

BMO brings M&I Bank trade business onto Trade360

Bank of Montreal (BMO) will migrate the trade business of M&I Bank to its own trade services platform, CGI's Trade360. The troubled Wisconsin bank was bought by BMO in late 2010 for US\$4.1 million.

Sara Joyce, BMO's head of international financial institutions and trade finance, says M&I Bank had its own processing centre and an old front-end. Its business is about the same size as that of BMO's existing US subsidiary, Harris Bank, and this already runs on the central trade platform. There is no rush, she says, but this will be BMO's next project. BMO is a long-standing user of Trade360, with the platform hosted by CGI (for case study, see IBS, October 2008, BMO: Strength in numbers).

In addition, a third US bank has signed to use BMO's platform on an outsource basis. The first had been Buffalo-based M&T Bank. 'Since then, as it worked so well, we added on another and are now doing so for a third,' says Joyce. The second was New Orleans-based Whitney Bank, which had CGI's old Tradeline system and needed to move. The latest recruit is expected to be live in early 2012. The service is 'promoted selectively to small banks in the US', she says, and is not viewed as a major profit stream. This approach means BMO can handle the additional capacity with its existing operating staff 'so we don't have to hire 100 people and hope the vol-

umes will hold up'. BMO builds close relationships with the outsource customers and can work with them in a number of areas, particularly on the international stage, such

as supporting their clients in China (BMO's business here is supported by the CGI platform).

Murray McGuire, BMO's director, product management, trade finance, says 'we couldn't do insourcing without a platform that could make it possible'. By virtue of coming out of a joint venture that included ANZ, the system underpinning Trade360

had multi-entity support from an early stage. One client contracted with BMO to provide just the IT hosting, another the full back office processing, and another only for processing commercial letters of credit. One reason for delegating the processing is that experienced trade services staff are often difficult to find for regional US banks, says Joyce.

In the pipeline with CGI is the addition of support to the Trade Portal front-end to allow customers to upload purchase orders and invoices, with this scheduled for 2012. In the past, says McGuire, the belief was that existing back office host-to-host connectivity would be the way forward but in the last couple of years it has become clear that many customers do not want to incur an IT project and want the more straightforward upload capabilities. There are often

a couple of 'trigger events', says Joyce.

The customer might be putting together a working capital solution, with a desire to discount or sell receivables, but to do so efficiently requires an integrated offering, including reconciliation and financing. The other event is a back office productivity push by customers, such as around bar-coded inventory, and with this supported by improved integration with the bank.

One other development at BMO is support for trade utility, Bolero. McGuire says: 'After many years of not hearing a whole lot, a client has recently asked us to support it'. The bank will use the Bolero workstation and manually enter data into Trade360 because there will not be the revenue stream with this one customer, which is only focusing on standby instruments, to warrant an interface.

For Swift's Trade Services Utility (TSU), like so many banks, BMO is still 'dabbling', says McGuire, including participating in Swift workshops and training. The use of the TSU to try to underpin a new financial instrument, the Bank Payment Obligation (BPO), 'is something we continue to be interested in' (IBS, February 2010, Analysis: Supply chain finance). Joyce believes the greatest potential with the TSU is for large-value commodity exporters, where it has the potential to take many days out of the payment cycle. Importers might also see a benefit from the exchange of information. Those clients that have really driven electronic integration in their back offices are the most likely to gain.



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