

eBAM: Questions and answers on account management: a meander through the issues of a current debate

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Hervé Postic of UTSIT and Karine Amas from BNP Paribas are privileged observers of the new trends affecting business, especially developments in banking connectivity. Here, they share their thoughts on the prospects for eBAM and the challenges it presents.

Why is eBAM at the forefront of our minds and why now?

Hervé Postic: Let's remember what BAM (*Bank Account Management*) was to begin with. It is now in its digital incarnation, eBAM, and is a current issue for company treasurers, as demonstrated by the survey we carried out among a panel of businesses in relation to *universwiftnet* (see insert).

Our survey shows a growing awareness of the importance of BAM, associated with a clear interest in the future benefits eBAM can offer. And since BAM is a huge consumer of time and paper, and can lead to errors, it's a good thing that companies see the advantage of moving towards eBAM, the digital version.

Karine Amas: To fully understand the challenge we are facing today, we need to adopt two different viewpoints. On the one hand, there is the underlying tendency towards digitalising all processes, across all business sectors. Companies' financial models are being revolutionised at present, but so are those of the banks. This digital wave will obviously lead to the digitalisation of processes that structure banking relationships.

Another aspect that touches more closely on the role of treasurer is the transition to SEPA. Now that this is complete for the most part, companies are ready to take the next steps towards harmonising their account management processes, especially those involving the management of powers and authorisations, which is relevant for eBAM. In other words, if things are moving towards the centralisation of banking data, eBAM is the next step.

Can eBAM be used by all companies?

KA: Yes it can, irrespective of their profile and their chosen model for the delegation of powers. But it contributes the greatest added value to international firms with a centralised structure and numerous subsidiaries, which favour maximum delegation.

What are the main benefits of this solution?

HP: eBAM is rightly considered to offer potential benefits in the area of cost control, but it can in fact offer much more. Every day, we see that treasurers presenting added value projects tend to get the go-ahead from their company hierarchy. Why? Because their project allows the

company to comply with the regulations and makes transactions secure. What's at stake is risk management, which makes eBAM a "must have" rather than a "nice to have". This is also the finding of the survey we carried out.

KA: The three keywords in relation to eBAM are harmonisation, standardisation and traceability ? all big issues for today's treasurers. eBAM helps centralise and optimise all processes associated with account management ? such as opening and closing accounts and mandate management ? while strengthening internal control. The virtues of digital can be seen in eBAM: quick and secure transactions and harmonised, automated and secure data exchanges, etc.

HP: That's right, and this brings us back to banking communication. One of the challenges for treasurers today is to work symbiotically with their bank on the execution of payment orders. This means the question of how to manage banking authorisations must first be asked within the company, which must decide on its position, and also give precise information to its bank. With eBAM, the decisions taken are replicated faithfully and also executed reliably. Individuals who hold banking authorisations need to be sure that payments will be made in a manner that complies both with the rules in force and the company's contractual commitments.

Who gains the most from eBAM, businesses or the banks?

KA: With eBAM, powers are more clearly defined and companies and their banks share the same perspective. It also means greater traceability of cash flows and transactions. Ultimately, this is a common language that accurately reflects the expectations of companies. The management of these powers can't be left to chance, remember. Companies first think about the question, and the outcome determines how banking powers are managed. All parties stand to gain from eBAM...

HP: There are certainly benefits for everyone, but the more complex the organisation is to start with, the greater the benefits of eBAM. And it's interesting that the way the company is organised is reflected in its eBAM solution ? a mirror effect. Defining a model for the management of banking powers, with the many exceptions involved, is itself the first significant challenge. Next, this needs to be communicated to the bank, with everything then programmed into a system. A high level of expertise is needed to accomplish this across several geographical locations, taking into account local regulations.

How is an eBAM strategy rolled out?

KA: Our recommendation to our customers is to build it up country by country, company by company and subsidiary by subsidiary; to take things step by step rather than aim for a big bang. First carry out the thought process, then structure the powers. Companies and their banks should continue a productive dialogue while this occurs. BNP Paribas has a team dedicated to handling these stages.

eBAM is already a concrete reality for us through our relationships with customers, as well as our participation in the Common Global Implementation (CGI) eBAM working group, whose objective is to promote the use of eBAM and its standards and processes. Banks, businesses and software companies are all part of the working group.

HP: There you are: eBAM stands for collaboration and convergence. It is crucial that all stakeholders are around the table to fully understand the possibilities and the expectations. The aim is for the bank to accept all of its customers' powers, and for companies to provide all of their banks with the same configuration models of these powers.

So eBAM is a concept involving both power and volition?

HP: Yes, and we should emphasise that while signing is a power, delegating one's signature is a means of exercising that power. Delegation increases your agility, and this is essential to be successful today. In an open world, we need to be able to share. Therefore, let's give the power to those best placed to exercise it when it is needed.

What are the next steps forward?

HP: The logic behind eBAM is good organisation of banking powers and the ability to exercise them with all of one's banks. Some applications already exist, but finance tech companies are poised to create some especially innovative solutions.

KA: the idea emerging through all of this is that eBAM is clearly not the preserve of one bank but belongs to a community of actors. This is not a standard to be imposed on everyone, but a proactive decision to be part of eBAM. We began work on eBAM in 2015 and intend to make progress on an even more collaborative mode in 2016. The question we are asking ourselves today is: How can we push forward in a way that brings all stakeholders together? It is clear to us that adopting eBAM requires all actors to be signed up to the process.

What will happen without eBAM?

HP: When treasurers are asked about their expectations of eBAM, 83% say it will simplify the management of powers, and 80% say it will guarantee that the bank has understood their needs. If eBAM is not promoted, essentially these concerns will remain unanswered, when they are in fact key aspects of ensuring long-lasting, high-quality banking relationships. All actors are affected, and all stand to gain in the long run.

KA: We are also convinced that the future of eBAM will require all actors to fall into alignment. It's a virtuous circle ultimately: the more players there are promoting eBAM, the more it will be seen as the norm.

- **Hervé Postic** is the founder and CEO of UTSIT
 - Hervé has been an expert consultant in dematerialisation and the centralisation of treasury flows for 20 years. He heads the inter-corporate working group advocating SWIFT solutions for businesses. Hervé also teaches for AFTE and SWIFT and is a partner on Paris Panthéon-Sorbonne University's Masters in Treasury Management programmes.

- **Karine Amas** is head of eBAM products at BNP Paribas
 - She has 15 years' experience with BNP Paribas and has occupied various roles in the areas of customer relations and project management. She joined the BNP Paribas Cash Management competence centre in 2014.

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