

**Bringing Common XML Payment Standards
to the Corporate Community:
The IST Harmonisation Team Effort**

Core Bank Group/ IST Harmonisation Team
November 7th, 2003

Agenda

- The Global Vision
- The Core Payment XML Kernel
- The Objectives of the IST Harmonisation Team
- Benefits
- Time Line for Achieving the Payment Kernel
- Success Criteria
- Risks & Mitigation
- Next Steps
- Questions/Discussion

The Global Vision

Objective

- ...drive a single “Core Payment XML Kernel” that can be used globally by any corporate, irrespective of size and sector and by any servicing bank regardless of location...

Tactics

- Identify and resolve content differences between the messages so a single set of content can be used
- Recommend a common core payment that can be accepted into each of the standards bodies for use
- Establish a method of interoperability that allows the Core Payment XML Kernel to have extended or related messages packaged with it

Purpose

- Facilitate a single Core Payment XML Kernel for Straight Through Processing
- Provide reconciliation for Corporates
- Enhance the transparency of payments
- Reduce costs of a host-to-host file delivery implementation

The bank group feels that it is essential that the application vendor community support this direction and the Core Payment XML Kernel itself.

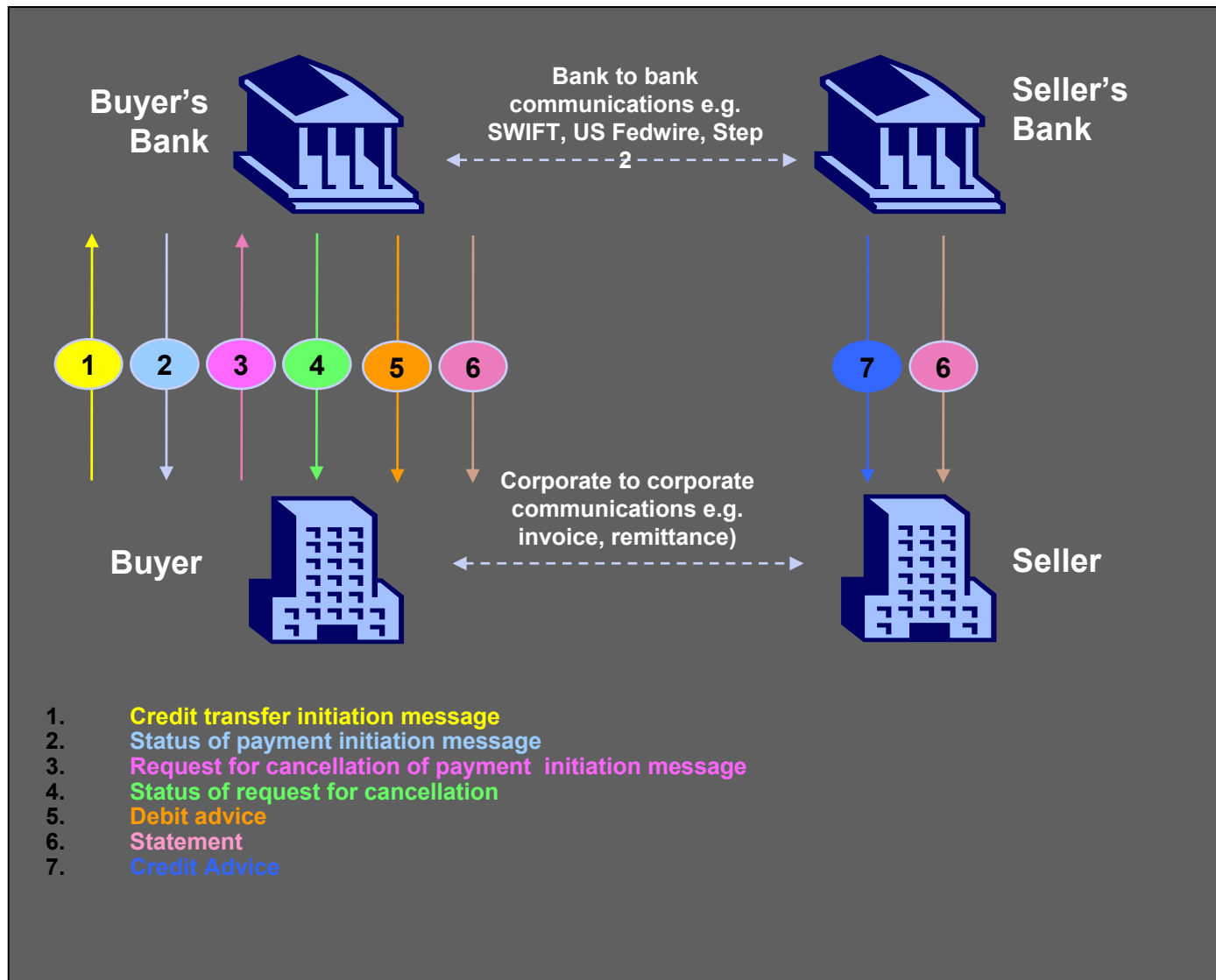
Excerpts from the Convergence Statement, November 2003



What is the “Core Payment XML Kernel”?

- It is the definition of the XML message that will be used for making a payment or direct debit as indicated in the following message types:
 - Payment Initiation
 - Status and Advice
 - Reconciliation
- To be addressed in future phases:
 - Direct Debit
 - Bank Statement
- Out of current scope:
 - Extended Remittance Advice
 - Working capital management and card payments

Message Usage: Payment Initiation and Advising



Objectives of the IST Harmonisation Team

- Adopt a business model
- Resolve content differences between messages
- Standardize the representation of the content
- Establish a method of interoperability to have extended or related message packaging
- Recommend a common core payment that can be accepted into each of the XML standards bodies

Who is the IST Harmonisation Team?

- Members from four leading industry standards organizations with additional support provided by DISA.
 - **IFX**, creating and maintaining standards for financial business processes and services globally, including the corporate market
 - Susan Colles, Frank Eaton, Wim Guerden, Mike Haehn, Len Schwartz, Sid Sidner
 - **OAGi**, leading standards development in the ERP marketplace
 - David Connelly, Garret Minakawa, Mike Rowell
 - **SWIFT**, leading financial services standards and network, used to facilitate transaction delivery across financial providers globally
 - Jean-Marie Eloy, Carlo Palmers, Chantal Van Es
 - **TWIST**, global treasury management and commercial payments standard
 - Bob Blair, Steven Hartjes, Len Schwartz, Jacques Urlus

General Benefits to all Communities

- Set clear direction for one single standard for core payment functionality
- Reduce operational cost by increasing the level of Straight Through Processing (STP)
- Improve interoperability between market participants
- Promote universal applicability

Specific Benefits to the Corporate Community

- Facilitate straight through processing
 - Acknowledgement of Receipt of Payment Instruction
 - Debit Advice in respect of Payment
 - Credit Advice to Beneficiary and Reconciliation of Account Receivables
- Improve payments process
 - Full Remittance Advice linked to Payment
 - Counterparty data
- Reduce costs of a host-to-host file delivery implementation
 - Open, harmonized XML message standards
 - Flexible standard that can be used by any corporate irrespective of size with any bank
 - Interoperability with other industry verticals
 - Potential for off-the-shelf solutions from system vendors
 - Leverage ERP investment to automate

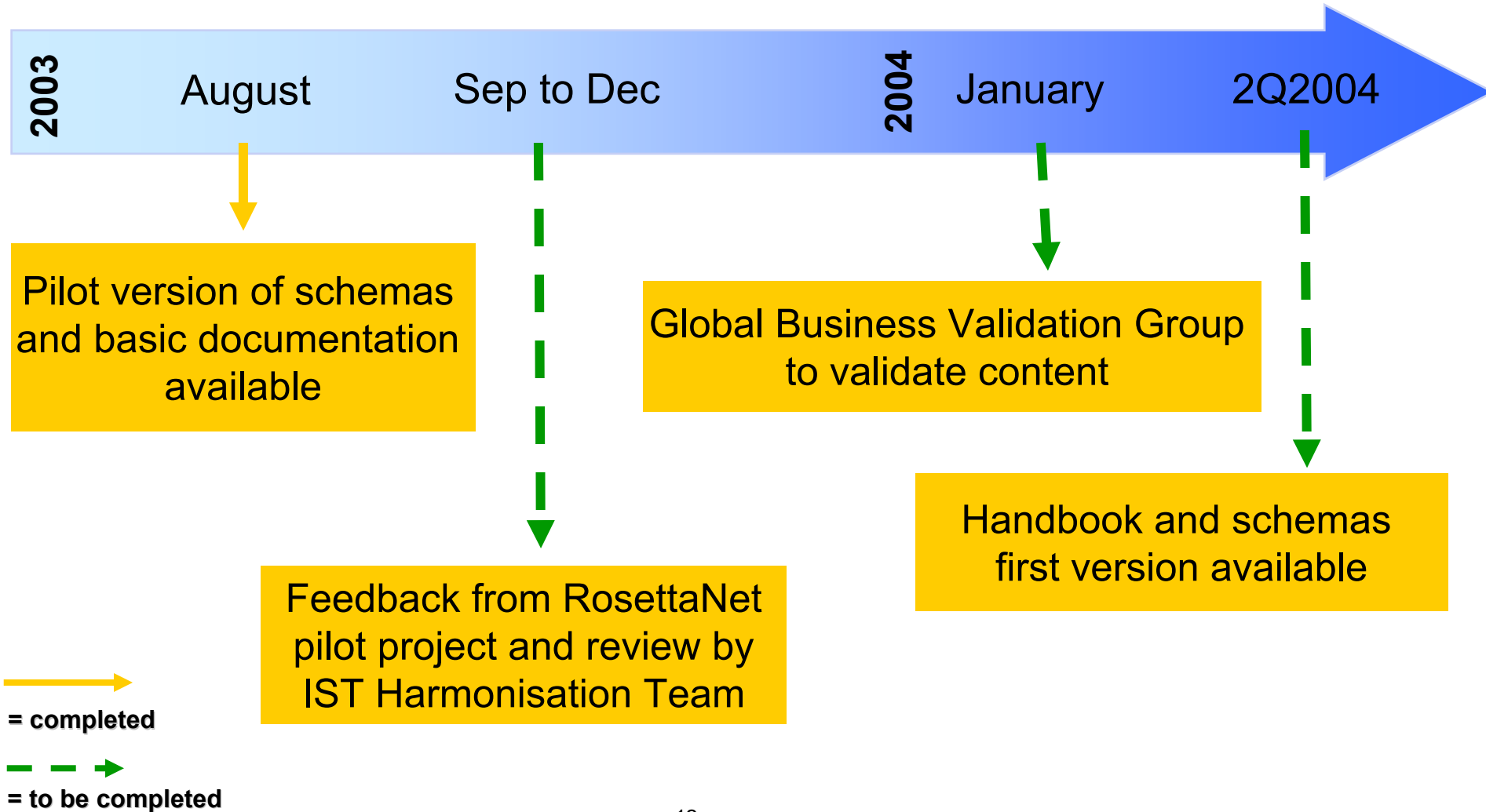
Specific Benefits to the Bank Community

- Respond to corporate demand
- Minimize number of standards to be developed and maintained
 - Focus effort on XML standards development
 - Lower development and testing expense
 - Reduced resources required to participate in multiple standards forums
- Universal applicability of standards
- Reduce costs of a host-to-host file delivery implementation
- Reduce costs and improve customer service through better STP

Specific Benefits to the Software Community

- Respond to corporate demand
- Minimize number of standards to be developed and maintained
 - Focus effort on XML standards development
 - Lower development and testing expense
 - Reduced resources required to participate in multiple standards forums
- Standard development tools can be used, reducing required investments
- Universal applicability increasing customer value of payment related utilities

Time Line for Achieving Core Payment XML Kernel



Success Criteria for the Core Payment XML Kernel

- Short-term
 - Inter-operability
- Mid-term
 - Usability
 - Availability
 - Stability
- Long-term
 - Market Penetration

Risks & Mitigation

- Risk
 - The continuation of multiple XML standards.
- Mitigation
 - Our strategy is to maintain a very narrow scope.
 - The Core Payment XML Kernel is industry agnostic.
 - The transaction instruments are very stable.
- Result
 - It eliminates the need for other groups to develop payment standards in XML.

Next Steps

- Use individual member efforts to expand and open dialog with other standards groups
- Use individual member efforts in meetings with the corporate community
- Consider similar event for a group of corporates and treasury associations
- Leverage existing web site support to make status/documents available to various interested communities

Questions/Discussion