



Electronic Account Management: The Promise Becomes a Reality



All You Need is One.
Enabling an eco-friendly digital world.

Opening an account with a bank used to mean a visit to a bank branch. A customer service or account officer, a public or private sector treasurer or a designee presented credentials and documentation to the bank in person.

Each financial institution developed its own requirements for authenticating/vetting the company's credentials and relied upon unique policies and procedures to open and maintain the account. A signature card designating signatories to the account was signed and filed. Changing these signatories required written notification, and in some cases, notarization of the request. A visit to the branch where the account was booked was often required.

Global corporations and public sector organizations maintaining accounts with multiple banks in multiple countries repeated some variation of these steps with each of the institutions they did business through. Managing these accounts and the various processes designated by each bank required at least one and typically many people within the corporation or government agency.

In the 1980's, the fax machine and Federal Express made it possible to speed up the account maintenance process and to eliminate in-person branch visits. Personal computers and laptops allow an account officer to visit the corporation or government department and enter the credential information received into a front-end entry program that can be uploaded into the bank's back office account opening application. But sending the bank representative to the customer still meant in-person authentication and vetting and while this automation saved the customer a visit to the bank, it did not dramatically reduce the overall time, cost, or inconsistency involved with completing this process across multiple institutions.

Enter TWIST

TWIST, the Transaction Workflow Innovation Standards Team, is an industry group focused on streamlining the account opening process for treasurers and to facilitate Straight Through Processing (STP) between banks and their wholesale customers. TWIST seeks to deliver standards in three areas of financial processing: wholesale financial market transaction processing, commercial payments and collections, and working capital finance and cash management.

Creating standards for consistency in the account opening and maintenance process will eliminate costly and time consuming manual processing, improve audit trails to support ever expanding compliance reporting and tracking, and insure that the authentication process used by all institutions is based upon published and legally vetted guidelines and procedures that can be used interoperably throughout the world.

Corporates Sign On

In its early years, TWIST was driven by the treasury operations department of Shell. Its membership now boasts corporate treasuries, bank fund managers, system suppliers, electronic trading platforms, market infrastructure providers and learning organizations.

In the fourth quarter of 2005, the Bank Mandate Working Group (BMWG) was formed to execute on this objective of standardizing the account opening and maintenance process. This resonated with large companies and an "A" list of corporations immediately signed on to participate including Nokia, AB-GSK, ICI, Microsoft, General Electric, Shell, Oracle, Travelex, GlaxoSmithKline, Footlocker, and Proctor and Gamble.

Financial institutions supporting these large corporations were drawn into the BMWG since not being able to support the account needs of these large customers would significantly decrease bank revenues. These institutions included Citibank, JP Morgan Chase, Hong Kong Shanghai Bancorp (HSBC), Standard Chartered Bank, Royal Bank of Scotland, Deutsche Bank and Barclays. A subset of this group was designated to execute a pilot to prove the concept of electronic account management.

Proof of Concept

The Bank Mandate Development Pilot kicked off in the first quarter of 2006 with Hewlett Packard, Shell, Proctor & Gamble, Citibank, and IdenTrust. TWIST, working closely with IdenTrust, adopted the IdenTrust policy for authentication and vetting based on bank regulated Know Your Customer (KYC) guidelines.

Together with Citibank, which has built a portal to facilitate other bank participation, the pilot corporations will be able to use digital certificates issued by their banks to open accounts and perform various maintenance on those accounts across IdenTrust member banks. The pilot aims to prove feasibility for a totally electronic process with interoperability across institutions and a complete audit trail, resulting in reduced time, cost and complexity. Using the standards created by both IdenTrust and TWIST, treasurers finally have consistency across all the institutions that they do business through.

Treasurers in both the public and private sectors can now request electronic account opening and management from their financial institutions. Though in its early stages of global deployment, initial estimates for the return on investment and total cost of ownership have been quantified. Adoption of the totally electronic approach pays for itself rapidly. The convenience of accessing audit information electronically reduces time and cost for compliance reporting. All three corporations participating in the TWIST pilot have begun to see the promised benefits of the adoption.

The IdenTrust Role

IdenTrust was formed in the late 1990's to reduce the anticipated risks of doing financial transactions over the Internet. Working with a global group of banks, IdenTrust developed rules, guidelines and procedures with agreed upon interoperability throughout the world that meets FATF, UN, and World Trade Organization (WTO) guidelines for issuing digital signatures by banks. These rules, guidelines, and procedures are recognized, accepted and legally binding in 93 countries.

As a regulated financial institution audited by the Office of the Comptroller for the Currency (OCC) in the United States, IdenTrust must pass yearly audits of its rules set that incorporates the KYC guidelines. The rule set accommodates nuances in the KYC approach across country borders as approved by the financial system regulator in that country.

The IdenTrust rules set also limits liability for these certificates across its bank members. Thus, IdenTrust brings policies, a legal framework, a hosted operation and, through partners, the technology to supply a comprehensive solution to identity authentication. Other market approaches offer only the technology or operational hosting component or policies that are not globally interoperable. Relying upon the membership model deployed by MasterCard, Visa and SWIFT, IdenTrust insures consistency and standardization across banking relationships.

One of Many Processes

Electronic account management is just one of many uses for a digital certificate and signature. IdenTrust is working closely with leading global application suppliers to replace pin/password security with a comprehensive solution to identity authentication. Policies, guidelines and legal framework for issuing and using these certificates are required to truly create a spectrum of trust. IdenTrust delivers across that spectrum.

ABOUT IDENTRUST

IdenTrust is the global leader in trusted identity solutions, recognized by global financial institutions, government agencies and departments, and commercial organizations around the world. IdenTrust enables organizations to effectively manage the risks associated with identity authentication; work interoperably with countries around the world; minimize investment in creating their own policies and legal frameworks; and deploy a spectrum of products insuring trust, smarter, faster, and more cost effectively.

The only bank-developed identity authentication system, IdenTrust provides a unique legally and technologically interoperable environment for authenticating and using identities worldwide. The IdenTrust Trust Infrastructure is predicated on a proprietary framework that combines policies, legal framework, trusted operations and technology (P.L.O.T.) to create a comprehensive environment for issuing trusted identities. IdenTrust is the only company to provide a solution incorporating all four of these elements. Customer agreements are valid, binding and enforceable in more than 90 countries. IdenTrust identities are globally interoperable under uniform private contracts recognized in countries around the world. Competing offerings, in contrast, rely on a dizzying maze of public laws that vary from jurisdiction to jurisdiction. Additionally, the IdenTrust Trust Infrastructure maintains the privacy of each and every transaction processed by reading only digital certificate information, not the message itself.

Additional information can be found at www.IdenTrust.com.

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