Corporate-SWIFT Connectivity Comes of Age

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Despite being a perennial topic of discussion among corporates, transaction banking providers and industry commentators, corporate access to the SWIFT network is now a realistic option for many corporates seeking a bank-agnostic connectivity model. Both upfront and ongoing costs have come down significantly, and banks are now increasingly embracing corporate access to SWIFT where some had previously been, at best, lukewarm toward such initiatives.

However, despite this changing landscape, there is still a great deal of work to be done persuading corporate treasurers of the benefits of such an approach. This is ultimately an issue of perception — a perception among some corporates that SWIFT is an inter-bank club where involvement requires specialist knowledge and equates to high levels of complexity and cost. And working to change such perceptions should now be a priority for all those involved in the SWIFT project.

While it is certainly true that some historic SWIFT-corporate models failed to develop sufficient appeal and applicability to engage a critical mass of users, the current offering should change this. The key development came in 2007 with the launch of the Standardized Corporate Environment (SCORE), which allowed corporates to establish a single relationship with SWIFT that provided links to multiple banks. This represented a shift from a bank-centric to a corporate-centric model and overcame many of the difficulties associated with SCORE's predecessor, the Member Administered Closed User Group (MA-CUG).

Broadened Appeal

The key failing of the MA-CUG model was that it required corporates to register with multiple groups — one for every bank they wished to communicate with. As well as only requiring a single registration, SCORE has also eradicated inconsistent message types, delivering the type of standardization that corporates joining earlier SWIFT schemes were seeking. Another weakness of previous models of corporate access, including MA-CUG, was the need for corporates to have a bank sponsoring and facilitating their access to the network. Under SCORE, however, responsibility for corporate access lies solely with SWIFT.

The criteria for SCORE eligibility were widened in 2009, opening up access to any corporate that is recommended by a SWIFT bank located in a Financial Action Task Force (FATF) country. The previous rules stipulated that corporates had to be listed on a regulated exchange, effectively barring many large, privately owned multinationals such as IKEA, Cargill and Virgin Group. And, in the same year, a shortened version of the SCORE agreement was released, making onboarding quicker and easier while also making improvements to the broader model and its mechanics.

Despite these improvements in the corporate-SWIFT model, making the decision to go down this route is not something that is ever made lightly, or in isolation, but normally forms part of a broader strategic change program within an organization. However, the benefits of using the corporate SWIFT model are becoming increasingly visible. For example, corporates operating a single ERP or treasury system will find that SCORE offers them the greatest advantages in terms of simplifying their connectivity models and establishing a single streamlined gateway to their multiple bank relationships.