



CUSTOMER CASE STUDY

INDUSTRY

Financial Services

GEOGRAPHY

EMEA

CHALLENGES

In a constantly evolving environment, accounting systems must be able to adapt while providing an increasingly wider and more detailed spectrum of information to stakeholders, both internal and external.

SOLUTION

Axway Financial Accounting Hub

RESULTS

- Analysis and implementation methodology which will apply without differentiation to all operations processed by the various business units at BNP Paribas (market, financial and retail banking operations)
- A high level of visibility in the structuring processes and financial data output
- Isolation of operational systems from the reporting systems
- Can facilitate setting up new products and services, and integrating external systems
- Reduced the constraints associated with development in adopting new standards and regulations (IAS/IFRS, Sarbanes-Oxley, LSF)

BNP Paribas

Processing tens of millions of business events everyday

About BNP Paribas

BNP Paribas is the top bank in the European Union and a major international banking establishment. It has close to 190,000 employees in 65 countries, including almost 145,000 in Europe.

BNP Paribas chose Accounting Integration Suite (now Financial Accounting Hub), Axway's financial application to operate at the heart of the process of structuring its accounting and financial figures.

A model for structuring accounting and financial results

At the heart of the BNP Paribas information system, the processes used to structure the accounting and financial figures are built on an architecture that integrates the principles of independence between applications. The Axway solution helps implement these principles.

Financial Accounting Hub interprets and transforms business events that arrive from the operational systems in elementary scripts, and that are destined for accounting and financial systems. At the same time, Financial Accounting Hub ensures strict execution of the accounting rules defined and implemented by the Finance function. Using this logic, it is the Event Report (ER) — a genuinely 'inter-application' exchange protocol — that constitutes the standardized anchor-point between the world of business and the world of finance and accounting.

New financial requirements for higher performance and greater transparency

The control of the processes involved in the structure and production of accounting figures can represent a competitive advantage, to the point where the speed and accuracy of published information have an impact on the value of the enterprise. In addition, accounting departments must now respond to changes in the requirements placed on them:



BNP PARIBAS

- Supervisory authorities have increased their requirements for monitoring and statistics
- Companies have refined their needs in risk and management controls
- Communication with financial analysts and shareholders is more frequent and more accurate
- The needs of clients are constantly evolving
- The range of banking products is continually growing
- Processing systems have been computerized
- The volume of operations handled has increased considerably

In this constantly evolving environment, the accounting system must be able to adapt, while providing an increasingly wider and more detailed spectrum of information to stakeholders, both internal and external. At the same time, objectives such as specialization and differentiation must be achieved while reconciling data and explaining imbalances discovered between the different process chains. With ever greater control procedures in the banking and financial sector, these elements are becoming increasingly critical:

- Back offices must authenticate their accounts
- The various supervisory bodies and internal or external controls must be able to verify that accepted accounting practices and rules have been followed

The Axway advantage

With Financial Accounting Hub's event-based logic (manifested in the event reports), all transactions, which are organized into business processes, become "management actions." These management actions can be measured and quantified, and are the basis for generating accounting records. "In a credit institution, every operation translates into a financial flow commitment, which must be entered into the accounting system. Every banking action is therefore an accounting action," (A. Sardi, "Pratique de la comptabilité bancaire").

Karim Bouheddou, Contract Control Project Manager of the Finances Development Group at BNP Paribas, explains, "We benefit from using Financial Accounting Hub in particular because it uses the 'event reports' system whose structure is based on a true analysis by process. This allows us to:

- Use an analysis and implementation methodology which will apply without differentiation to all operations processed by the various business units at BNP Paribas (market, financial, and retail banking operations)
- Ensure a high level of visibility in the structuring processes and financial data output (well before the advent of Business Process Management)
- Isolate the operational systems from the reporting systems
- Facilitate setting up new products and services, and integrating external systems
- Reduce the constraints associated with development in adopting new standards and regulations (IAS/IFRS, Sarbanes-Oxley, LSF)

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Karim Bouheddou,
Contract Control Project Manager
Finances Development Group

“Every day, millions of ERs pass through Financial Accounting Hub, and on certain key dates, such as monthly closings and end-of-year accounts, this figure can rise to several tens of millions. In these circumstances, there is no point in relying merely on the level of reliability and reactivity set up to ensure that this process functions well. In order to respect the terms of the requiring partnership, notably in terms of performance between the operational systems and the financial and accounting systems, it is necessary to set up a system of measurement and improvement indicators. These volume-counting elements are constantly measured and analyzed in order to assess what improvement action needs to be taken in order to improve the processing of the dataflow entrusted to us.”

Axway – improving banking processes

The Finance Development Group is confronted by significant challenges:

- Produce complete, reliable, fully traced numbers in the shortest possible time
- Control the processes used to structure the accounts figures, from the point of receipt of the data from the operational systems, to the various levels of regulatory and financial outputs
- Guarantee consistency of data between operational systems and accounting systems (management and regulatory), between the accounting systems and the “risk” systems
- Improve reactivity and achieve maximum efficiency from development opportunities (establishing subsidiaries and partnerships, etc.), internal restructuring (mergers, business activity transfers...), and changes in external regulation (standards, ratios etc.)

The task of meeting and overcoming these challenges must be placed at the heart of the thinking behind the architecture and the choice of solutions, to enhance client and market confidence.

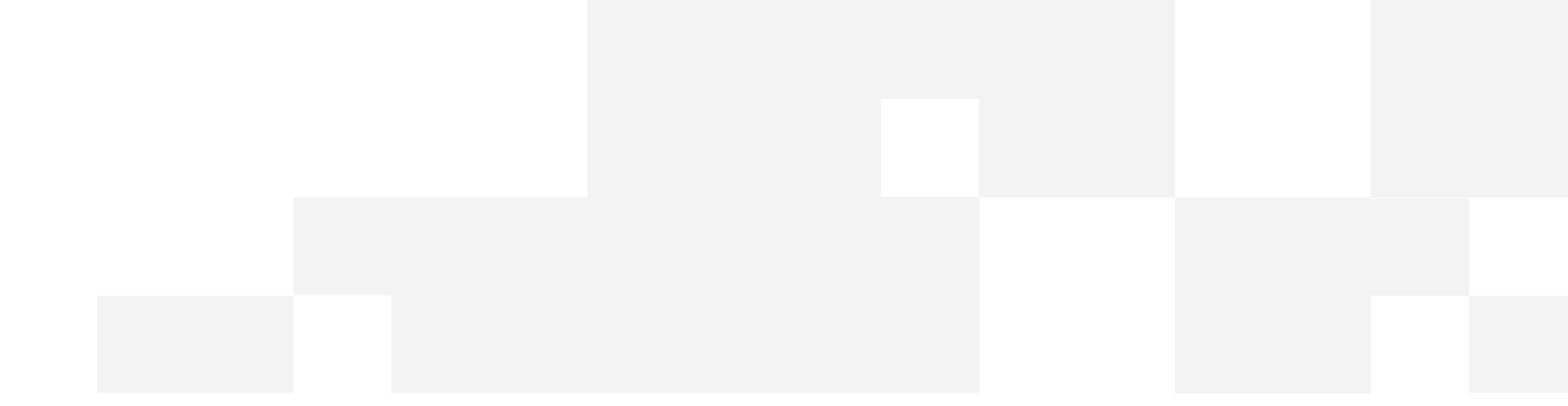
Monitoring the operations

The process of structuring and outputting accounting and financial data at BNP Paribas is enhanced by the availability of the monitoring service within the solution. Within this architecture, this service handles operational tracking (technical and statistical) for all data processing, thus permitting accounting and financial data flows to be audited more easily.

Karim Bouheddou points out that the essential guarantee for the healthy operation of this model is the facility to track accounts products, with day-to-day assurance from the finance function. The monitoring service automatically collects all the data relevant to interpretation phases of accounting data, as carried out by Financial Accounting Hub.

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For example: at the start of a new activity, the business unit can choose to set indicators to track the flows associated with a particular category of client, or, over time, to change the grouping levels assigned to certain accounts, or the thresholds linked to transaction amounts, etc.

Moving toward process management

Modelling and managing the processes involved in structuring accounting figures are based on a profound knowledge of the constraints and needs of the users. This approach requires an implication very much upstream of the choice of architectures likely to have consequences on the organization of the accounting chain and on the structure of the figures. It has resulted in business units (operational systems) being offered a standard exchange protocol with few constraints, a protocol that is evolutionary and adapted to large transverse organizations (multi-entity accounting systems, de-synchronisation between trading and posting locations). It represents a solid start on the road toward process management.

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