



Supporting clients through the payments setup process at BMO

Webinar
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Canada - bmo.com/treasuryandpayments
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The manual review / test cycle
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Client profiles & client challenges
Payments Canada role
Strategy to support all clients effectively
- 03** Demo
XMLdation solution
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Client sends files to bank for review / test.

Manual review / test cycle can be slow

Client



Treasury Consultant

Send payment file for review



repeat many times



Return review comments

Bank



Integration Consultant

Client Profiles

Client initiatives drive the need for new payments setup

Changing banks

Client may be moving to a new bank, or consolidating their payments with one bank

First Time Automators

Client who is growing, and implementing their first ERP

Centralizing Payments

Client may be setting up a payments factory or centralising accounts payable

Global Standards

Client who wants to adopt the same standard for payments messaging globally standards

ERP Migration

Client migrating to a new ERP

Client Profiles

Introducing file-based payment requires IT
Organisation and skillset of IT resources varies

Consultancy vs in-house

80% hire consultants - others have an in-house ERP person

Variable skillsets

IT may be

- Familiar with legacy formats, but not ISO 20022 XML
- Familiar with ERP functions, but not familiar with payments
- Familiar with payments in one country, but not in others
- Well versed in ISO 20022 and in applicable payment types

Challenges for clients

1. Knowing how to populate the files

- The usage rules for payment types in countries vary
 - e.g. Wires must include a creditor address, where as US ACH and Canadian EFT don't require this
- The usage rules for ISO 20022 in the US and Canada can be tricky
 - The clearing systems still use legacy formats (NACHA, FedWire, SWIFT MT and CPA)
 - This affects how ISO 20022 fields are populated by clients, because the bank has to map the fields to the formats used by the clearers.
- ISO 20022 and XML is new for some clients

2. Ensuring they are prepared for all responses sent by the bank

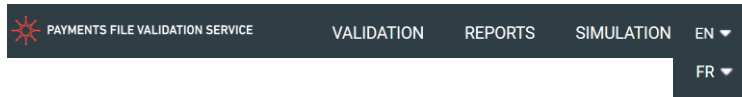
- Responses for rejections can vary depending on why the payment is rejected
- Example / mock up responses, and UAT output, are usually not good enough

Project Challenges:

**How do you support global
project teams with different
skillsets**

The Payments File Validation Service (PFVS)

A Payments Canada Service, powered by XMLdation



Welcome to



Your bank logo goes here

Start by selecting "Validation" or "Simulation" from the menu bar.

- As part of payments modernization in Canada, we've chosen the global payment messaging standard ISO 20022 as the standard of choice for our new payment systems.
- We've developed an optional online service to support financial institutions in Canada during the industry-wide transition
- Financial institutions that choose to subscribe have a flexible, efficient way to help ensure that corporate payment files meet their requirements for ISO 20022, as well as other payment file types.

BMO Strategy

Provide easy to use 24/7 environment to clients for testing files

Validation Service

- Encapsulates bank product manager's knowledge of payments usage rules
- Provides guidance on how to populate payments files

Simulator Service

- Simulates the response files that client needs to be able to parse
- Generates the responses based on realistic (test) data provided by the client



Demo

1. Validating a payments file
2. Simulating a bank response

Client Impact – Faster to Go-Live



 UAT Approval



 UAT Approval

Recap on Benefits



Clients catch errors earlier

Less reliance on bank for troubleshooting



Better guidance for clients and consultants

Requires less knowledge of payments processing at the bank



Testing is easier

Client doesn't need separate XML editing software



Safe environment where clients can make mistakes

Service is completely independent of bank systems. Trial and error is encouraged



Go live faster

Easier, faster testing means clients go live faster



Large company – with experience of the old and the new process

- “In the process of setting up our new SWIFT XML payments, we initially had to go back and forth with the BMO IT team to validate our file format to make sure it respected all formatting rules. This new Service is very easy to use and greatly speeds up the validation process. This automated service was a great idea! Thank-you to the BMO team!”

Questions and Answers



Thank you!

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