



Come Together

Co-creation as a Source of Practical Innovation

By **Eleanor Hill**, Editor

Treasurers are rightly wary of hype around innovation and new technologies, particularly ‘solutions looking for problems’. Co-creation between corporates and banks can help to avoid this pitfall by enabling treasurers to address real pain points with their banking partners. Pierre Fersztand, Global Head of Cash Management, Trade & Payments, explains the BNP Paribas approach to co-creation.

Eleanor Hill, Editor, TMI (EH): *What would you say co-creation actually is in BNP Paribas' view? How would you define it?*

Pierre Fersztand (PF): Co-creation has become a priority within our innovation strategy, and is part of BNP Paribas' DNA. It revolves around the concept of designing and constructing the future of treasury together with our corporate clients.

There is an awful lot that technology

can achieve, but we have to be careful that we leverage it to respond directly to clients' needs. Honestly, I see too many innovations that are technology-driven only, rather than addressing a pain point or corporate requirement. What we are doing through co-creation is truly listening to clients and identifying the most important challenges that we can solve together. With this approach, technology is at the service of clients' needs, rather than being a self-driven programme.

EH: *How do you co-create with clients on solutions? Are there any success stories you could share with us?*

PF: We run a client advisory session, called Treasury Board, three times a year, during which we define the priorities of co-creation. Treasury Board is essentially a VIP club around co-creation, which began in Europe with a small group of corporate treasurers in 2017, but has now expanded to other geographies.

The idea is to create a community where we can discuss the changes that we can make together to improve our corporate clients' business processes. From the BNP Paribas side, the concept is based on four pillars: listen to our clients; give them the opportunity to influence our strategy; build our offering for tomorrow – together; and integrate innovation.

Our philosophy is not that we necessarily use new technologies, but that we create new products and new value at every Treasury Board meeting. As a result, each year we co-create three innovations that can be directly used by our clients.

There are three ways of approaching the co-creation itself:

1. From scratch – starting from a client's pain point to design a new solution.
2. Influencing or adapting our existing product roadmap.
3. Building new solutions based on innovations and market trends.

EH: Are there any Treasury Board success stories you could share with us?

PF: A good example of a solution co-created with our Treasury Board is BENTracker. This is a solution based on SWIFT gpi, which offers payments tracking to corporates and banks. We co-created on this by asking our clients how they wanted to use it – did they want the reporting in a digital tool, did they want a file, did they want us to call if we saw something was late? It was all about understanding how they wanted to manage it.

It quickly became clear that our clients did not want to manage it at all. They wanted their own suppliers to stop calling them to chase payments because they would then have to call the bank themselves to enquire about the payment status. While we understood this need, the challenge was that we did not have a relationship with our clients' suppliers. Collectively, we came up with the idea that we should be able to give payment information to the suppliers without their having to go through a special security programme to see the payment status.

One of the members of the Treasury Board pointed out that when they are waiting for a courier delivery, they can simply go to the courier's website and enter their parcel's tracking number to find out

where it is. We came up with the idea of building a digital tool to enable a supplier to track its payment in the same way. There is no risk of fraud because the only information given is the progress status of the payment. That's what we built – and it was delivered in six months. The solution is a success because it saves a lot of work, not only for us but for our clients, and it gives our clients' suppliers significant control.

BENTracker is just one example. Other co-creation projects include Payment Watch, where a corporate asked if we could look at personalised alerts regarding potential fraud. Based on some rules and an alerting system, this provides the treasurer with certainty that they are paying the right amount to the right beneficiary. Another idea came from a treasurer who wanted to simply press a button to open accounts, without using paper. To address this, we co-created Seamless Treasury Journey, which covers the end-to-end digitalisation from opening an account to making sure the account is operational.

A final example is Treasury Dashboard – this arose from a treasurer asking us to provide a global view of their data. Now, with one click, this treasurer can have visibility over their accounts, liquidity structures, payments and connectivity set up with BNP Paribas. These examples underline how, with every co-creation, we are looking to solve practical pain points that treasurers face.

EH: How do you narrow down those clients' suggestions and find out which ones are worth pursuing into that full co-creation mode?

PF: Ideation is the phase that precedes co-creation and leads to new co-creation projects. Together with the corporates, we have been very active around ideation – not only during Treasury Board meetings but also via bilateral meetings.

Once we have a cluster of ideas, we reach a joint decision with the clients during the next Treasury Board meeting. We do this by listing the ideas that have been presented. But before we vote on them, we ask for a 'leader' – a corporate treasurer who commits to working with us for between 10 and 20 hours over six months to co-create – and a 'first follower'. This makes the selection fair because if nobody is prepared to work on the



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co-creation, then clearly there isn't a great need for that solution. We typically end up with one or two leaders and three or four first followers on each project.

We have full question-and-answer sessions during the Treasury Board meetings. Then we run regular weekly workshops with the leaders and the first followers, in which we truly co-create the product. It is an iterative process, and we regularly return to two questions: 'what pain points are we solving for you?' and 'how will you use the solution in your daily life?'. It is a very pragmatic approach.

Our commitment is that we deliver for these first-follower clients within six months, then we have a further six months to roll out the solution to all the Treasury Board clients wanting to use it. When we reach that point, it is up to us to decide if we want to industrialise the solution and offer it to more clients or not. Generally, we will do so, because we want to share a good idea with as many clients as possible, but sometimes it can take a little longer to do this.

EH: Your approach is paying off, judging by the latest Greenwich Associates cash management survey.

PF: Yes, the 2020 - 2021 Greenwich Associates Cash Management survey confirmed BNP Paribas as the Share Leader and Quality Leader in Europe, while also recognising the bank as a leading cash management provider across Asia. It is a matter of immense pride and satisfaction for me that despite the unprecedented and worldwide crisis, BNP Paribas has not only maintained its top position but has gone further in winning larger market shares and indeed the trust of corporates around the world.

EH: Looking ahead, what is your innovation strategy within BNP Paribas, and how does co-creation fit within that larger strategy?

PF: At BNP Paribas, we put a lot of thought into innovation, and we are guided by the priorities of our clients regarding co-creation. A top priority today is fraud prevention and cybersecurity management and we are developing even better tools in this area. We already have a good level of security, but we always strive to keep improving. For example, we have implemented an artificial intelligence (AI) programme to detect fraud as soon as possible on any payment, and this works well.

Then we asked our clients how we could improve on co-creation around fraud. The clients told us: "You have our payments data, you have the systems, but we have the knowledge of what payments we would generally make. Why can't we combine those to rule out anomalies?" For instance, if a treasurer knows their company never makes any payments to Eastern Europe, in addition to the data analysis we perform, we can be instructed to put a stop on any payments to Eastern Europe. But if our client ever has a new supplier or business partner in the region, they can just let us know. That's how we built the solution – our AI is linked interactively to what our clients are doing.

Corporates have also told us that challenges arise when a supplier tells them they have changed IBAN [International Bank Account Number] and requests money to be sent to the new IBAN. Clearly, this this could be a fraudulent situation. We decided to see what we could do and, as a result, we invested as a shareholder in a small start-up, called Sis ID. The aim of Sis ID is to verify the IBAN of

the corporation, wherever it is in the world, and to indicate via a traffic-light system whether or not a payment should be sent to a supplier. This is a great improvement and another example of how co-creation is part of our overall approach to innovation.

EH: Are there any other specific treasury challenges or trends that you expect to tackle through co-creation in the next 12 to 24 months?

PF: There are a number of treasury challenges to be addressed, from cybersecurity and API [application programming interface] management through to cloud-based treasury as a service and green investment tools, and more. Of course, I cannot predict where our clients' needs will take us next. But there are three specific trends I would draw attention to.

We are working on new ways of payment initiation and also following the development of real-time payments. In addition, our clients are always exploring questions around cost reduction and optimisation. I think robotic process automation [RPA] will have a part to play here and that is something we are also working on.

Elsewhere, digitisation is a major trend in the client-corporate bank relationship. We already have Welcome, a digital tool for know your customer [KYC] and onboarding – which means that, today, onboarding is fully digital within BNP Paribas. To make further progress in this area, we have committed to report back to our clients about SWIFT's KYC Registry and outline how we can work with them on further reducing the burden of KYC documentation.

A final trend to mention, particularly after the past year, is e-commerce. We see many B2B [business-to-business] corporate clients, driven by the Covid-19 crisis and global trends, now selling through e-commerce. Treasurers who have not had direct experience in the e-commerce environment before now want to understand how to manage digital sales in terms of treasury, knowing what is being sold and to whom, improving security, and automating reconciliation. This is a strong trend and an area that corporates and banks can certainly work on together to improve. ■

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