

# SAP Partners with Banks and Customers to Speed Delivery of Corporate-to-Bank Connectivity Support



## Applies to:

Business Suite ERP Financials, Bank Communication Manager, Payment Medium Workbench

## Summary

SAP is incorporating support for the Common Global Implementation (CGI) Initiative for ISO 20022 Corporate-to-Bank transactions. To accomplish this, SAP has run a Community Development Group consisting of Banks and other CGI members who have mapped the CGI transaction templates to SAP internal data fields. Additionally, SAP is in the process of establishing product support for many of these transactions in Business Suite ERP Financials, Bank Communication Management, and the Payment Medium Workbench as appropriate.

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## Author Bio



Mark has been with SAP for 6 years and currently works in the Technology and Innovation Platform Board Area as part of the Industry Standards and Open Source Group where he specializes on business and semantic technology standards. Prior to SAP he worked for a US Federally Funded Research and Development Center where he established and led their XML practice. He represents SAP in various standards activities, to include being the SAP Advisory Committee Representative for the W3C; editor of the UN/CEFACT Core Components Technical Specification and Core Data Type Catalogue, and Chair of the Applied Technology Group and XML Naming and Design Rules specification.

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## Introduction

SAP is incorporating direct product support for next generation ISO 20022 corporate-to-bank connectivity standards in its Payment Medium Workbench, Bank Communication Manager, and Business Suite ERP Financials offerings. These standards are already in use across a broad spectrum of banks and their corporate clients for credit transfer initiation, direct debit, payment status reporting, bank statements, account reports and debit credit notifications. Specific instances of these transactions for example are those defined to support the Single Euro Payment Area (SEPA).

Heretofore the uptake of these ISO 20022 standards has been difficult. However, a new initiative is underway that will significantly enhance their viability. That initiative – the Common Global Implementation Initiative – consists of banks, customers, and solution providers who are working in close collaboration to define global implementation profiles for corporate-to-bank transactions. These implementation profiles significantly reduce the variability of the underlying ISO 20022 standards. For example, these profiles represent a reduction in the number of elements in the credit transfer initiation transaction from more than 900 to less than 200.

## Background

SAP sees great value in the CGI work because of its potential for SAP offerings. Specifically, SAP ERP Financials, and the Bank Communication Management and Payment Medium Workbench are key SAP offerings impacted by this this initiative. To understand why, let's look at the functionality of these offerings.

### SAP Business Suite ERP Financials

SAP Business Suite ERP Financials provides modular applications for Accounting and financial close, treasury and financial risk management, invoice to pay, receivables management, shared services for finance, and travel management. These solutions tightly integrate with SAP's full finance solution portfolio, to include SAP BusinessObjects solutions for enterprise performance management and governance, risk and compliance.

### Bank Communication Management

SAP Bank Communication Management (BCM) is used for communication of company financial transactions and includes enterprise services for creation and tracking of payment orders and for receiving bank statement. BCM provides full payment flow transparency and gives control of payment transactions. It is useful for companies who deal with a single house bank or with multiple house banks. BCM enables streamlined communication with house banks via one single communication channel.. The enterprise services use SAP NetWeaver Process Integration (PI) and SAP communication management.

### Payment Medium Workbench (PMW)

SAP Payment Medium Workbench (PMW), which is imbedded in a development environment, provides customers the ability to initiate payments to their house banks. The PMW can be used by several SAP components, including FI-AP/AR, FI-TV, HR-PY, TR-CM, and TR-TM. All of the PMW objects (program objects, dictionary objects, and mapping tool objects) are accessible with a simple double click. PMW includes both customizing and creating payment media:

- Customizing – defining and adjusting payment medium formats, adjusting note to payee, assigning payment medium format and note to payee, and creating assigning and transporting selection variants.
- Creating – creating payment media without documents in file form, output of the created data media into DME administration, creation of payment advice notes, output of the created payment advice notes as letter, fax, or IDoc, and output logs

## XML based standards support

From a semantics perspective, SAP has long supported the World Wide Web Consortium (W3C) XML syntax and various XML based business standards, including those from ISO 20022, UN/CEFACT, RosettaNet, CIDX, and OAGi. SAP plays an active leadership role in many industry-specific and cross-industry standards efforts to help define usable semantic based standards that employ a consistent syntactic methodology. SAP has provided several industry-specific adapters to enable direct support of those standards. We have also incorporated the UN/CEFACT Core Components Technical Specification methodology for data type definitions, core data types, and XML expressions in our own internal Global Data Types (GDTs) and have pushed for their adoption in a number of the industry standards initiatives.

From a technical perspective, NetWeaver PI can import/export XML Schema to/from the Enterprise Service Repository. Validation of XML created in the sender adapter is handled by the SAP or third party sender adapter. Validation of PI messages in inbound and outbound processing is handled as a pipeline step of the Integration Engine.

## Common Global Initiative for Reducing Ambiguity

In the 1970's and 1980's electronic data interchange (EDI) standards emerged from the American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 and the United Nations Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT). These EDI standards were built when data storage and transmission rates were very expensive and as a result had little semantic consideration in their development. A typical transaction such as an invoice supported millions of combinations/permutations of data because they were intended to support every industry and every possible use. Specific message exchanges required developing detailed implementation guidance between trading partners. These implementation conventions reduced the size of the potential transaction but still allowed for significant variations, which in turn drove high integration costs and time delays in enabling information exchanges.

The advent of XML schema has addressed the issue of semantics, but not of size. The ambiguity inherent in a typical XML based transaction is still quite prohibitive. For example an ISO 20022 Credit Transfer Initiation transaction (pain.001.001.03) has over 1300 data elements, many residing as choice elements or with underlying code lists. So although XML has reduced the semantics issue, implementation remains a costly, time consuming effort requiring significant understanding of the structure and semantics of the standard and the manner in which it is being used in a given circumstance.

The ISO 20022 Common Global Implementation (CGI) initiative is directly addressing this ambiguity issue in the Corporate-to-bank space. CGI consists of national and global banks, corporates, service providers, and consultants. CGI has initially focused on developing agreed upon templates for six transactions:

- Customer Credit Transfer Initiation (pain.001.001.03)
- Customer Direct Debit (pain.008.001.02)
- Customer Payment Status Report (pain.002.001.03)
- Bank To Customer Statement (camt.053.001.02)
- Bank To Customer Account Report (camt.052.001.02)
- Bank To Customer Debit Credit Notification (camt.054.001.02)

The templates developed for these transactions contain specific guidance on an element by element basis with additional country specific usage information. For example, the Customer Credit Transfer Initiation contains usage indicators and specific rules for ACH – Domestic and International, Wires – Domestic and International, Cheques/Drafts, SEPA Customer to Bank ONLY, SEPA Notes, and general usage rules. For Customer Credit Transfer, more than 900 elements have been reduced to less than 200. When the various codes are factored in, the reduction in possible variables numbers in the tens of thousands.

CGI work is conducted by three working groups – WG1 Credit Transfer & Status Report, WG2 Account Reporting, and WG3 Direct Debit. SAP is a proud member of CGI and key SAP employees are assigned to all three working groups.

## SAP Implementation

In December of 2010, SAP formed a Community Development Group (CDG) with the specific charter to create publicly sharable maps of the six CGI corporate-to-bank transactions and SAP data fields. The CDG membership includes key banks and others to include:

- Banks – Bank of America, JP Morgan Chase, Citi Bank, Royal Bank of Scotland, HSBC, Wells Fargo, Danske Bank, Deutsche Bank, Nordea
- Associations and Technical Experts - Danish Bankers Association, SWIFT, TDI Consulting, UK Payments Administration

The banks were key drivers in forming this group because they saw the value that the initiative would have for their customers and for CGI. “At Bank of America Merrill Lynch, we have long supported and been a leading driver of the Common Global Implementation initiative regarding ISO 20022 messages,” said Cindy Murray, BofA Merrill head of Global Treasury Product Infrastructure, Platforms and eCommerce. “We have helped lead this SAP Community Definition Group that is taking the CGI templates and developing standard data maps because this work will ultimately make it easier for our clients around the world to realize the intended benefits of the entire CGI standardization effort.”

Using the CGI profiles, internal SAP tables, SAP Core Component Technical Specification conformant Global Data Types, and other SAP tables as appropriate, all six maps were recently completed. The maps are an element by element analysis of the CGI template where each element has been mapped to an existing SAP data element, a newly created SAP data element, or defined as customer customization for elements we don't expect much usage for.

These maps are certainly valuable, but SAP has gone beyond just creating the maps to actual implementation within SAP applications. Working with the banks, we have conducted testing for the first of these – Customer Credit Transfer Initiation – and it is now available for PMW as note 1665873 in the SAP Service Marketplace. Interested customers can submit a Customer Support Ticket for activation as part of a supported installation.

## Summary and Next Steps

SAP continues to work towards implementation of the remaining CGI transactions. We are working towards Direct Debit availability for PMW in Q2 2012, and Payment Status Report to be available for BCM in Q2 2012. We are also working towards bank statement in Business Suite ERP Financials in Q1 2012. The remaining transactions will be addressed once we complete these initial four.

As we deliver these offerings, the banks and their customers are beginning to realize just how valuable they are, which in turn is re-enforcing their own focus on CGI compliance as well. “The Danske Bank Group fully supports the globalised efforts to standardise financial instructions based on the ISO20022XML/CGI standard. We have been a member of the international CGI forum and SAP's mapping group since the beginning, and the benefits are substantial for both customers, Danske Bank and for SAP and other ERP providers,” says Claus Sørup Rasmussen, Global Head of Cash Management Sales at the Danske Bank Group. “Danske Bank is working to become CGI compliant in the near future, so the CGI initiative is extremely good news for customers because they will be able to standardise their format interface to banks that already comply with CGI standards,” he emphasises.

Going forward, future articles will address the specifics of each CGI template and how they are being used in the respective SAP application.

## **Related Content**

[Common Global Implementation Initiative](#)

[Payment Medium Workbench](#)

[Optimizing Working Capital with Business Suite 7, Business Networks, and Standards](#)

[Bank Communication Management](#)

[Modifying Standard PMW Formats](#)

[Streamlining Electronic Payments & Cash Management Using ISO 20022 XML Version 3](#)

[An Important Advance in Corporate-Bank Connectivity](#)

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