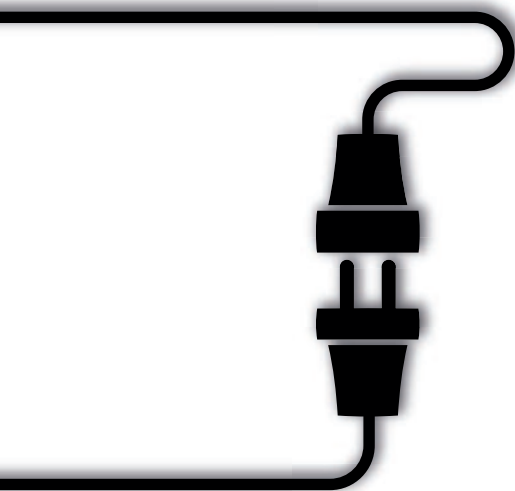
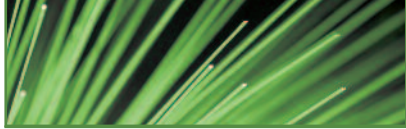




# Treasury APIs: Adding Value to the Bottom Line

by **Tom Durkin**, Head of Global Digital Channels, Global Transaction Services, Bank of America Merrill Lynch

**T**o some, application programming interfaces, or APIs, may just seem like another industry buzzword. In reality, however, they offer significant process efficiencies and strategic opportunities for treasurers – and represent an exciting digital future for the banking industry, says Tom Durkin, Head of Global Digital Channels, Global Transaction Services, Bank of America Merrill Lynch.



### Why is there so much interest in APIs at the moment and why should corporate treasurers pay attention to this innovation?

It's important to note that APIs aren't actually a new technology; they have been around for years. What's changed is that the underlying programming languages that enable APIs have become much more robust and developer-friendly. That, coupled with an increase in regulation around open banking, most notably the Payment Services Directive 2 (PSD2) in Europe, has fuelled innovation and interest in APIs.

Since APIs will significantly change the banking landscape and the way banks interact with their customers, just as they have caused seismic shifts in other sectors, APIs deserve to be on the treasurer's agenda. Think for a moment about the seamlessness of apps such as Uber, which leverage APIs to integrate with services like Google Maps and various payment interfaces. Now imagine that type of functionality in a corporate banking environment.

With the treasurer's authorisation, one relationship bank will be able to use APIs to link to another bank and collect information to create a consolidated view of the company's cash positions, or even make payments from an account held at another other bank, all through one portal. This has long been a treasurer's dream, but APIs are now helping that to become an achievable reality.

### Could you explain more about the efficiency possibilities that APIs offer to treasury departments today – and how these might translate into strategic advantages?

Thanks to APIs, treasurers will be able to exit systems that require batch data and direct host-to-host connections to their banks. While this transition is not an overnight switch, the payoff is big as API interfaces built by individual banks will enable treasurers to easily and quickly access their banking information and

initiate transactions on a real-time basis.

This will improve the timeliness of information that the treasurer has available, with which to make important cash management decisions, since payments and receipts can be made and monitored in real-time. Treasury will also be able to reconcile in a timelier manner, not only bringing efficiency gains but also offering fraud prevention and monitoring benefits since the chances of successfully spotting, stopping and recalling an erroneous or fraudulent payment will be significantly increased.

From a strategic perspective, APIs will also strengthen the treasurer's ability to add value to the company's bottom line through increased visibility into their balances and more robust utilisation of data.

### How do you see API functionality developing in the months to years ahead? What additional benefits can treasurers expect to see coming down the line?

Going forward, we see APIs being used to integrate powerful reconciliation tools, such as those provided by some emerging technology companies, into treasury workflows. The hope is that this could further automate and improve the efficiency of reconciliations, thereby contributing to fraud mitigation efforts, and enabling the treasurer to spend more time acting as a strategic partner to the business.

Elsewhere, we see APIs becoming a 'rail' by which banks can deliver value-added services to treasurers. For instance, APIs will enable banks to feed data analytics and insights straight into a corporate's system of choice. That could be an ERP or TMS, but equally, it could be a data analytics visualisation tool, freeing the treasurer up from the time-consuming task of analysing and presenting data in a way that is meaningful to the management team.

### If different transaction banks are busy building their own API portals, is there a danger that APIs will discourage industry standardisation?



*APIs represent an exciting digital forum for the banking industry.*



That's an interesting question, and there has been some discussion in the industry around this point. Our view, though, is that APIs will not undermine standardisation.

In fact, we believe that APIs have an important role to play in driving the banking and corporate communities to further embrace standards. Our own API innovations in the payments space, for example, support standards such as ISO XML and the common global implementation (CGI) guidelines laid out by SWIFT.

### Could APIs potentially remove the need for large treasury technology budgets, essentially levelling the playing field for corporate treasury departments?

In my view, it's less a levelling of the playing field and more an expansion of it. APIs will enable companies to have easier access to the bespoke tools they require to meet their evolving business needs – rather like the recent move by treasury technology vendors towards the cloud. Moreover, APIs, again like the cloud, are flexible and scalable, and companies of all sizes can participate.

The need for technology budgets will not disappear, however. Instead, the dialogue around those budgets may progress to include greater focus on integration between the corporate, its bank(s) and technology provider(s), as well as how to reap the full benefits of that integration.

### Tell us more about Bank of America Merrill Lynch's API Gateway. What functionality does it offer to corporate treasurers?

We officially launched our API Gateway in January 2018 – the same month that PSD2 became effective. For us, the Gateway is about much more than regulatory compliance, though; it also has a significant role to play within our innovation strategy, with the aim of streamlining clients' financial lives.

The premise of the API Gateway, which

builds on the earlier launches of our API-enabled solutions, CashPro® Assistant and enhanced virtual card, is to make it as easy as possible for clients to do their banking, whilst enabling them to better utilise the data they hold within their organisation. Via the Gateway, clients can benefit from direct API connections through ERPs and TMSs, as well as other emerging technology companies.

This means that treasurers can leverage those benefits that we spoke about earlier – from rapid access to their banking information and initiating transactions on a real-time basis, to improved reconciliation and fraud mitigation. We will also add new data services to this growing API functionality, helping to take some of the burden of data analysis away from busy treasury departments, freeing them up for more strategic thinking.

### Are treasurers ready for this kind of functionality? What level of interest have you seen from clients since the launch of the Gateway?

Different companies are at varying stages of readiness for API adoption. Some are still in the education phase, so we are doing a lot of work in that space to help them understand the technology and the potential benefits.

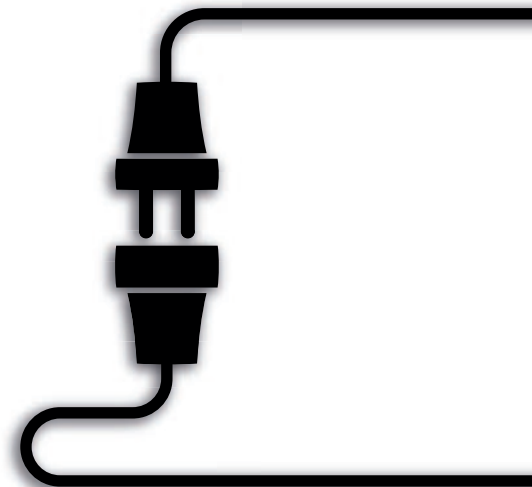
Others are in the process of building their business case, or are looking to be fast-followers, rather than leaders in the API space. Often, for these corporates, the trigger to move from conversation to action around APIs will be an upgrade of an ERP or TMS system, as this kind of event often leads to a review of channels and new technology opportunities. Last but by no means least, there are a handful of companies who are ready to move forward immediately with APIs.

In terms of the reaction from clients to the Gateway, we've seen a great deal of interest and engagement across a variety of different segments and industries. CashPro Assistant users, who through deeper integration into the bank, have already seen the benefits that APIs can bring, have been particularly keen to find out more.

Somewhat contrary to our initial expectations, the majority of businesses



*APIs will enable banks to feed data analytics and insights straight into a corporate's system of choice.*



“

*APIs can open doors to innovative services that add value to the company's bottom line.*

”

that are looking to use the Gateway as soon as possible are smaller companies, rather than large corporates. Many of these SMEs are specifically looking for deeper integration with QuickBooks or Quicken, both of which are popular accounting packages among this segment. We are currently building the required functionality into the API Gateway.

### Are corporates in the UK or Europe more interested in your API Gateway, given PSD2, than those in the US? Or does it have a broad geographical appeal?

It's easy to assume that the majority of interest would come from corporates in Europe and the UK where PSD2 has kick-started the era of open banking. However, while we are having conversations with many European and UK corporates around the possibilities of APIs, the pipeline of interest is actually greater in the US.

Personally, I see this as an extremely encouraging trend for the US market. Recently, certain concerns had been raised by the industry press as to whether the US would fall behind Europe and the UK as a

result of PSD2 – since there would be no regulatory driver for innovation in this space – but clearly that is not the case.

### Finally, how will APIs enable treasurers and banks to take innovation to the next level within their organisations?

In our view, APIs are the future of banking channels. Given the momentum in the market and the clear potential benefits, banks will soon have no choice but to embrace the opportunities that APIs offer.

For corporates, however, APIs will only be a game-changer for those willing to approach the possibilities with an open mind. So, while APIs may be a great way of driving digitisation across an organisation, corporates also need to work hard to improve their internal processes and let go of legacy practices in order to feel the full benefits that APIs can bring.

Those corporates who manage this will discover that APIs can open doors to innovative services that add value to the company's bottom line – which is ultimately what good treasury management is all about. ■

## Tom Durkin

### Head of Global Digital Channels, Global Transaction Services, Bank of America Merrill Lynch

Tom Durkin is a managing director and head of Global Digital Channels for Global Transaction Services at Bank of America Merrill Lynch. His team manages the CashPro suite of solutions including Mobile, Connect, Online and application program interface (API) for commercial, corporate and institutional clients.

A frequent participant on the industry speaking circuit, Durkin has presented or led panels at SIBOS since 2012 on topics such as SWIFT for corporates, Digital Identity and ISO 20022 for corporates. In 2014, he presented at the AFP Annual Conference on the technology landscape for corporates and the Corporate Treasurers Forum on SWIFT corporate adoption. He also presented at 2014 SAP's Treasury Management Conference and the SAP Financial Services Forum in London in 2015.

Industry collaboration is a key areas of focus for Durkin and his team. He represents Bank of America Merrill Lynch on the SWIFT Global Corporate Advisory Group and the CGI Plenary in support of ISO 20022 initiatives for Payments and Reporting. He joined Bank of America in 2007 as part of the integration with ABN Amro / LaSalle. Before assuming his current role in February 2017, Durkin served as head of Digital Connectivity and Integration. Prior roles included product executive for Automated File Channels within eCommerce and the Corporate and Commercial product lead focusing on integrating treasury products and managing client migrations to the new platforms from ABN Amro to Bank of America. Durkin had worked for ABN AMRO North America for 16 years in a variety of roles within its Transaction Banking Group, including Product Management, Client Advisory, North American Solution Management and Global Implementation.

Durkin graduated from John Carroll University with a Bachelor of Arts degree. He is based in Chicago, Ill., where he lives with his wife and their three children.

