Corporate treasurers have followed the evolution of electronic bank account management (eBAM) with great anticipation since 2006, when a small group of banks, treasurers and vendors set out to define a standard set of messages and processes to enable corporations to share account information with multiple banks.

Early interest in eBAM turned to industry fatigue as a collapsing economy, vendor consolidation and 60,000 pages of bank regulatory reforms delayed the rapid technology advances clients have come to expect. Nonetheless after years of development and testing - and exaggerated reports of its demise - eBAM has finally arrived. A group of leading banks, including J.P. Morgan, has broken down key barriers to multi-bank adoption of eBAM by using existing tools and is ready to implement it on a global scale so banks can help treasurers streamline their account management process.

(continued)
**eBAM: Finally Ready to Realize its Potential**

**A Multi-bank Process**

From the outset eBAM was conceived as a shared process that corporations could use to centralize and share information across multiple banks, using the International Organization for Standardization (ISO) certified set of 15 eBAM messages. However, as the marketplace evolved and eBAM development efforts dragged on, banks and third party treasury vendors moved forward with proprietary solutions. While these applications offer much more efficiency and far greater control than the traditional paper process, they do not offer visibility and controls across a company’s entire global banking network.

By leveraging the eBAM process, today’s innovative third party applications become even more valuable for the treasurer. The applications provide a single repository for organizing, storing and managing all the documentation required to support every account everywhere in the world.

Applications tie in to corporate human resources (HR) systems, making it easy to identify signers who leave the company and issue instructions to remove their signing authority. They are also built to allow multiple banks to access instructions and accompanying documentation. This feature enables treasuries to streamline workflows and save money by eliminating the use of couriers to send signed signature cards.

While these proprietary portals facilitate automated account management activity, they are not eBAM. By definition, eBAM delivers a true multi-bank account management capability, using the ISO standard message set. Without eBAM, treasurers with multiple banking relationships still have to contend with different workflow processes presented by their different banks. At the end of the process, the account or signer information still needs to be consolidated with information from the other bank’s portals in order to gain visibility across an entire account structure.

In contrast, eBAM makes these third party applications more valuable by enabling corporations and banks alike to use one standard process and a secure channel to move data and documentation seamlessly between corporations, third-party applications and banks. Corporations can make an account change once, generate the eBAM message, attach the appropriate documentation and broadcast that change to multiple banks. The system then automatically tracks all the acknowledgments and confirmations to assure that all requests were properly executed across the corporation’s entire bank network.

**A New Breakthrough**

**MULTI-BANK NETWORK:** Banks have discovered a practical way to address the complex issues of process and channel that have held eBAM back by using existing technologies. Understanding that only an agnostic channel would deliver true efficiency, banks determined that they can rely on the SWIFT secure channel and other host-to-host channels to move data and authenticate requests. While eBAM works with any secure host-to-host channel, the SWIFT network offers some practical advantages as the recognized standard. With other host-to-host methods, corporations must negotiate terms for, and establish and maintain individual secure communication channels to support eBAM activity with each bank. As a multi-bank network, SWIFT can provide corporations with access to all (or most) of their banks using the same consistent, secure communication channel. Also, SWIFT offers processes for delivery notifications and end-to-end signature, all of which help strengthen message authentication.

**STREAMLINED AUTHORIZATION:** In addition, banks have found an easy way to sidestep a vexing issue that has dominated the eBAM debate and has debilitated this nascent process since its inception: the question of which personal digital certificate companies should use. Banks may elect not to require digital signatures on eBAM messages, relying

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instead on SWIFT’s authentication and validation technology. In fact, the exchange of such corporate level certificates as SWIFT PKI (public key infrastructure) is integral to any secure channel transmission. As such, these certificates can be accepted as authorization on behalf of the corporation to execute account management activity. After all, the financial system relies on these same corporate level certificates to move trillions of dollars in payments around the globe each year. Clarity on this issue has helped corporations move forward to adopt eBAM at a much quicker pace.

**STANDARD E-FORMS:** Beyond the issues of channel and authentication, eBAM also requires a consistent process and user experience that makes it easy and attractive for companies and banks to participate in. To address this issue, banks have created a standard way to capture bank-specific details related to account services. The solution: a standard electronic form (e-Form) that can capture XML formatted data that is supplemental to the ISO standard, and specific to the bank. For example, when a corporation wants to open an account with a specific bank, it goes through the standard request in its eBAM application. Once it selects the bank, the system presents the user with the chosen bank’s e-Form to complete. As the user completes the form, the intelligent document captures the input, converts and saves the input as an XML string and binds the data to the form. The user attaches the form to the eBAM message and transmits it to the bank.

From the user side, the entire request is electronic. There is no need to print, sign and scan the document and the e-Form can be saved with the account record for audit purposes. Banks receive not only the ISO standard XML and the document, but also the supplemental data captured on the e-Form. This is a powerful enabler to help banks transform from a document driven process to a straight-through data driven process.

**GLOBAL COVERAGE:** With eBAM, corporations are able to use this same standard process anywhere in the world they can open a bank account. In cases where paper documents are still required, the paper can either accompany eBAM messages or follow the electronic transmission at a later date. This parallel process delivers the huge advantages of automated logging, authentication, acknowledgment, confirmation, notification and integration. Ultimately, separating the data from the paper provides both banks and corporations with the improved efficiency, control and visibility of a data driven, closed loop process. It won’t happen overnight, but as more countries become comfortable with the enhanced veracity and auditability of the electronic process, the need for the parallel paper process will fade away.

**A Promising Future**

With the arrival of eBAM, treasurers and banks now have the secure channel and standard process they need to manage and service bank accounts on a global scale. As the solution uses existing tools, it is easy to adopt and use. With a production eBAM service in place and practical experience to share, J.P. Morgan is one of the banks working with industry stakeholders to drive broad adoption of the eBAM process. In recent months SWIFT formed a working group of banks, corporations and vendors under its Common Global Implementation (CGI) initiative to achieve this goal.

In the meantime, there’s no reason for corporations to wait for eBAM technology to reach its full expression before adopting the process. Help is available to enable them to take full advantage of the evolving eBAM environment.
For more information, please contact your J.P. Morgan Treasury Services representative or visit us at jpmorgan.com/ts.

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