitigate risks related to settlement or intra-day processing.

So, our key aim remains to deliver efficient and highly reliable interbank payment services on a daily basis. At the same time, however, we will continue to evolve the functionality of our systems, but without rocking the boat, so to speak.

Q: There is much talk in the industry about real-time processing these days...

EP: SEPA certainly is a starting point for developing payment services that serve bank customers in better or new ways, based on uniform standards that do not require constant adjustments at the level of corporate customers. In order to provide these services, banks will need agile payment systems. One key focus for infrastructure providers should be on supporting banks in their right-time delivery of payments, which is about more than implementing real-time delivery. As a matter of fact, the right delivery time for a payment may vary for different types of transactions and different types of customers; and we should not forget that customer requirements in this regard may also evolve over time.

Q: Do you see other crucial requirements that payment infrastructures will have to tackle in the near future – and how will these impact EBA CLEARING?

EP: Aside from regulatory requirements, which I should not forget to mention given their major impact on financial market infrastructures, there are a number of customer requirements for single and mass payment processing that infrastructure providers will be facing in the near future. Re-using the STEP2 engine for multi-currency processing is one example that is high up on the agenda of EBA CLEARING and the rationale appeals its Nordic customers in particular. Other requirements are only beginning to take shape based on the possibilities offered by an integrated euro payment landscape.

In order to make it easier for our users and us to evolve our services in and beyond SEPA, EBA CLEARING is planning to start a review geared at fine-tuning its governance structure. Moving forward, one central challenge for a provider of pan-European infrastructure services will consist in balancing the requirements of different user communities. We will have to carefully select the functionality that will be developed, since it is one of our key objectives to foster services that can be rolled out to and benefit customers all across Europe. ■

To learn more about the EBA CLEARING Services, please visit stand 34 or www.ebaclearing.eu.

Meeting the challenge of disruption

A contribution by ACI Worldwide



Financial institutions are continuously under pressure to deliver new products and services. Whether it is the latest regulatory changes, a new product, or a new mobile solution, financial institutions are constantly juggling their budgets to balance what they can deliver in any given year. And it's never enough. There is always more to do.

Over the past two decades, banks' IT teams have moved from being departments that focus on delivering solutions to departments that focus on

regulatory change. From Y2K, to the Euro, to the PSD, to SEPA, to FATF, FIs have had an ever-growing array of regulations to address. It's not getting easier with regulators now thinking about phase two of the original regulation imposed. Furthermore, as banks look to grow internationally, they are often faced with similar regulatory goals from politicians, executed by a variety of approaches.

The end result is a budget completely spent before any innovation can take place. This leaves the door open for new competitors to steal customers and criticise the bank for being too slow. The problem is further exasperated because during the last 20 years, the environments have become evermore

complex, un-maintainable and banks are concerned that to start changing them is going to introduce unreliability and uncertainty.

But things are changing. Banks are emerging from two decades of heavy regulation to re-examine their customer proposition and how to grow their business. New products and innovations have been identified and the banks want to move quickly to get these to market.

The payments hub is an approach to rationalize the complexity of processing silos that exist today and is considered a strategic approach to addressing the complexity and disruption of today's marketplace. Hubs offer the

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Regulation rings the changes for liquidity management

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Christian Goerlach
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First, both Dodd-Frank and the European Market Infrastructure Regulation (EMIR) stipulate that standardised over-the-counter (OTC) derivatives transactions must be cleared through central counterparties (CCPs). This in turn will increase the demand for liquidity, as central clearing requires margins to be posted in the form of cash or collateral assets.

Second, the impact of Basel III; in particular, its Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and development of a common set of monitoring tools for analysis of intraday liquidity. Together, these elements require that banks hold sufficiently high-quality liquid assets to withstand a 30-day stressed funding scenario, have a

longer-term structural ratio to address liquidity mismatches, and conduct liquidity reporting on an intraday basis – the latter by itself an enormous task.

While there are clear benefits to these regulations individually, there is no doubt that their combined impact makes liquidity management all the more difficult. Furthermore, such rules – if not implemented intelligently – risk incurring unintended consequences.

For example, because of the new regulations on CCP clearing and Basel liquidity, it may be required to collateralise a trade multiple times. First, to cover the margins for the central clearing of OTC derivatives at the CCP. Second, to cover the collateral needed for the balance sheet liquidity ratio treatment of the contract. And third, to cover intraday clearing requirements. While each of these steps makes sense if looked at in isolation, the reality is that a deal can only default once.

Given these changes the requirements for liquidity managers in banks will get more challenging – the increased need for

cash and collateral requires a much more diligent management of resources and cost efficiency.

The picture may seem bleak, but steps can be taken. First, the industry must continue to engage in dialogue with regulators to highlight such concerns, and promote an implementation that enables the positive elements of the regulations to materialise while avoiding potential unintended negative impacts. And second, banks, financial institutions and large corporates alike should reshape their liquidity management strategies to ensure they align with the realities of the new environment – something best achieved by working with a global transaction banking partner.

Certainly, with the right support – from a global partner demonstrably committed to the liquidity management space, and able to offer specialist expertise, innovative solutions and true client understanding – banks will not only survive but learn to thrive in this new regulatory environment. ■

The liquidity management challenge behind Target2-Securities

A contribution by Diamis



Target2-Securities (T2S) will start operations on June 22nd 2015, and the migration of securities settlement in euro will be completed by February 2017 after four migration waves of the 23 European CSDs.

The impact of T2S on liquidity management should not be underrated. T2S will become the second euro market infrastructure, representing half the liquidity exchanged in Target2. In accordance, 20 banks out of the first wave's CSD participants have opted for being "A2A DCP for Cash" – i.e. implementing an application-to-application connection to T2S for managing liquidity.

Banks will have to manage new accounts with their National Central Bank(s) on which T2S will post cash legs of securities settlement. These Dedicated Cash Accounts (DCA) will be funded from Target2 accounts and intraday liquidity transfers between both systems will enable banks to fine tune the repartition of their Central Bank money throughout the daily lifecycle. The DCA will additionally be funded through T2S auto-collateralisation which will automatically mobilise eligible collateral for providing intraday credit on the DCA. Also, these DCA should enter the scope of Basel III "Monitoring tools for intraday liquidity management" reporting.

T2S will introduce changes in custodians' banking service offerings. On the one hand because T2S offers new possibilities for custodians to control credit risks that will affect the organisation of funding and collateral arrangements on

the market; on the other hand because T2S enables their customer banks to settle their transactions on their own DCA. These market changes are still under construction. And that moving landscape will last longer than the migration period, since lots of actors also consider that the expected changes of the securities industry will only come after the migration is completed.

Managing liquidity in T2S firstly is to deal with its new features such as liquidity transfers, liquidity reservations, central bank auto-collateralisation and client collateralisation, in order to support the bank's own liquidity management and to implement new value-added cash services offered to its clients. For multi-local and global banks, the complexity is increased by T2S flexibility to support market-specific requirements from various CSDs. [continues on page 18](#)

Barclays and Bankgirot Receive Celent Model Bank Awards for Payments Innovation Using Fundtech's Global Payments Solution

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"Fundtech congratulates both Barclays and Bankgirot, and is honored to have worked with each of these outstanding firms on payments initiatives that are both forward-thinking and groundbreaking," says Isaac Yaniv, Executive Vice President, Global Payments, at Fundtech. "Our customers' desire to reshape and advance the payments industry is what drives us at Fundtech to provide the most innovative solutions in the market."

"We are pleased to have both of our customer submissions in this category receive this award from Celent," says Edward Ho, Fundtech's President and Chief Operating Officer. "Our Global PAYplus platform exhibits the resiliency to successfully address both the banking and clearinghouse markets."

According to Bob Meara, Senior Analyst at Celent: "The Model Bank Awards recognize how banks are


using technology to change the face of banking. These banks should serve as an inspiration to others looking for strong examples of best practice implementation that will have a truly meaningful impact on business results and the industry overall.

Fundtech Whitepaper Highlights Momentum of the Immediate Payments Revolution

Fundtech has released a whitepaper titled "Immediate Payments—Innovation is Knocking" that explores the growth of Immediate Payments initiatives worldwide. According to the paper, 50 to 100 countries will implement Immediate Payments infrastructures in the next 10 to 20 years to achieve the speed, ubiquity and availability that immediate payment processing delivers.

Authored by Gene Neyer, Fundtech Senior Vice President of Global Payments, the paper showcases the many common

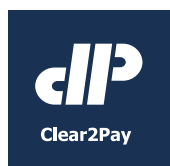
themes that emerge despite the diversity of various countries' Immediate Payments implementation models. With this in mind, banks can readily prepare for the initiatives even before specific details of a particular country's scheme are known. It also outlines the challenges and pitfalls that banks may encounter during implementation, and how to avoid complications.

"Those banks that recognize the scope of the Immediate Payments opportunity and prepare a strategic, multi-country response are best positioned to succeed," says Neyer. "Such a response includes aligning business case and current capabilities and selecting a solutions partner with proven experience and capabilities to deliver results while the scheme is still evolving." 

For more information, please visit Fundtech's booth at EBAday.

Flavours of Fast – tastes of real time payment initiatives around the world

A contribution by Clear2Pay



Many payment systems around the globe are undergoing fundamental changes to reflect the new realities of digital commerce, especially when it comes to the speed in which payment requests are processed. Convenience, security, universal access, financial inclusion of previously unbanked populations, adoption of international standards, enhanced remittance capacity for B2B transactions and low cost are other important characteristics of emerging interbank payment systems but speed seems to be the one that gets all of the attention. Any flavour of fast ranging from near real time to faster and immediate seems to fit the bill.

Most industry participants would claim that ideally, a payment system would operate in an environment in which the vast majority of financial institutions in a

specific country participate either directly or indirectly, 24 hours a day, 7 days a week, 365 days a year. Without such universal access, consumers are unable to predict which payments will be eligible for “fast” processing and therefore, be likely to use a card-based or alternative payment scheme, of which we see new start-ups on an almost weekly basis. The reality is that most new fast payment systems are being implemented in phases, with bank participation being optional for both initiation and receiving; and with some participants unable (or unwilling to bear the cost) to maintain connectivity to support “always available” fast payment services.

So why the narrow focus on Immediate, when ‘speed’ is in the eye of the beholder? It is relative, both across time and based on the expectations of the participants in the payments value chain. What is called “Faster Payments” in the UK might seem slow to bankers in Japan and incredibly fast to bankers in most of the rest of the world. In trying to describe this continuum of fast, one

can look at the analogy of transportation. Three hundred years ago, fast was riding a horse from one village to another, slow was walking the same distance. What was fast then is almost never considered fast now – but even that is coloured by “local” expectations – if you live in a remote jungle or mountainous area, horseback might be as fast as it gets. Another example would be high-speed rail: we all know that what is called high speed in North America is laughable to most Europeans and Asians.

What truly matters in our opinion is to which extend a faster payments initiative instigates innovation for the industry, or a particular customer segment. This is why Clear2Pay has developed a fast payment innovation (FPI) index. This index measures the potential for innovation based on the current or proposed design of the fast payment system. The innovation doesn’t come strictly from being able to process payments more quickly – it comes from the service overlays that individual banks or

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Meeting the challenge of disruption

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ability to lower operating costs, gain greater control over liquidity and risk management and increase flexibility to respond to market opportunities and compliance requirements.

The latest hub technology doesn’t just connect disparate systems together as some of the old hubs have done, but it introduces new, predictable approaches to introduce new capabilities with flexible, configuration tools. It contains core functionality that you need to run your business, inside the hub infrastructure alongside the hub technology you need to be agile in a competitive, fast-moving environment.

The UP Hub from ACI Worldwide provides organizations with this agility to respond

to new market opportunities and effect change rapidly. The UP Hub facilitates the introduction of new business functionality at unrivalled speed, allowing rapid modification of existing components and configuration, without downtime. Importantly, the UP Hub’s innovative system configuration means many tasks formerly requiring significant development effort are eliminated.

Connected to your existing systems, UP Hub allows you to introduce new channels, new clearing gateways, better customer service and new workflows easily and rapidly without renovating too much before the financial institution is ready. In addition, when combined with the strength of functionally rich payments business services, and end-to-end

reliability built-in, banks get the flexibility of choosing when and how they retire old components from their infrastructure.

New approaches to processing complex payments are now available. Enabling the development of new products to satisfy customers, whilst supporting the latest technical standards or technical trends, a hub can truly help a bank renovate not just for tomorrow, but also for today. With a proven track record in reliable payment systems, business leaders worldwide know they can depend on ACI Worldwide, the Universal Payments company. When you’re responsible for moving the world’s money, that kind of trust matters. ■

XML Management: Releasing the potential of the ISO 20022 standard

A contribution by XMLdation



ISO 20022 provides the possibility to focus on payment processing instead of integration technology. Moving to ISO20022 XML reduces silos of formats and creates one common process for payments.

XML management: efficient compliance with the standard

While the ISO standard lays out a

roadmap, challenges are abundant: version and change management, country- or bank-specific rules as well as technical challenges.

Centralized XML management is the solution: a framework for managing transaction specifications and process definitions based on XML messages.

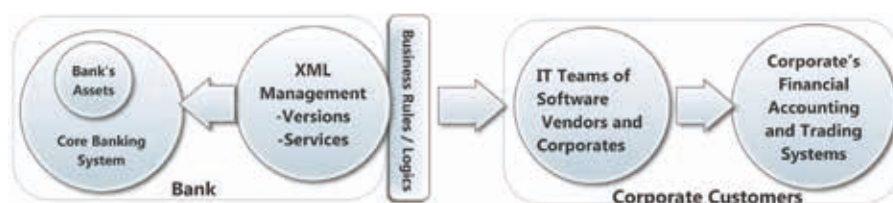
Modern XML management provides developers with easy access to rule definitions, version history, and generators for program code or test files. Users are able to validate XML messages and make use of a simulator's response

messages. A well-maintained knowledge base provides critical documentation resources.

Towards a complete XML Management

XMLdation is developing a new, XML Management service that is based on the XMLdation Service.

"We open our efficient tools and develop something new to help our customers to manage their XML Payments in the future," Juha Hakomäki describes the myXML roadmap. ■



Please visit our stand at EBAday to discuss further.

Reinventing payments and transactions around the user experience

A contribution by Worldline



Consumers today expect a seamless and ubiquitous digital experience

Digitalization has deeply transformed the shopping experience. Shops, payments, cards and even bank services are accessible to consumers' fingertips almost anywhere and at any time. Consequently, the consumer expects shop and bank services to be as available as they can be.

The reinvention of the payment business process...

Until now, when consumers wanted to go shopping, they had two options. First,

go to the store, select their product and often queue, before being able to pay with their plastic payment card. Second, at home in front of their computer, log in to their e-commerce website to look for their product and finally execute the online purchase transaction – with additional effort needed for the process of delivery. During this process, the consumer could change their mind several times, or it could be too late to buy the product!

We are now moving towards an integrated market for card, mobile and internet payments, **merging the physical and the virtual world**. And it changes everything! In the end, it enables any consumer to crystallize their buying decision by (pre)paying at the very moment they make this decision. This

immediacy of the payment eases the process for consumers who will purchase effortlessly at the time they want to engage.

...Leads to the creation of new business opportunities

New digital wallets already participate in this payment reinvention. **Worldline wallet platform** integrates all types of payment means or situations and can also include access control, loyalty programs, ticketing, ID cards etc.

Data analytics, allowed by digitization, give companies a better understanding of their customers' behavior and the ability to cleverly use it – while taking care of their privacy with "opt in" requests.

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“Our customers prefer to use the MyBank payment method for many reasons: low costs, speed, ease of use and high availability”

A contribution by MyBank



An interview with Giovanni Vattani, Head of Payment Systems at Enel Market Division Italy, on his live experience of MyBank.



Giovanni Vattani,
Head of Payment
Systems at Enel
Market Division Italy

Enel Energia went live with the MyBank Credit Transfer solution in November 2013. What were the drivers behind your decision to offer the MyBank payment option to your customers?

Enel has always offered payment methods that are immediate, efficient, readily available and cost-effective. The adoption of MyBank supports this customer-centric approach and supports us in our goal to further reduce payments that come in via bank branches or post offices and thus involve heavy manual handling, producing significant costs for us. MyBank also provides us with real-time reporting on the payment initiation.

How easy or difficult was the project to implement?

We have been very pleased to see how easy and fast it was to connect to the MyBank solution and to put everything in place. The whole project went very smoothly and the co-operation between our project team, UniCredit and SIA was excellent at all times.

How has this new payment option been accepted by your customers so far?

We are surprised by how well MyBank has been received by our customers, even without any heavy promotion from our side! Our customers prefer to use the MyBank payment method for many reasons: low costs, speed, ease of use and high availability – which are the same drivers that brought Enel Energia to choose MyBank.

You are also contributing to the MyBank E-Mandate Pilot. What are your expectations with regard to the MyBank mandate solution?

Direct debit collections have always been a complex process. For the recently introduced SEPA Direct Debits we see failure rates of approximately one mandate in ten, requiring manual intervention from our side. Also, handling paper is extremely expensive because of postage, printing and data entry. We strongly believe in the electronic mandate

and with the MyBank mandate solution, there is no need for handling paper any longer, which will significantly reduce costs and repair rates for us. What is more, the fully electronic creation of the mandate will be of great benefit for our customers: they will be able to simply and securely select the direct debit option on the Enel website and authorise the creation of a mandate through their own online banking portal.

Do you see any other services around payments or electronic authorisation through which MyBank could support your business?

What we like about MyBank is that it is not just a payment method but a platform that will offer additional services geared at enhancing the user experience. For us, e-identity solutions allowing us to obtain confirmation of our customers' identity are very interesting – we would finally get rid of having to send, receive and manage several types of contracts for each customer. ■

EBAday delegates are invited to attend a MyBank Information Session

Discover MyBank business opportunities based on business cases and demos covering all e- and m-payment services currently available as well as e-mandates, which will be available from October 2014.

**11th June 2014, 12:15 to 13:15,
EBAday Conference Center**

Flavours of Fast – tastes of real time payment initiatives around the world

continued from page 9

groups of banks create to add value to end customers.

The Clear2Pay Flavours of Fast paper, launched at EBAday 2014 describes a continuum of payment initiatives that fall into the grey area between slow, traditional forms of payment and truly

real-time gross settlement (RTGS) payment systems that are designed for corporate and institutional high value payments. The focus of this paper is on how banks can and should innovate by offering additional value with new payment and payment-information services to end customers. Without

taking a customer-centric approach, simply posting payments faster has limited value. ■

Please step by the Clear2Pay booth for a free copy and join the Immediate Payments panel with Mark Hartley on June 11 @ EBAday 2014.

Welcome to a new age of SEPA testing: fully automated and tailored for banks and clearing houses

A contribution by UNIFITS



Is testing around SEPA still an issue?

While the SEPA migration for SCT and SDD and the corresponding projects are almost finished, the need for periodical, extensive testing of the whole payment processing infrastructure within a bank or clearing house still remains. Besides finishing the requirements for the SEPA cards scheme, annual rule book changes, new services (AOS and VAS) or just bug fixes are the main cause of a continuous need for SEPA testing.

Why is UNIFITS the ideal partner for SEPA testing?

UNIFITS already provides ISO20022 based SEPA test tools and solutions since 2010. As the leading provider of SEPA test services UNIFITS has the ability to support each actor within the SEPA scheme with tailored services due to its comprehensive range of solutions.

The new, fully automated SEPA test service for banks and clearing houses is the result of a unique mixture of technical and business oriented skills, know-how and experiences based on countless SEPA migration projects during the past years.

Why is the new SEPA test service so ground-breaking?

The new pioneering SEPA test service is distinguished by leading technology and functionality and operates fully automatic. Once the test service is connected to your environment, it is not only a simple test robot, but rather an active monitoring of your SEPA test environment and enables a continuous testing and integration approach with all its advantages.

In addition to the automated execution of predefined test cases by sending and receiving files to/from your test environment and analysing the expected results, the service also provides you with a very high degree of transparency about

the health of your SEPA system and offers numerous kinds of reporting. Not least the service also saves time and effort analysing and fixing bugs by providing all relevant details for each executed test case at the push of a button.

Can you achieve higher overall quality of your SEPA testing process at a lower cost? Sure!

Due to its fully automatic nature our testing service is much more efficient than a comparable manual or semiautomatic one. It saves costs, time and efforts. As the new SEPA test service is built on the ISO20022 standard, you can secure the investment into your SEPA infrastructure by an optimized SEPA testing which would not be possible without such a standardization. ■

We would appreciate to welcome you at our EBAday stand to explore the new SEPA test service. And if you would like we can discuss how to draw your agenda to improve your SEPA test process in a way you wouldn't have imagined.

Alternate routes for SEPA file transfer

A contribution by INTERCOPE



INTERCOPE used to provide BOX for SWIFTNet as a pure SWIFT messaging solution. Recently the solution has been rebranded to BOX Messaging Hub as it now includes additional connectivity to further networks. In particular, SEPA files can now be transferred via EBICS and SIA as an alternative to SWIFT FileAct. To best leverage these extensions INTERCOPE has entered into a cooperation agreement with SIA.

BOX Messaging Hub

Based on more than 30 years of experience in financial messaging INTERCOPE designed BOX Messaging

Hub from scratch to provide all relevant functions of a financial messaging solution in one unique application which does not have any prerequisites besides a relational database and a Web Application Server and tightly integrates into the strategic IT environment of all customers.

Multiple networks such as SWIFT and SIA for file transfer and T2S as well as domestic networks are supported in a Single Window solution.

A sophisticated message analysis, routing and workflow engine is included and together with manual message processing functions such as message entry, repair, validation, authorization and printing, makes it a complete financial messaging solution.

BOX is implemented at some very large financial institutions in high availability environments on the customers' choice of operating system, processing the highest message volumes with optimized performance, yet moderate resource consumption.

Multiple organizations can be modelled in a comprehensive User Profile Management, which allows mirroring of even the most complex organizational structures.

All these high-performance, high-throughput, high-availability capabilities make it the ideal solution for large institutions and service providers. ■

Leveraging the new EBA CLEARING network resilience paradigm through SIA secure messaging

A contribution by SIA



The network of excellence

The European banking community has always considered business continuity, technical resilience and data security as key aspects of any systemically important financial market infrastructure.

In line with these principles and the increasing importance of its Pan-European Automated Clearing House STEP2, EBA CLEARING has further enforced the operational robustness of its retail payments clearing platform, enabling a full resilient configuration with regard to the network connectivity aspects. This will permit each bank to concurrently use two complementary Network Service Providers including SIA and to switch the traffic between them.

EBA CLEARING has planned the implementation of those relevant changes to the platform – also considering growth in SEPA payment transactions processing – with undisputed benefits in terms of business continuity, peak volume management and network usage flexibility. In fact, this new paradigm will ensure a full network resiliency based on two independent secure messaging solutions and open market competition among different players, ultimately driving higher efficiency and performances, availability and cost savings.

SIA, European leader in the design, creation and management of technology infrastructures and services for Financial and Central Institutions, Corporates and Public Administration bodies, is one of the providers of secure messaging services to access EBA CLEARING's STEP2 platform and the partner able to ensure the advantages of this new network resiliency scenario. SIA is fully committed

to supporting EBA CLEARING in enhancing the STEP2 platform in order to meet the needs of banking communities across Europe and the evolution of payment services.

As part of its Independent Software Vendors Program, SIA has recently entered into a cooperation agreement with German provider Intercope in order to integrate the SIA Secure Messaging solution into the Intercope BOX Messaging Hub solution. This cooperation will guarantee smooth integration of the SIA Secure Messaging service to best leverage the STEP2 Intraday Network Switching opportunity.

SIA Secure Messaging is a “secure by design” solution and the best answer to increasing privacy and confidentiality demands, based on a real end-to-end responsibility perimeter and peer-to-peer architecture. ■

Financial transactions processing application code published in open source space

continued from page 4

the innovation drive (from back-office of mostly large financial institutions and corporations) to other business areas (treasury and front-office of the banks or other financial institutions, SMEs – including micro-financing).

Moreover, by widespread adoption, FinTP will (supposedly) be able to push standardization of financial messages up from the existing syntax level to a higher semantic level.

FinTP provides support for the most used funds transfer instruments (payment orders, direct debit, debit instruments) and includes features for operational risk containment (AML filtering, duplicate detection, reconciliation), liquidity reporting, remittances end-to-end management, competitive reporting and SEPA and TARGET2 compliance.

On January 24th, 2014 Allevo published (using a phased approach) the FinTP source code and also launched FINKers United (Financial Thinkers United), the community around it. The official announcement was made during a dedicated event held in Bucharest, an event that gathered numerous professionals from the financial, banking and IT industries.

As for almost all open source projects, success is highly dependent on the consolidation of the FINKers United community (www.fintp.org) – a community formed by members of the banking and financial ecosystem, open to diverse professional profiles and meant to support and develop this platform. FINKers United is governed by generous and motivating principles, like high business ethics, collaboration, security, openness, agility and efficiency.

The invitation to join FINKers United is open to all financial thinkers' enthusiasts, from IT developers to financial experts. It comes from the *belief* that any member of FINKers United can, through their knowledge and expertise, bring an essential contribution to the success of FinTP, and from the hope that the majority will find their values and their professional creed represented in the foundation of this community.

FinTP is an application for the processing and management of financial transactions with several operational features built on top. What makes it innovative is its open source distribution model. In other words, Allevo is truly committed to achieve *innovation through collaboration* while providing the financial ecosystem with a *useful toolbox to adjust in the new business environment*. ■

Volante Technologies' latest News

A contribution by Volante Technologies



In the past 12 months, Volante Technologies, a global leader in the provision of innovative financial data integration, announced new client acquisitions, support for new standards, the creation of new accelerators and distribution of a white paper looking at challenges facing the industry.

In September 2013, Volante Technologies announced their selection as the on-boarding partner for SAP's new cloud-based service, Financial Services Network (FSN). The SAP FSN network connects financial institutions and other financial service providers with their corporate customers through an SAP-owned and highly-secure network. Volante Technologies' cloud-enabled solution was a key component of the financial message integration layer of the SAP

FSN, providing domain knowledge and in-built support for financial payment message standards including SEPA, FedWire, ACHs, SWIFT MT, ISO 20022, EDI, and proprietary messages.

In April 2014, Volante Technologies announced support for Hadoop to help tackle the "Big Data" challenge. Integrating Hadoop® functionality into Volante 'Designer' enables clients to set up analytic conditions and feed data sets directly into a high-end analytical Hadoop® environment. Users can design, develop and test 'Big Data' analytical solutions without having to pre-install a Hadoop® engine or hire technical experts. This makes it easier to set up and analyse previously inaccessible large hybrid data sets in a short timeframe with little upfront investment.

In March 2014, ICD, the provider of institutional investment and risk management tools, selected Volante

'Designer' to ease the integration and transformation of SWIFT transactions, payments and reports. ICD's selection of Volante Designer was driven by the firm's need to process and transform multiple different data formats using a suite of technology tools that integrated seamlessly with their existing development foundation. Using Volante 'Designer,' ICD was able to increase their messaging capabilities, improve their straight-through-processing rates and deliver stronger foundations for future growth.

In December 2013, Volante's new client Imágenes Computarizadas de Guatemala (ICG), a SWIFT Market Infrastructure, announced that Volante Technologies' integration and transformation capabilities had enabled ICG to on-board a major bank within one month – a dramatically improved on-boarding timeframe. Furthermore, ICG'S CEO, Samuel Sosa

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European Payments Council: Transition of EPC ISO 20022 Implementation Guidelines finished

A contribution by GEFEG



In 2013 the European Payments Council (EPC) published a Request for Proposal (RFP) to seek a specialised software tool provider to facilitate development, publication and maintenance of its ISO 20022 Implementation Guidelines (IGs). One of the main drivers for this request was the need to automate the development and maintenance process. The EPC defined several requirements which were crucial factors in the final decision process. The new documentation was to be developed in such a way that the look and feel of the present EPC guidelines would be retained. Furthermore, a solution was requested which would allow the members of the EPC working group tasked with the review of the IGs to be

able to post and track data maintenance requests to a central and easily available platform.

The EPC has chosen GEFEG.FX as their format and publication editor, and the GEFEG.Portal as the change request tracker. By the beginning of 2014, all existing EPC guidelines were transitioned into the GEFEG.FX editor. Using a dedicated message guideline editor enabled the following improvements:

- As the EPC IGs are based on ISO 20022 which was delivered with the software, the ISO 20022 data could be re-used, thereby eliminating the time-consuming task of re-typing data.
- The original ISO 20022 names and descriptions will also be shown.
- The message elements are represented by a new full path indication in the report. Thus it is easier for the reader

to make the connection between the message element and the specific technical requirements of this element. This will furthermore facilitate the understanding of the described message.

The general look and feel of EPC guidelines was retained due to the GEFEG.FX tool reporting flexibility, so that readers would instantly recognize it is an EPC IG.

Other potential advantages of having EPC guidelines in a machine readable format: it paves the way to enable the validation of ISO 20022 messages for compliance with EPC guidelines without manual extra efforts, and enables relevant stakeholders to reuse the guidelines in their domain without re-entering the data. ■

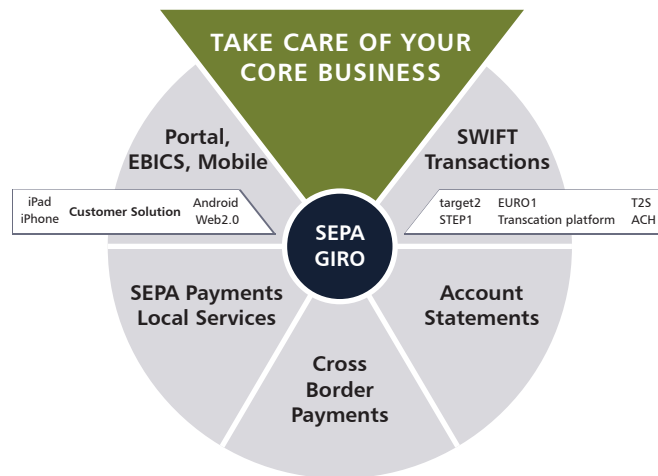
Core € Bank

A contribution by EFIS Financial Solutions



The Core € Bank represents a new approach to modern banking. It is a banking system developed for the specific requirements of international cross border payments and has a high focus on SEPA. At the same time it is serving payments for all the non-SEPA countries and caters also for their specific national functionalities and provides the required connectivity.

While SEPA is enforced by European legislature as of February 2014 in the 33 SEPA countries, it is a fact that the regulation and standards defined up to now leave much room for national interpretation. As a result of the different national interpretations of the rulebooks, the local definitions and developments have led to a situation that is not truly a unified European payment system. It can best be characterized as SEPA 1. After the August 2014 cut off date for national payment systems and standards a magnitude of experiences will influence legislation and the European regulators to make the adaptations and adjustments necessary for a truly European System,



Basic System	Basic Services
<ul style="list-style-type: none"> IBM zSeries IBM WebSphere IBM DB2 IBM Json 	<ul style="list-style-type: none"> IBM Tivoli zLinux z/VM Compliance FATCA Meldewesen Statistics Abgeltungssteuer Reporting Cheques

SEPA Strategy 2016

Take your chance. Use „Core EURO-Bank“.



leading to SEPA 2. The Core € Bank is designed with these foreseeable changes in mind.

The Core € Bank functionality has been implemented to best suit the target market segments of SMEs, PSPs and Banks. Their requirements of today and tomorrow are fulfilled with the Core € Bank. The Core € Bank is not

burdened with the ballast that is inherent in legacy banking systems that have been amended and patched over the decades as legislative requirements and regulatory demands have ever changed and increased.

There is an emerging market segment of Payment Service Providers (PSP) that

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New multi-currency account servicing... virtually

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“There is no real money in these virtual accounts – the real money resides in a number of aggregated client accounts on the bank’s ledger – so VAM can actually be considered as a real-time reporting tool and management information system, unlocking the real value of the data held in the solution.”

The VAM solution is particularly relevant for the clients of banks who have a large customer base of their own, where VAM

allows a client to open an account on behalf of their clients and to actually allow these clients to self-serve themselves. A practical example might be a fund manager with a lot of clients in the form of investors who could all be running virtual accounts in a VAM environment as part of the servicing model of the fund manager. The real funds are aggregated and held in real accounts in the books of the bank. “A significant differentiator in this operating model is to allow a bank’s clients, and

their clients, to self-serve. VAM is part of the evolving business environment serviced by transaction banks and is expected to become the transaction banking norm within the next three to five years. It’s a niche solution that could be a game-changer in the market,” says Mr Wikström. 🇩🇪

Source: Racontuer’s Financial Services Technology Report, published in The Sunday Times on 2nd February 2014

The challenge for a competitive edge in transaction banking

continued from page 3

Banks must transform from product-centric to customer-centric organizations, improving their ability to anticipate changing market conditions and customer preferences to deliver targeted services and seize new opportunities. This will require re-architecting channels, processes and systems, and leveraging big data with real-time predictive analytics.

IBM works with financial institutions and third-party vendors to enable this decoupling of core processes between the lines of business and across the enterprise to improve business efficiency with best-in-class business processes. We help clients decommission old legacy systems, removing volume constraints and, at the same time, offer cost efficiency through volume-based pricing and sharing utility platforms across the enterprise or between financial institutions.

Big data and analytics are core weapons in the competitive game, within each line of business and across the enterprise – and financial institutions should endeavor to extract optimum benefits from their value.

IBM offers an extensive set of products and solution to perform predictive

analytics using the huge amount of valuable data financial institutions are hoarding. From efficient operations to customer insights or predictive cash dashboards, IBM is helping advanced and forward thinking banks to fully leverage the value of information based solutions. To achieve this, we recommend the following approach:

- Commit initial efforts to customer-centric outcomes: Use insights to enhance services, manage risk, adjust pricing, improve customer satisfaction and generate sales leads.
- Define a big data strategy with a business-centric blueprint that aligns the needs of business users with the implementation roadmap.
- Start with existing data to achieve near-term results: Leverage in-house data, skills and tools to demonstrate early benefits and build experience.
- Build analytics capabilities based on business priorities according to each institution's strategy and objectives.
- Create a business case around measurable outcomes: increased revenues and customer satisfaction, reduced risk and operational costs.

IBM also provides a portfolio of cloud-based data and risk management solutions on an "as-a-service" model, protected by a comprehensive set of

security and integrity products. Cloud solutions not only bring benefits in terms of financing, scalability, cheap trial and error and time to market, but offer the opportunity to change the institution's business model.

New entrants from outside the financial sector, many "born in the cloud," are progressing from the consumer market to the more profitable SME and even corporate segment, escalating disintermediation to more profitable markets. Banks that fail to transform and leverage the power of the data they hold could find themselves reduced to the roles of utility or settlement agent of last resort. However, those that capitalize on the data and insights within their reach, re-examine sourcing and evolve from product-centric to customer-centric organizations will position themselves strategically in the competitive value chain. ■

If you would like to read the full white paper, please go to: <http://www-935.ibm.com/industries/banking/payments.html>

If you are interested in better understanding how IBM can help your institution, come and visit us at our EBADay stand.

Volante Technologies' latest News

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Urbina, stated that he was "extremely impressed with the demonstration of Volante Technologies' solution," and that it "reflected a well-designed and fast-acting integration mapping tool that would help financial institutions handle the most complex data integration and management challenges."

In November 2013, Volante's white paper explored best practices on "how to build an in-house corporate bank." With the experience gained by Volante through their support of Fortune 500 companies with the integration of their treasury systems, Volante offered a

checklist of items that a corporation should review when building its own in-house bank. Taking into account business and technical considerations, Volante Technologies provided a framework which took treasurers through their core competencies of payments, trade/supply chain finance, and investments, and detailed how these processes could benefit by bringing them in-house.

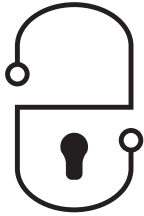
In November 2013, Volante Technologies announced the launch of three new Accelerators: 'T2S Accelerator,' 'SWIFT Funds Migration Accelerator' and the 'SEPA Accelerator.' These off-the-shelf

toolsets were designed to simplify the complexity of creating, validating and enriching financial messages and transforming proprietary data to those formats. They enable firms to rapidly adopt new standards, protocols and messages as they evolve in line with technology or regulatory evolution.

All Volante products are developed with ease of integration into existing legacy systems in mind, enabling customers to benefit from the reduced costs not normally associated with the adoption, compliance and implementation of new standards technology. ■

MiKEY® – your biometric universal key

A contribution by GEVA Business Solutions GmbH



MIKEY

GEVA Business Solutions GmbH is a hub for national as well as international payment transactions with its payments transaction platform. Safety is becoming more and more important within the sensitive area of payment transactions. GEVA provides essential protection of its customers' applications by using MiKEY's fingerprint technology.

Advantages of MiKEY:

- No spy out of access passwords
- Easy application by using fingerprint, no more passwords to remember or forget
- One device – large application spectrum

Examples of how to use MiKEY:

Secure Payments: The bank's online portal when using online banking or the GEVA Payment App is secured biometrically. Therefore, MiKEY serves as a comfortable replacement of customers' identification and their passwords. As a result, password phishing is a thing of the past.

Secure Communication of

Consultant and Customer: Using this easy cryptographic technique makes it possible to use secure e-mail communication as well as an encrypted exchange of files, e.g. between a consultant and their customer. Faulty and incorrect passwords are a thing of the past.

Mobile Payments: Here, the fingerprint is used as authorisation for payments. Thanks to the NFC technology, even contactless payments are possible. MiKEY is optimally suited for all the necessary functions and protection.

Secure Server Access: Secure data access to banks' devices or external VPN access – mobile working methods of bank employees call for higher security requirements in terms of data access on

internal systems. MiKEY combines secure access and really easy handling.

Information about MiKEY

MiKEY is an innovative biometrical device and universally applicable for the identity protection within the digital world and the user's authentication in IT systems and IT applications. It functions as a mobile safe and replaces passwords – making them superfluous.

MiKEY uses the technology of a smartcard, and acts like one. However, it is more than just a smartcard. MiKEY is able to store various security profiles for different applications. Sensors, image processing, biometrics and encryption are located in a special secured area on the key and only happen here.

All biometrical verifications only take place on MiKEY!

Fingerprints replace passwords. The problem with passwords is that they only protect your company if they are very long and complex, and are changed often. MiKEY as an innovative external key is safe and practical at the same time. The MiKEY technology solves many security problems within a company. ■

PTS Payments Transaction System

continued from page 5

For our customers facing similar situations we are searching for a way out of the mentioned dilemma by comparing their current payment landscape with other payment processing platforms in the market to identify cost saving capabilities and at the same time modernizing their applications and hardware for them to benefit from recent enhancements.

In other words it is important to review the payment landscape in much more detail to identify gaps and enhancement capabilities for cost reduction. A modern, correctly sized payment solution will be able to grow with anticipated payment volume and new business requirements

which in turn may reduce fixed costs and at the same time be allowed to grow with customers and bank demands.

Payments Transaction System

(PTS) is a standardized, multi-entity capable product family for processing national, European and global payment transactions. It efficiently supports the business processes of banks, financial service providers and major businesses by high Straight-Through-Processing (STP) rates and is permanently adjusted to the latest market requirements.

The PTS product family is developed in close cooperation with our customers. It is tailored to their individual needs and

can be gradually enhanced thanks to its modular design.

More than 50 customers in twelve countries deploy PTS to process their payment transactions. Among them are national and international credit institutions, transaction banks, financial service providers, insurance companies and public authorities.

PTS handles cross-border payments and domestic payments as well as mass payments and high value payments in any currency. It allows you to select routing strategies for payments, according to settlement instructions and agreements. ■


The liquidity management challenge behind Target2-Securities

continued from page 8

Mitigating operational risks is performed through application-to-application connection. It enables to integrate the monitoring of positions and limits within the bank's information system and then to perform straight through processing of the new functions. For instance, in order to manage automated alerts and processes after thresholds and pre-defined times, to define client credit conditions (limits, valuation of eligible collateral), to secure predictability of the end-of-day funding requirements through close monitoring and

anticipated reimbursement of central bank auto-collateralisation...

"CRISTAL for T2S" is Diamis' modular solution for T2S. It supports all T2S cash management features with native multi-CSD capability and high customisation levels through configuration. It provides secure access to T2S and a comprehensive audit trail. Its application design has proven scalability and supports high volumes at lower operation cost.

"CRISTAL for T2S" has been defined by Diamis' focus group of customers that has drawn the business requirements for the migration to T2S. Banks in our DCP User Group range from global custodians to banks participating in one single CSD. They mutualise investment – and T2S certification – in a shared CRISTAL solution for which Diamis guarantees readiness and long-term compliance with regulatory requirements at optimised cost. 

Reinventing payments and transactions around the user experience

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This improves the transformation rate of the marketing effort, from an indirect action to anonymous people, to a direct and immediate impact to a well-known consumer. For example, card-linked offers, such as **Worldline Cash Club platform**, leverage the cardholders' valuable data owned by the issuers. In this model, cardholders receive coupons from the merchants who are targeting consumers, based on spending patterns.


In parallel, the **SEPA Direct Debit** and the **SEPA Credit Transfer** are new

remote payment services for consumers and merchants. **MyBank** is thus at the forefront of innovative OBeP. **Worldline SEPA payment suite**, including **eSEPA services** to manage MyBank payments, allows the banks to remain the key actors of online payments.

About Worldline, Tomorrow's digital experience

At Worldline, connecting the worlds of electronic banking, mobile and ecommerce and securing payment transactions worldwide is what we

have been doing, on a daily basis, for over 40 years.

In a fast-moving and mobility-driven world, Worldline's ambition is to help retailers and financial institutions provide a seamless and innovative card and non-card transactional experience to their end users and grow their revenue streams. infoWL@worldline.com
worldline.com 

Down to the very last detail: SWIFTRef's collaboration with National Authorities and Banks delivers real benefits in anticipation of SEPA

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research and validation, the 'missing' code, if valid, is included in the directory or, if invalid, placed in the Exclusion List of the IBAN Plus directory.

To assure and monitor data quality:

- The Exclusion List is composed of invalid bank IDs that should not be used in IBANs. It is directly sourced from central banks and IBAN-issuing

banks. This allows users to check the validity of a bank ID and therefore of the IBAN.

- A data collection and maintenance team ensures daily updates of missing or incorrect data reported by users. Before any changes are published, validation is confirmed with the data originator.

The completeness and high quality of SWIFT's reference data will prove to be one of the most useful tools and industry-derived solutions available to guarantee the success for SEPA payment processing. This could not be achieved without the detailed input and co-operation of central banking authorities and individual financial institutions. 



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