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The ISO BSB Electronic Billing Statement: Status, Acceptance, AFP Code Usage

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Introduction

- The BSB: What is it and Why is it
- The BSB: A Short History
- The Banker's View
- Moving the TWIST BSB Standard to ISO 20022
- The Content and Benefits of the ISO 20022 standard
- Participation and Acceptance
- Q & A
- But First, Who are you?

The BSB: **What is it** and Why is it

- An international services billing statement in an ISO 20022 standard, electronic format known as camt.086
- Used to transmit bank balance, service charge, **tax**, **currency** & adjustment data from a bank to its commercial customers or to another bank
- Identical in data content to the concept proven US 822 standard but with the addition of **tax & currency** data.
- Designed to address global coverage of electronic account analysis (EAA)
- Uses billing codes (AFP Service Codes!) to standardize identification of bank services.

The BSB: What is it and **Why is it**

Corporations don't know with any degree of accuracy what is being paid to international banks for their services because:

- analysis of bank fees is labor intensive
- no way to provide management with global bank relationship metrics
- no way of accurately verifying international bank fees
- international cash management fees are decentralized with few controls in place
- current billing provides little or no transparency
- BSB provides a treasure trove of MIS data, payments mix and business vitality metrics

The BSB: What is it and Why is it

Consider this: one service line item buried within thousands of lines across hundreds of statements.

- What can this line tell me?
- What questions can I ask about this service?

AFP	DESCRIPTION	PRICE	VOLUME	CHARGE	TAX
050100	Lockbox Processing	.1200	12,000	1,440.00	144.00



I don't recognize this service!

Is that the special price I negotiated?

Hold it, there's been a price change.

I think that volume is unreasonably high.

Is this the exact volume I expected?

Is this close to the average charge over the last six months?

Is there supposed to be a tax on this service?

How does this price compare to other banks and peer averages?

The BSB: A Short History

- **Nov '03** - GE and WFG initiate the International Bank Compensation Project with 35 other corporates
- **Aug '04** – TWIST establishes group to develop the open international standard
- **July '05** - TWIST standards group, 24 members including representatives from 10 banks, 5 technology firms and 2 corporates complete requirements document
- **Oct '05** - TWIST announces baseline version of the Requirements document and the XML schema

The BSB: A Short History

- **Sept '06** - TWIST releases 3.1 version of the BSB electronic standard, the current TWIST version
- **Sept '07** – First bank goes live with the TWIST BSB
- **Oct '11** – AFP releases Global Service Codes
- **July '12** – ISO releases the camt.086 BSB standard
- **Oct '12** – Acceptance by banks & corporates in major markets (more on this later)

The Banker's View

- Why are banks involved, interested in BSB?
 - Because:
 - Standards are the more efficient approach for all involved.
 - Standards need full representation of all categories of participant in a process to be complete.
 - Our clients said they want it.
 - Current state – BSB is supported by many banks and techcos, used by a growing number of corporates.
 - Future state – The ISO 20022 version of this standard incorporates additional features, fixes.

Moving the TWIST BSB Standard to ISO 20022

- What is ISO 20022?
 - **ISO = International Standards Organization.**
 - **USA, SWIFT, many other countries and standards organizations are members and contributors**
 - **ISO 20022**
 - A family of financial services messaging standards
 - Common data dictionary across domains
 - Using XML as a syntax
 - Adopted and in use around the globe:
 - Europe – SEPA and other applications
 - SWIFT – SWIFT MX
 - Corporate users for corporate to bank messaging, including Common Global Implementation (CGI)
 - Why BSB as an ISO20022 standard?
 - BSB fit, complimentary, extended availability.

Moving the TWIST BSB Standard to ISO 20022

- Time for maintenance
- Support from SWIFT, TWIST to keep the standard alive, fresh, and incorporate into a family of related standards (ISO 20022) for ease of use.
- The ISO Process:
 - TWIST and SWIFT co author submission
 - With SWIFT and TWIST, the ISO 20022 Payment SEG conducted a review (an evaluation) by a broad group of subject matter experts to assess and update the standard; translating it to ISO 20022 form and syntax
 - Schema development by SWIFT.
 - Published July 13, 2012.
- The Market Process: Adoption

Moving the TWIST BSB Standard to ISO 20022

➤ What's in the box?

➤ http://www.iso20022.org/status_of_submissions.page

➤ Now –

- The schema in XLS format.

➤ And More

- Message Usage Guide (MUG) – Detailed and explicit
 - Relates ISO BSB to the 822 and Twist BSB
- Sample file - Contains data rich sample BSB XML message
- Cross reference document
 - ISO / TWIST tag mapping provided

The Content and Benefits of the ISO 20022 standard

- Maintains all the TWIST BSB data content
- Follows ISO 20022 standard structures, data dictionary, and syntax.
- Published by ISO as a part of its family of international standards.
- Documentation for implementers of the standard
 - MDR
 - MUG including tag mapping and sample BSB message

Sample Tag Mapping

DRAFT11 camt Mapping

MESSAGE ITEM	ISO PATH	TWIST BSB PATH	822 Set
BillingStatementGroup	/Document/BkSvcsBllgStmnt/BllgStmntGrp	statementHeader	
GroupIdentification	/Document/BkSvcsBllgStmnt/BllgStmntGrp/GrpId		
Sender	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr	statementHeader/stmntSender	
Name	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/Nm	statementHeader/stmntSender/name	N102, tbl 1
LegalName	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/LglNm	statementHeader/stmntSender/legalName	N201, tbl 1
PostalAddress	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr	statementHeader/stmntSender/contactInfo/postAddress	
AddressType	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/AdrTp	statementHeader/stmntSender/contactInfo/postAddress/addressIdentifier	
Department	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/Dept	statementHeader/stmntSender/departmentName	
SubDepartment	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/SubDept		
StreetName	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/StrtNm	statementHeader/stmntSender/contactInfo/postAddress/streetName	
BuildingNumber	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/BldgNb	statementHeader/stmntSender/contactInfo/postAddress/buildingNum	
PostCode	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/PstCd	statementHeader/stmntSender/contactInfo/postAddress/postCode	
TownName	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/TwnNm	statementHeader/stmntSender/contactInfo/postAddress/city	N401, tbl 1
CountrySubDivision	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/CtrySubDv	statementHeader/stmntSender/contactInfo/postAddress/countrySubD	N402, tbl 1
Country	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/Ctry	statementHeader/stmntSender/contactInfo/postAddress/country	N404, tbl 1
AddressLine	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/AdrLine	statementHeader/stmntSender/contactInfo/postAddress/addressLine	N301, N3C
Floor	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/Flr	statementHeader/stmntSender/contactInfo/postAddress/floor	
PostBox	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/PstBx	statementHeader/stmntSender/contactInfo/postAddress/postBox	N403 tbl1
BuildingName	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/BldgNm	statementHeader/stmntSender/contactInfo/postAddress/buildingName	
Room	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/PstlAdr/Room	statementHeader/stmntSender/contactInfo/postAddress/room	
Identification	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/Id		
OrganisationIdent	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/Id/OrgId		
AnyBIC	/Document/BkSvcsBllgStmnt/BllgStmntGrp/Sndr/Id/OrgId/AnyBIC	statementHeader/stmntSender/orgId/orgIdNum	N104, tbl1

The Content and Benefits of the ISO 20022 standard

- Maintains all the TWIST BSB data content
- Follows ISO 20022 standard structures, data dictionary, and syntax.
- Published by ISO as a part of its family of international standards.
- Documentation for implementers of the standard
 - MDR
 - MUG including tag mapping and sample BSB message
- Supports the AFP Global Service Codes

ISO BSB and the AFP Global Service Codes

Service Codes

- One of the strengths of the 822 is the use of the AFP's Service Codes as well as the bank proprietary service codes
- Allows for comparison of bank charges by category and aggregation of the same service across banks
- The BSB accepts both bank proprietary and a *second* set of standard codes – what second set? – the Globals
- The traditional AFP Service Codes are US centric
- What about comparisons and aggregations of international bank services along with our US services?

ISO BSB and the AFP Global Service Codes

AFP Global Service Codes

- We approached the AFP to develop a separate Global Code Set devoted to international services
- AFP sponsored a group of 13 banks and 3 vendors to create the Global Code Set
- AFP provided the technical resource
- Comparison between the AFP Standard codes and the new GSC codes
 - GSCs are 8 characters vs. 6 digits
 - About 636 codes vs. 2095
 - ACT00002 - Foreign Currency Account Maintenance

ISO BSB and the AFP Global Service Codes

GSCs – What do we have to do?

- Banks: should include GSCs on the ISO BSB file
- Corporate software: should be upgraded to process GSCs
 - Add the GSC master list to system
 - Capture and process the GSCs
 - Aggregate US services with international services
- There is an AFP license fee
 - Banks pay a one time global fee
 - Software vendor pays license fee for each customer
- GSCs distributed over web; file, on-line lookup or print.
 - Includes mappings to AFP Standard Service Codes
 - www.afponline.org/servicecodes



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Participation & Acceptance: Supporting Banks



Participation & Acceptance: The Banks

12 Banks are Live (as of Oct 12)

- Danske Bank (9 Countries)
- Barclays Bank (Sterling Accounts)
- Societe Generale (France)
- Citi (Western Europe, Asia, North America & majority of CEEMEA)
- JPMorgan Chase (Global)
- BNP Paribas (15 Countries in Europe and other Regions)
- Standard Chartered (10 Markets in Asia, Middle East & Africa)
- Bank of America (Europe, Asia, Canada & Latin America)
- SEB (Nordics Countries)
- Unicredit Group (Germany & 4 countries in Eastern Europe)
- Major Global Bank (10 Countries in Western Europe)
- Major Global Bank (over 9 Countries around Globe)

Participation & Acceptance: The Banks

➤ Banks with limited release

- Intesa SanPaolo
- 2 Others

➤ Banks in initial/additional development/rollout

- Barclays – rolling out countries 4th qtr '12 & '13
- BNP Paribas – rolling out 8 additional countries in progress
- Citi – client testing LatAm 1st qtr '13
- SocGen – expand countries in the future
- Standard Chartered – rolling out 2 additional countries in '12
- Unicredit – Italy and rest of Europe by end of '13
- Intesa SanPaolo – additional development
- Major Global Bank – expanding countries
- German Bank – in strategic plans
- Nordic Bank - in strategic plans
- US Bank – future plans

Participation & Acceptance: The Corporates

- **Worldwide about 40 Corporates are receiving the BSB; Including:**
 - GE
 - Boeing
 - Lufthansa
 - Siemens
 - Deutschepost

- **Corporate hot spots**
 - US
 - Germany

Participation & Acceptance: The Software Providers

➤ **Corporate Software Providers (Product):**

- Open Solutions/Weiland (BRMEdge)
- Chesapeake Systems Solutions (Smart Analysis 6.0)
- Schwabe, Ley & Greiner (Treasury Information Platform)
- Treasury Intelligence Solutions / TIS (Bank Fee Manager / BFM)

➤ **Bank Software Providers (Product):**

- Infor (Complete Billing System)
- SunTec (TBMS-F)
- Zafin Labs (miRevenue)
- Open Solutions/Weiland (BxB / Bank Xtensible Billing)

Implementation of ISO 20022 & Global Service Codes

➤ **Bank Implementation**

- 13 Banks responded to Survey
- Banks will be implementing camt.086 over next 2 years
- Most Banks will continue to support TWIST 3.1
- 4 Banks have or will implement GSC for TWIST 3.1
- 8 Banks will implement for camt.086

➤ **Vendor Implementation**

- 3 Corporate and 3 Bank side Vendors responded to Survey
- 2 Corporates implement camt.086, 3rd next year
- 3 Banks implement camt.086; 4th qtr '12, 1st qt and 3rd qtr '13
- All can or will support GSC in TWIST 3.1 and camt.086

Q & A

- **What Do You Want to Know?**
- **Ask US Now**

The Speakers:

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The Standards:

AFP Service Codes: <http://www.afponline.org/servicecodes>

ISO: http://www.iso20022.org/payments_messages.page#payments_catalogue_bsb

SWIFT: <http://www.swift.com>

TWIST: <http://www.twiststandards.org/download>

The IBC/TWIST/BSB Newsletter:

<http://www.twiststandards.org>

Bios

Paul Burstein – Senior Representative, TWIST

- Paul retired from GE after 31 years, the last 7 as Managing Director of Strategic Initiatives, Corporate Treasury. He has 40 years experience in IT and Cash Management. Paul was responsible for the development, implementation, operations and support of GE's global Treasury Application and banking technology projects. Paul worked with SWIFT, rolling out CUGs with the GE partner banks, and on Score, ISO 20022 and EnI development and adoption. Paul is now leading the implementation of the TWIST BSB, Bank Billing Standard, by banks and corporates. Paul is currently consulting to corporations, banks and software and service providers on Payment and Cash Management technology and corporate-to-banking initiatives.

Stephen Weiland – Consultant with Open Solutions

- Steve is founder of the Weiland Financial Group and a recognized authority on financial account billing and management. His expertise and services in the commercial account analysis arena have resulted in impressive fee reductions for hundreds of Fortune 1,000 companies. He is intimately involved with Financial Institution billing practices from the points of view of both the FI and the FI's customers. Current efforts include the development of the ISO20022 version of the BSB and the globalization of the AFP Common Service Codes.

Robert J. Blair - Managing Director, JPMorgan Treasury Services, Client Access

- Bob is the Product Management Executive responsible for JPMorgan Treasury Service's global SWIFT channel offerings. In this role, Bob is active in a variety of industry forums related to SWIFT and standards including ISO20022 where he is vice convenor of the ISO20022 RMG and vice convenor of the ISO20022 Payment SEG, and the USA financial services standards body ASC x9.