

Electronic Banking in Transition

Treasurers need interfaces for a wide range of processes. Due to the numerous options, choosing the right interfaces can be challenging. By Gregor Opgen-Rhein

Acting as Payment Service Providers, banks offer their corporate customers a growing number of digital banking services. In addition to operational services such as processing payments or delivering balance and transaction information for their own accounts as well as third-party bank accounts, these also include administrative services such as the optimisation of processes for KYC and electronic account opening (eBAM). In addition, there are new possibilities for data analysis, such as beneficiary name verification or an IBAN name check for the account details of suppliers and other payment recipients.

These services are provided both via classic technical interfaces such as file transfer channels (EBICS, MCFT, Host-to-Host or SWIFT) and increasingly via so-called Open Banking APIs.

Diverse Interfaces

Which of these interfaces is the future? The answer to this question depends on what kind of services are offered, whether the technical interfaces are standardised and what the costs are.

An API or a file transfer interface alone does not offer any added value. The decisive factor is which applications and functionalities are based



When is an API useful?

on these interfaces. Here, solution providers and developers are called upon to integrate the interfaces and data streams into existing applications and processes. Drivers of this initiative are banks, with their innovative portfolios and corporates following their own push for digitalisation.

Applications for real-time processing and fraud prevention are at the top of the wish list of corporates. Real-time processing should be continuous and cross-system, and decisions such as whitelist screening, sanctions list screening or cash disposition should be automated. In future, a cash manager cannot be expected to be permanently located in front of a screen in order to monitor incoming and outgoing payment flows. In these scenarios, the responsible employees will only be informed about predefined events via push notifications and can otherwise concentrate on their management tasks.

When does it make sense to integrate an API and when does it make sense to use a classic channel? And can the two technologies be combined? The decisive factor in answering this question is whether the professional and technical offering of the bank or the service provider meets the customer's needs. In the age of digitalisation, the desire for standardisation and automation is at the forefront of corporates' minds, because manual activities tie up valuable working time.

If the interfaces for typical multi-bank services such as payments are not standardised across banks, costly bank-specific onboarding projects are required and corporates will suffer from less flexibility in determining which banks to use. In many cases, however, added value can also be achieved with a non-standardised procedure, provided that a task can already be optimised or digitalised with the support of only one bank or service provider, regardless of whether this is done via a classic file transfer interface or via an API.

To ensure the success of new services and the technology behind them, close cooperation between corporates, banks, service providers and system integrators will be crucial. This will pave the way for the objectives to be met and all parties satisfied with the resulting solutions.

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