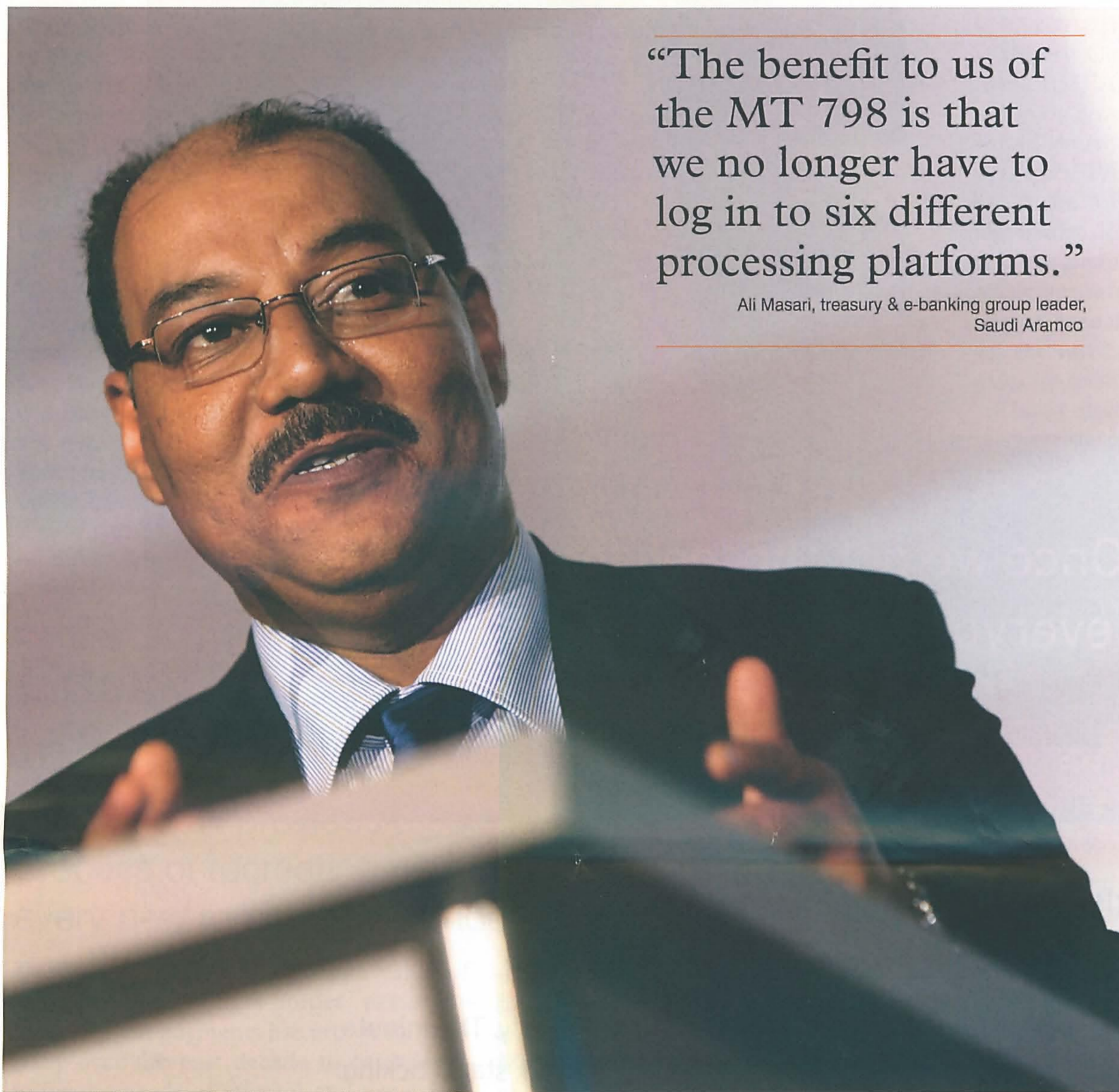


Helping corporates manage a multi-bank world

MT 798 trade envelope extends traditional trade financing messaging to the corporate-to-bank space

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Ali Masari, treasury & e-banking group leader,
Saudi Aramco



Following a panel earlier in the week on removing risk from open account transactions, an auditorium session on Wednesday shifted the focus to streamlining transactions based on letters of credit (LCs) and guarantees

Andre Casterman, head of trade and supply chain, SWIFT said that over the decade since SWIFT first set out to engage with corporate requirements, the emphasis had increasingly moved to supporting a multi-bank environment. “About two years ago, we began looking at additional flows, such as trade finance for corporates,” he said. SWIFT has since extended its coverage to corporate-to-bank message exchanges. “We now have end-to-end standards for letters of credit and guarantees for customers wanting to enable these flows in a multi-bank environment,” he commented. The introduction of the MT 798 trade envelope in April last year, has been particularly well received with 22 banks having adopted it since then.

Casterman stressed that the messaging environment for trade finance was significantly more complex than simply instructing payments. “The lifecycle of an LC is four months, during which the transaction is live,” he

said. “We are following best practice logic,” he added. “We do not define the instruments, but rather use ICC-approved instruments that are in the public domain. We are also working with partners to provide the software, with some focusing on bank needs and others on corporate requirements.”

Soothing pain points

Ali Masari, treasury & e-banking group leader, Saudi Aramco, explained the lead up to the company’s imminent implementation of the MT 798 trade envelope. “We identified a number of pain points with our existing LC processes,” he said. Aramco received LCs from six advising banks via their portals. This required manual verification and manual input of data into the back-end system. “The benefit to us of the MT 798 is that we no longer have to log in to six different platforms and can streamline our business processes,” he said.

Jacob Katsman, CEO, Global-Trade Corporation, a SWIFT partner said a particular challenge for corporates is in integrating the MT 798 into their internal workflow – an area where software partners could help. “The value proposition of one single channel for cash management, foreign exchange and trade is overwhelming,” he concluded.