

# Emerging Paradigms in Financial Supply Chain



(L-R) Charles Legrand, SWIFT; K Ganesh, Dr. Reddy's; Ramesh Ganesan, ABN AMRO Bank; Sanjay Dalmia, Cash Tech; Jayan Menon, ICICI Bank; K Unnikrishnan, IBA; D Ray, State Bank of India.

CashTech Solutions and Indian Banks' Association (IBA) jointly hosted a conference titled 'Emerging Paradigms' in the area of Financial Supply Chain on 20th July, 2007 at Hotel Taj President, Mumbai. SWIFT and Institute for Development and Research in Banking Technology (IDRBT) had also teamed up with the organisers to help participants - senior executives from corporate finance and treasury functions as well as senior bankers - in streamlining financial activities between banks, corporates and their trading partners.

The conference was inaugurated by K Unnikrishnan, senior vice president and deputy chief executive of IBA. He set the tone of the conference with a brief on evolution of cash management and trade services over the years, highlighting the increasing need for standardised documentation and financing, resulting out of booming global trade. P H Ravikumar, managing director and CEO of National Commodity and Derivatives Exchange Ltd (NCDEX), in his keynote address brought in the perspective of electrification across the invoicing and settlement cycles and spoke of NCDEX's capabilities of handling one million messages per second and daily payments and receipts to the tune of \$500,000 to \$5,000,000. In a special address, H Srikrishnan, executive director, YES Bank, pointed out that it is too late to go solo and emphasized on forging strategies on a partnership approach between service providers, aggregators and IT solution vendors to eradicate inefficiencies in the financial supply chain. He said that 'banks need to add value by changing their role from traditional cash management service providers to payment financiers and integrated financial supply chain solutions providers.'

The first panel discussion on 'How can corporates and banks together unlock the value of financial supply chain?' was moderated by Suresh Sethi, president, transaction banking, branch operations and services, Yes Bank. Charles Legrand, regional head - Middle East & Indian subcontinent, SWIFT, briefing the participants about SWIFT's efforts towards servicing corporates, said: 'SWIFT is committed to building partnerships throughout the cycles of invoicing and settlement and achieving straight through processing therein'. Over 200 corporates are already using SWIFT through financial institutions in 20 sectors.' K Ganesh, vice president, finance, Dr Reddy's Laboratories, observed that 'banks and corporates can promote a transaction-processing centre that will accept corporates' responsibility of matching transactions and ensuring payability of transactions.' Arvind Rangarajan, India head, new products, global retail and commercial banking, Barclays Bank, emphasized that 'bank's role in financial supply chain is to authenticate transactions and bring in the trust that ensures liquidity, faster the banks can achieve this the better it is for enabling the financial supply chain.' Anant Purandare, DGM - treasury, Bajaj Electricals, proposed that 'with suppliers uploading their sales register on the web to get authorised by corporates, banks can offer financing without paperwork. Technology should enable a paperless environment and gradually lead to scrapping of Negotiable instruments.' A Rajan, country head, operations, HDFC Bank, commented that financial supply chain is about reducing the gap between supply and payment. Calling it a win-win for both suppliers and buyers he urged effective use of SFMS and SWIFT. Mallikarjuna Rao, chief manager, Oriental Bank of Commerce, remarked that RTGS, NEFT or Cheque Truncation are complementary.

The second panel discussion on 'How do we enable the requisite infrastructure to support the Financial Supply Chain?' was moderated by Sanjay Dalmia, CEO, CashTech Solutions. Initiating the discussion, Dalmia observed: 'There has been an increased capacity among corporates to consume technology solutions'. Ramesh Ganesan, senior vice president & country head - transaction banking, ABN Amro Bank, said that 'banks can look at offering integrated credit and settlement risk management as the value proposition to corporates.' D Ray, general manager, payment systems group, State Bank of India, said that 'The need of the hour is standardization of systems and channels. Making the network available at the grassroots level will further determine the success of the financial supply chain.' K Unnikrishnan observed that 'SFMS should be integrated with core banking solutions enabling supply chain parties achieve straight through processing.'

The conference concluded with a vote of thanks by Dipali Ekbote from CashTech.