

Electronic banking and treasury security

Second edition

Edited by Brian Welch

Produced in association with



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THE ASSOCIATION OF
CORPORATE TREASURERS

Electronic banking and treasury security



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THE ASSOCIATION OF CORPORATE TREASURERS

The Association is a professional body, formed to encourage and promote the study and practice of finance and treasury management, and to educate those involved in this field. It is the only UK professional body which concentrates and sets professional examinations exclusively on this subject. It is an independent body, governed by a Council of Members whose work is supported by a number of active voluntary committees.

The Association has approximately 450 Fellows, 1400 Members, 850 Associate Members and more than 1300 professionals enrolled on examination courses.

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Foreword

Electronic banking is now commonplace, with varying degrees of sophistication, in businesses around the world. Usage is no longer restricted exclusively to the multi-national groups with extensive cross-border requirements: many smaller businesses now also enjoy the considerable advantages to be achieved through using electronic banking services.

Electronic banking service providers have responded by extending the range of products available through electronic access. This has been further fuelled through the effective use of emerging technologies to deliver services, including the Internet. All of these developments, together with the imminent arrival of the European Single Currency, have brought about new challenges and opportunities for electronic banking service providers. Many of these are highlighted in this book.

The first chapter provides a useful insight into the origins of electronic banking. Payments are core to business activity and the chapters which focus on the role of APACS and the issues around BACS highlight some key considerations for businesses.

As technology develops, the global marketplace becomes a reality with many corporates now dealing in such an environment. The chapter on Global Cash Management captures the critical components and analyses the issues involved for businesses when establishing structures to control cashflows on a world-wide scale.

As numbers of electronic banking users have increased, so has the importance of documentation and legal issues, especially in connec-

tion with the movement of funds. The book contains two chapters which cover these particular areas in detail.

All sections of the book have a security theme, although Part 2 focuses on this issue specifically. The chapter Managing Treasury Security provides an informative outline of administrative security procedures and protocols: a useful framework for anyone involved in managing a treasury function. There is also a chapter which provides detail about security for the treasury system itself, incorporating key elements such as audit trail, back-up and a useful audit checklist.

A highly topical issue today is that of security on the Internet which is justifiably covered in a chapter in its own right. As Internet usage increases with more businesses becoming aware of the benefits, greater emphasis is being placed on making this particular environment secure. This chapter will put the cynics' minds at rest showing that this is a powerful tool to deliver information in a highly effective and secure manner. Similarly, the chapter on EDI security provides a good insight into the topic, covering the standards now available and the security features involved. The book concludes with a chapter which looks at future developments. In a world so rapidly changing, this is always an exciting area and some interesting issues are raised by the contributors.

NatWest has established itself as an innovative provider of electronic banking services and as an organisation that is committed to extending the range of services available to customers through electronic access. Electronic banking and security are very much linked and for this reason NatWest is pleased to have the opportunity to sponsor this book on the subject.



*H A Shaw
Managing Director
NatWest Corporate Banking Services*

NatWest Electronic Services

NatWest Corporate Banking Services is the corporate banking arm of NatWest, providing flexible financial solutions to nearly 37,000 Medium and Large Enterprises (MLEs) – companies with annual turnovers in excess of £1 million.

NatWest BankLine

As the UK's leading supplier of Electronic Banking Services and Cash Management solutions we recognize that effective cash management is an important and valuable tool for corporate treasurers of all businesses in building and sustaining competitive advantage in today's ever-changing markets.

Through our electronic banking product, NatWest BankLine, we offer a single electronic access point to our wide range of cash management products and services including:

- Balance and Transaction Information on accounts with NatWest and other banks (including overseas).
- Payment initiation including CHAPS, BACS and International Payments.
- Account reconciliation.
- International trade services.
- Treasury and market rate reporting.

NatWest BankLine has been at the forefront of UK electronic banking since its introduction in 1987. The Windows[®] version was

launched in 1995 making NatWest the first UK bank to use Microsoft Windows® technology for its electronic banking services.

As you would expect we have been extremely cautious in the way our systems have been developed to ensure information remains confidential and to provide users with the necessary tools to prevent unauthorised access.

NatWest BankLine incorporates some of the most advanced security features available in electronic banking systems to give you peace of mind in conducting your electronic banking transactions including encryption, password protection and Smart Card authentication.

For further information on *BankLine* please contact Victor Robinson, National Westminster Bank Plc, Level 2, Drapers Gardens, 12 Throgmorton Avenue, London EC2N 2DL Telephone 0171 454 6641 between 9 am and 5 pm.

NatWest Business On-line

We are committed to the continuing development of innovative electronic solutions. NatWest Business On-line offers a comprehensive suite of on-line information services to help increase business efficiency, improve competitive edge and minimize financial risk through one easy-to-use, quick and secure solution.

Using the latest Internet technology, NatWest Business On-line enables users to:

- Run credit checks on commercial customers and suppliers to reduce business risk.
- Identify sales opportunities and expand commercial base.
- Communicate with customers and business partners via secure electronic mail.
- Access world-wide news from over 700 business sources including major newspapers, trade journals and magazines, and obtain key articles about a specific industry, competitors and market developments.
- Access essential information reports on more than 30 UK industry sectors and 100 countries to help business planning.

NatWest Electronic Services

- Explore the wealth of information available on the Internet.
- Obtain useful financial and economic information to help management stay briefed.

For further information on NatWest Business On-line please contact Helen Lockstone, National Westminster Bank Plc, Level 2, Drapers Gardens, 12 Throgmorton Avenue, London EC2N 2DL Telephone 0171 454 6719 between 9 am and 5 pm.

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Michael Deakin is an Executive Consultant with Ernst & Young Management Consultants, advising corporate clients, financial institutions and central and local government bodies on efficient and effective treasury management. He is co-author of the keystone study *A strategy for the ECU* and is closely involved in matters relating to the development of European Monetary Union. Before joining Ernst & Young, Michael spent nine years in industry, holding financial and line management responsibilities.