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E-Banking Business Opportunities

On-Line Distance Learning
Q & A Webinar

- ▶ SMS technology and Push and Pull Transactions

- ▶ What will be the impact for digital banking for corporate and treasury market clients?



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SMS & Push and Pull

- ▶ In the section "Mobile Payments Technology" SMS technology is mentioned first while further on the explanation of "Push & Pull" Transactions seems to be heading in a different direction with an opposite definition.
- ▶ Can you please define Push and Pull transactions for me as well as comment on the apparent opposites



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SMS & Push and Pull

- ▶ Technology
 - SMS / Text messages
- ▶ Pull mode
 - Text / SMS message alert from bank
- ▶ Push mode
 - Text / SMS message from client to initiate action

M-Banking Using SMS Technology

- ▶ Mobile banking and SMS banking are synonymous
- ▶ In **pull mode**, the bank sends a one-way text message
- ▶ In **push mode**, the mobile subscriber sends a text message with a predefined request code to specific number

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Corporate & Treasury Market Clients

- ▶ What will be the impact for digital banking for corporate and treasury market clients?



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Corporate & Treasury Market Clients

- ▶ Bank perspective
- ▶ Payment services
- ▶ Payment factories / In-house banks
- ▶ Anchor product
- ▶ Payments' pivotal role
 - establish bank as the primary banking provider to their corporate



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Personal versus Corporate Payments

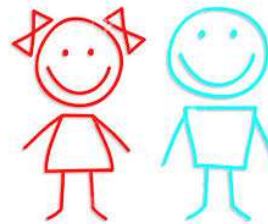
- ▶ Corporate perspective
- ▶ Divide between corporate & consumer expectations
- ▶ Personal versus Corporate payments
- ▶ Short case study



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Personal versus Corporate – Case Study

- ▶ Nick and Nancy
- ▶ Buying the household groceries
- ▶ Getting more staple in the office
- ▶ MISMATCH in expectations
 - advanced retail payment segment / traditional corporate payment system



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Consumer Experience Shapes Corporate Expectations

- ▶ Corporate treasurers view
- ▶ What is driving this change?
- ▶ Not just business customers—they're also consumers
 - experience of seamless, immediate, always-available payments services in their private lives is shaping expectations in the workplace
- ▶ Demand to transact in real-time, omni-channel environment, 24/7
- ▶ Risks to the banking industry
 - Regulations
 - New entrants
 - Bank & non-bank competitors



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Challenges for Corporates in the Payments Sector

- ▶ Mismatch between retail and corporate payments
- ▶ Fragmented products and relationships
- ▶ Rising regulatory costs
- ▶ Outdated, rigid and paper-based processes
- ▶ Lack of visibility into payment flows and individual payments
- ▶ Challenges around cross-border payments
- ▶ Pent-up demand for change



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Key Trends in Corporate Payments

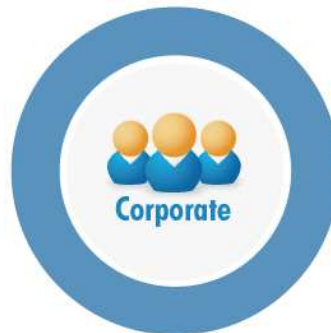
- ▶ 6 Key Trends
- ▶ Evolving customer expectations and consumerization of corporate payments
- ▶ Always on, real-time payment information services
- ▶ Changing environment for international trade
- ▶ Pressure from ongoing regulatory change
- ▶ Disruptive market entrants—including FinTech players
- ▶ Application programming Interfaces (APIs)



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Implications for Banks' Corporate Payment Services

- ▶ Effects on bank payment services to corporates
- ▶ Reduce costs and effort
 - boosting automation
 - Digitalization
 - straight-through processing
- ▶ Meet customers' demand
 - enhanced transparency
 - low cost
 - convenience



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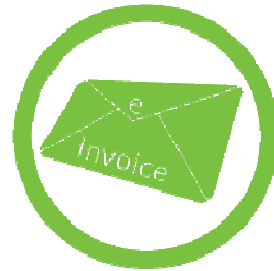
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Implications for Banks' Corporate Payment Services (ctd)

- ▶ E-invoicing
 - can play major role in streamlining working capital management
 - adoption of e-invoicing by banks been relatively slow
 - recent industry initiatives
- ▶ Automated cash management
 - chase overdue payments
 - effective treasury management
 - strategic issues and forecasting
 - hourly updates on financial position



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Implications for Banks' Corporate Payment Services (ctd)

- ▶ Automated collections & reconciliation using “virtual accounts”
 - automatically reconcile open invoices
 - most corporates struggle to reconcile their accounts receivables
 - increased working capital requirement / greater funding costs
- ▶ Multi-banking frameworks
 - use larger number of banks
 - greater flexibility in their banking relationships
 - single access point
 - SWIFT's 3SKey
 - electronic bank account management (eBAM)

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Implications for Banks' Corporate Payment Services (ctd)

- ▶ Real-time payments, balances and statuses
 - more real-time services and information
 - banks are providing immediate payments capabilities
 - multiple channels including SMS alerts, email, Whatsapp messages
 - corporate will be able to manage cash in real-time

- ▶ Check digitization and imaging
 - digitized images, scans or photographs



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Implications for Banks' Corporate Payment Services (ctd)

- ▶ Corporate mobile solutions
 - banks extend mobile delivery to corporates
 - cash management, trade services, customer administration, reconciliation, authentication, operational support

- ▶ New channels
 - connectivity between banks and corporates moving towards standardization, consolidation and integration
 - banks, third-party vendors, industry associations created new channel solutions
 - host-to-host channels
 - SWIFT (GPII / Alliance Lite2)
 - cloud based channels



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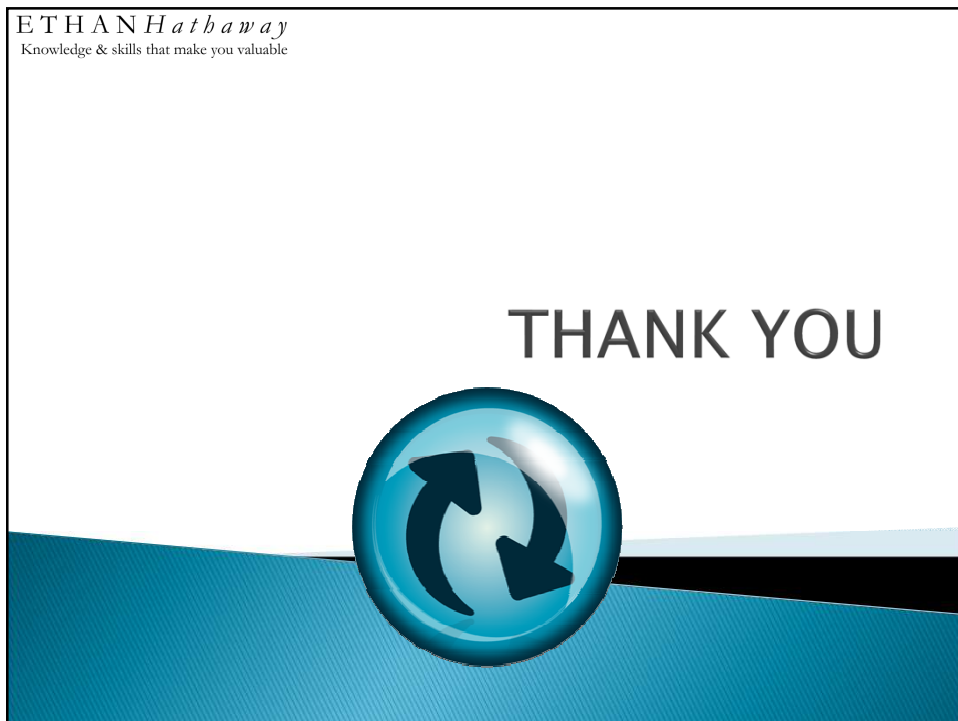
- ▶ APIs and API factories
 - internal API factories
 - use by third parties

- ▶ Cryptocurrency technologies: DCL and blockchain
 - distributed consensus ledgers (DCL) & blockchain/ distributed ledger technologies (DLT)
 - potential to enhance efficiency, trust, transparency, reach and innovation
 - investigating the opportunities opened up by DCL/DLT



Other Questions?





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