

# Open to all – Swift explains the TSU

Swift, the financial industry-owned co-operative supplying secure, standardised messaging services and interface software, held a business briefing in London on July 5, entitled 'Banks meeting the supply chain challenge'. It was an opportunity for the organisation to reveal latest developments with its SwiftNet Trade Services Utility (TSU). Following brief introductions from Swift solutions specialist for corporates, Neil Gray and Michael King, regional director at Swift, attendees listened to the views of an independent business consultant and two of the TSU pilot bank users, as well as Swift itself.

Markus Weick, senior account executive at Deutsche Bank in Frankfurt, said that the TSU is the right response to changes taking place in the trade services market. International growth is being driven by more open account trading, he said. Deutsche sees pre-shipment finance as a key banking service that can be supported by the data matching engine of the TSU, he added. The TSU will provide a collaborative platform to enable banks to engage in supply chain management. At the same time, banks will be able to compete with one another by developing their own solutions using trigger points along the supply chain. The advantage of the TSU lies in its ability to support a range of supply chain solutions for both importers and exporters, he said.

Neil Chantry, manager of group trade services at HSBC

in London, endorsed these sentiments. He described how the trade business had evolved in recent years. Referencing the trend towards increased regulation, he emphasised also the TSU's value as a secure reference point for matching data linked to trade transactions.

Dresdner Bank's Nicole Keller questioned Swift's positioning of the collaborative versus competitive space and in particular the communication layer between corporate and bank. "What's the intention with Swift's core business of setting standards?" she asked. Swift's Gray reiterated that the TSU is a "shared utility" between banks only. It will however enable banks to deliver more effective solutions to their corporate customers. At the same time there is now a strong focus on corporates at Swift and Swift is increasingly promoting the complementary use of its network and messaging services as a standards-based channel between banks and their corporate customers. HSBC's Chantry added that the wider adoption of TSU standards could help eventually to reduce the cost of corresponding with customers the 'electronic way'. Swift's standards role sits

in the collaborative area, he said. There no longer needs to be a situation of translating one standard into another and then having to translate it again into another. This will be a level playing field. "It won't necessarily work with all corporates, but it will with a lot," he said.

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Other speakers included Swift's senior product manager, David Hennah and Alexander Malaket, principal of Opus Advisory Services. Malaket spoke of the trends in international business such as increased convergence and more 'integrative trade'. There's also been an increase in client sophistication, whereby customers have more leverage and demand more in terms of shaping product development and delivery. On top of this, we are seeing a geographic shift with countries like China and India increasing in importance and power, and south/south trade expanding. Speaking about trends in trade banking and trade finance, Malaket pointed to more product and service integration across trade, payments, cash management and working capital optimisation; an increased potential for process in/outsourcing; more technology involvement – 'evolution' rather than 'revolution'

and a shift from 'replace' to 'complement'; and more regulation – or 'compliance mania'.

Malaket concluded by suggesting that dissatisfaction is a driver for change and that corporates are actively looking for solutions that are clear, flexible and efficient.

Picking up on a number of Malaket's themes, Swift's Hennah went into greater detail about the capabilities of the TSU. He explained that 18 banks from nine countries had taken an active part in piloting the service and that testing to date had been successful with no major issues raised.

"The TSU has not been conceived in isolation" said Hennah. "It is the result of a wide consultation process involving at least 124 people from 28 financial institutions". He went on to explain that the TSU is a vehicle for comparing data elements from both the physical and financial supply chains. "In so doing it will create greater transaction transparency and facilitate better informed decision making. Banks will have a clear picture of the status of the transaction at each successive stage of its lifecycle. The intelligent use of this information will enable banks to deliver value-added supply chain services to their corporate customers", he added.

Swift intends to make further announcements regarding the commercial launch of the TSU at its annual Sibos gathering, this year in Sydney, in October.