

Certificate in International Cash Management

TREASURY, RISK
AND FINANCE
PROFESSIONALS

ACT

Overview

Certificate in International cash management is designed to provide both corporate treasury staff and bankers with an understanding of international cash management techniques and best practice, and to provide an insight into the banking and systems infrastructure that lies behind the services and products sold and used. The general tone of the course, however, is focused on the practical application of cash management techniques in corporate treasuries. Historically, banks and companies have approached the area from different perspectives, using different terminology and jargon. This course provides an opportunity to bring both sides of the business together with a common understanding of each other's views and interpretations.

The International Cash Management manual is an integral and important part of the overall certification process. The first section of the syllabus covers the basic concepts and principles as an introduction to the subject. The second section reviews the fundamentals of managing cash in an international context, while Part 3 examines more advanced topics concerning international cash management tools and techniques. The final section provides practical examples of how these techniques are used through a series of case studies. The course overall is designed for bankers and treasury staff who wish demonstrate their mastery of the topic through a rigorous certification programme.

Chapter 1 – Introduction to cash management

Chapter one examines the role of the treasurer and where cash management fits within that role. It also looks at the evolution of cash management and why it is important in sustaining a company's healthy operations. In addition this chapter discusses the basic cash management functions as well as the different definitions of the term.

Chapter 2 – Important cash management concepts

Chapter two reviews many important concepts for cash managers including the operating cycle, the cash flow cycle, the nature of cash flows, the importance of liquidity, finality, availability and lastly, float; where it arises, what causes it and how to reduce it.

Chapter 3 – Introduction to the company

Cash manager must understand the corporate context and environment in order to be effective in the role. The type of company influences the cash management techniques and structure. Chapter three reviews the characteristics of a company that impact cash management most. It also describes the basic financial statements and how they can be used by cash managers to better understand the company. Finally, the topic of corporate governance and control is discussed with a focus on how this impacts the treasury functions.

Chapter 4 – Introduction to working capital management

Chapter four explores the link between corporate cash management and the business as a whole, and in particular the link between liquidity and working capital management. It is necessary, for liquidity and profit reasons, to make sure that monies due in (receivables or debtors) are received as early as possible, and monies due out (payables or creditors) are paid as late as possible. Nonetheless, the cash management aspects have to be managed within a broader business context. The cash manager must also take into account the commercial relationship, the economic environment, the business environment, (whether domestic or international), the banking environment and also the company's own corporate culture and organisation.

Chapter 5 – Introduction to banking

Chapter five looks at the basics of banking. In addition to the role of the bank, different types of bank account and how account ownership affects documentation required to open the account, we also examine how a bank pays interest and charges fees as well as the challenges banks face in managing their balance sheet.

Chapter 6 – Basic banking services

Chapter six looks at the various payment instruments that are used domestically, i.e. within a country's borders. It also examines specialised bank services designed to manage float. The next chapter will look at instruments designed for making payments and collections across border.

Chapter 7 – International payment vehicles

Chapter seven looks at a number of specialised services used for international payments, collections and international trade payment vehicles

Chapter 8 – Settlement and clearing systems

Chapter eight examines the main types of clearing and settlement system types found worldwide and a couple of systems that perform unique functions such as the foreign currency settlement systems in the UK and Hong Kong. While the details may vary from country to country, in most cases the basic format and same principles apply.

Chapter 9 – International banking infrastructure

Chapter nine looks at the international banking infrastructure, the major players, their roles and the different ways in which international funds transfers are affected.

Chapter 10 – Spotlight on international systems

Chapter ten looks at clearing and settlement systems in a few selected locations, either because those countries are significant in terms of world trade, such as the U.S., or unique in terms of scope, such as the Euro-zone.

Chapter 11 – Foreign currency accounts

Chapter eleven reviews the circumstances under which it is advantageous to open a foreign currency account and the issues that need to be considered when evaluating the effective use of currency accounts. It also explores the operational reasons why an account should either be held centrally (in one location with all other accounts) or locally in the country of the currency (the currency centre).

Chapter 12 – Treasury technology

Technology is an increasing part of every treasurer's and cash manager's role, automating processes, performing sophisticated calculations and communicating with both internal and external partners. Chapter twelve, we look at some of the opportunities which technology creates, including some of the ways in which a treasury management system (TMS) might be used as well as the electronic delivery of banking services. It looks at the growing role of ecommerce and security considerations in using technology. Finally, it looks at issues of integration and how information can be passed between systems.

Chapter 13 – Liquidity management Part 1: Forecasting

Chapter thirteen examines the more common methods used for cash forecasting. A good forecast is an essential tool in managing a company's liquidity, not just for short-term day-to-day cash management but also for medium-term investment and borrowing. It is also instrumental in managing risks, enhancing returns and maintaining financial controls. Cash forecasting techniques range from the simple spreadsheet, bearing in mind the frequent errors found in spreadsheets mentioned in section 12.2.1, to sophisticated computer models integrated into a company's enterprise-wide resource planning (ERP) system. What is most important, however, is that the technique selected is appropriate for the purpose, reliable and accurate.

Chapter 14 – Liquidity management Part 2: Short-term investment

Chapter fourteen discusses the investment process and looks at some commonly used investment instruments. It also teaches some of the essential calculations used for computing yields and differentiates between methods used for different instruments. Due to the intertwined nature of the borrowing and investment topics (one company's debt is another's investment) many subjects that are covered in this chapter also apply to borrowing.

Chapter 15 – Liquidity management Part 3: Short-term borrowing

Many of the instruments discussed in the previous chapter on short-term investment also apply to short-term borrowing, as one company's investment is the issuer's source of funds. In chapter fifteen we consider the borrowing process and look at both internal and external sources of funding. We also differentiate between the different types of funding available and how to calculate the all-in cost of borrowing.

Chapter 16 – Cross-border liquidity management Part 1: Netting techniques

The netting concept was introduced in Chapter 8 as the basis for one of the settlement system types, NSS. This chapter looks at how netting techniques are used for managing cross-border liquidity company-wide. Although a very simple concept, netting can be more complicated when more than two

parties are involved. It is becoming one of the main tools used by companies with a centralised treasury or an in-house bank. Although the major emphasis in this chapter will be on intercompany¹ netting, it is also a technique that is used to realise considerable cost savings in industries where there are frequent two way flows between participants.

Chapter 17 – Cross-border liquidity management – Part 2: Pooling and cash concentration

Chapter seventeen examines the complex concepts of notional pooling and cash concentration and how these essential cash management techniques are used by companies for cross-border liquidity management. In addition to helping manage the surpluses and funding requirements of their different subsidiaries these tools also improve a company's overall balance sheet.

Chapter 18 – Cross-border liquidity management – Part 3: Tax and regulatory implications

Chapter eighteen looks at the tax and regulatory implications of cross-border liquidity management. Like any other business transaction, when doing business in an international environment the cash manager needs to be aware of the tax implications, some of which may be very different from those in the home country. The tax consequences of any transaction will not only depend on the nature of the transaction, but also on the specific circumstances of the company or companies involved as well as the country of residence of the parties involved. This chapter is intended as a general introduction to taxation issues, to make the cash manager tax aware rather than attempting to deal with the tax aspects in detail. Although, as a general rule, cash management is not the driving factor behind tax planning, any and all cash management activities and structures will have either positive or negative tax consequences. These need to be taken into account when deciding on an appropriate cash management structure.

Chapter 19 – Foreign exchange and risk management

Chapter nineteen examines why a cash manager needs a basic knowledge of foreign exchange (FX) and the risks that arise from doing business in foreign currencies. It provides a basic introduction to some of the terminology of foreign exchange, the techniques used and the basic tools for managing risk. While conventions for quoting rates differ from country to country, the basic principles still apply. The language has been kept deliberately simple and nontechnical where possible.

Chapter 20 – Treasury organisation

This chapter looks at the different ways a treasury can be organised and discusses the major issues, both financial and non-financial, that shape treasury structures and locations. This section brings together many of the areas already discussed and looks at the treasury organisation from the internal corporate perspective. In Chapter 22 the treasury organisation will be discussed in terms of efficient bank account structures.

Chapter 21 – Bank relationship management

Chapter twenty-one looks at bank relationship management and the bank selection process. Banks can play several different roles and it is important to recognise the precise nature of the relationship in the selection process. While it is recognised that certain transactional services are increasingly being offered

by non-bank providers, this chapter focuses on the criteria and process for selecting cash management banks.

Chapter 22 – Efficient account structures

This final chapter brings together many of the elements discussed in previous chapters:

Foreign currency accounts.

- Liquidity management techniques.
- Treasury organisation.
- Bank relationship management.
- Regulatory constraints and legal issues.

Putting together an efficient international banking structure is a topic with infinite variations, and one where banks have been very creative in putting together solutions for their corporate customers. This chapter examines the different structures that have evolved, both traditional and new, to satisfy the operational and liquidity management needs of organisations. There are no universal solutions, however, and each company needs to construct an account structure that best meets its own unique set of requirements in the light of its treasury goals and corporate organisation.

Introduction to case studies

These case studies illustrate the practical application of the concepts and principles previously discussed under the constraints of the real world. They also provide an illustration of cash management solutions in different countries and regions under a variety of situations. How does a company manage cash in a country that is heavily regulated? What can a company do in a country with no cash management culture and with very few standard products and services? What is an efficient way to manage cash in a multi-currency environment?

Each case study is introduced with a short synopsis of the banking and cash management environment in that country or region by way of context. All of the cases are real examples of what companies have actually implemented. And while most companies would admit that they are not perfect solutions, they were the best possible solution under the current conditions at that time.

Section one: Reviewing the basics

Chapter 1 – Introduction to cash management

1.1 Introduction

1.2 The treasurer and cash management

1.3 The role of the treasurer

- Foreign exchange
- Risk management
- Funding
- Investments
- Bank relations
- Cash management

1.4 Corporate definition of cash management

1.5 Bank definition of cash management

1.6 Comparison of the definitions

1.7 Benefits of good cash management

- Better control of financial risk
- Opportunity for profit
- Strengthened balance sheet
- Increased confidence in company
- Improved operational efficiencies

1.8 Role of cash management in different types of companies

Chapter 2 – Important cash management concepts

2.1 Introduction

2.2 The nature of cash flows

2.3 The operating cycle and the cash flow cycle

2.4 The importance of liquidity

- Sources and uses of liquidity
- The cost of liquid assets

2.5 Other important cash management concepts

- Availability
- Finality
- Value
- Security of principal
- The opportunity cost of funds
- Time value of money

2.6 Float

- Order received and goods dispatched
- Invoice issued
- Credit period
- Payment due
- Payment made
- Payment received
- Payment banked
- Funds available
- Funds moved to concentration account
- Advice of funds availability
- Why does float arise?
- How to reduce float

Chapter 3 – Introduction to the company

3.1 Introduction to the company

3.2 Introduction to financial statements

- The balance sheet
- Typical balance sheet terms
- The profit and loss statement
- Profit and loss statement terms
- Statement of cash flows
- Statement of cash flow terms
- Important ratios for cash managers
- Liquidity ratios
- Leverage ratios
- Weighted average cost of capital (WACC)
- Performance measures

3.3 Internal controls and governance

- Sarbanes-Oxley (SOX)
- Main provisions of Sarbanes-Oxley
- The role of independent directors
- The role of independent auditors and financial reporting
- SOX and its impact on treasury
- Professional conduct for treasury
- Controlling the treasury environment
- Corporate governance around the world

3.4 Accounting standards

Chapter 4 – Introduction to working capital management

4.1 Introduction to working capital management

Net working capital = Current assets – Current liabilities

4.2 The cash conversion cycle

- Calculating the CCC
- Interpreting the information

4.3 Receivables management

- Responsibility
- Costs of outstanding receivables
- Cross-border collections management
- Improving receivables

4.4 Payables management

- Achieving a commercial balance
- Method of payment
- Trade discounts
- Calculating the value of trade discounts
- Improving payables

Chapter 5 – Introduction to banking

5.1 Introduction

5.2 Role of the central bank

5.3 The main duties of a bank

5.4 Types of bank

5.5 Types of bank account

- Current account
- Deposit or savings accounts
- Composite accounts or interest-bearing current accounts
- Money market deposits
- Overdrafts
- Loan accounts

5.6 Types of account holder and documentation

- Personal customers
- Joint accounts
- Sole traders
- Partnership accounts
- Limited liability companies (public corporations)
- Trustee accounts
- Resident and non-resident accounts

5.7 Understanding domestic interest calculations

- Value dates
- Interest calculations
- Stepped or banded

5.8 Bank charges

5.9 Reducing bank charges

- Understand charging methods
- Review types of payments and method of submission
- Review existing arrangements
- Use better cash management techniques

5.10 Bank risk and balance sheet management

5.11 The impact of anti-money laundering/ anti-terrorism legislation

Legislation – Anti-money laundering

Legislation – Anti-terrorism

Impact of the legislation

Chapter 6 – Basic banking services

6.1 Introduction

6.2 Domestic paper-based payment instruments

Cash

Cheques

Paper-based giros

Bills of exchange

Promissory notes

Banker's drafts

Domestic electronic payment instruments

Wire transfers

Automated clearing house

Standing orders

Direct debits

Electronic bills of exchange

Financial EDI (FEDI)

Bill payment

6.3 Cards

Charge cards

Credit cards

Debit cards

Payment cards

Smart cards

Using cards

6.4 Comparison of payment instruments

6.5 Regional preferences

6.6 Banking services designed to control float

Lockbox

Retail lockbox

Wholesale lockbox

Electronic lockbox

Lockbox cost/benefit analysis

Lockbox benefits for giro credits

Zero balance accounts

Intervention accounts

Remote disbursement

Controlled disbursement account

Direct collections

6.7 Impact of payment and collection instruments on cash flow

Chapter 7 – International payment vehicles

7.1 Introduction

7.2 Complexities of international cash management

7.3 Non-electronic payments and collections

Foreign currency cheque collection

Collection method

Direct collection method

Negotiation method

Making foreign currency cheque collections more efficient

7.4 Foreign currency cheque payments

7.5 Electronic payments and collections

International wire transfers

International ACH

International collections via credit/charge card

Outsourcing international payments and collections

7.6 International trade terms

International trade payments

Documentary collections

Letters of credit

Features of letters of credit

Chapter 8 – Settlement and clearing systems

8.1 Introduction

8.2 Settlement and clearing systems

8.3 Settlement types

8.4 Net settlement systems

The Lamfalussy standards

The Cheque and Credit Clearing Company – UK

8.5 Developments in check clearing and processing

Cheque truncation

The impact of imaging

8.6 Real-time gross settlement systems

Clearing House Automated Transfer System – Hong Kong

8.7 Hybrid clearing and settlement systems

8.8 Continuous Linked Settlement

Herstatt risk

The CLS system

Participants

CLS processing cycle

Implications for banks

Implications for non-bank financial institutions and corporates

8.9 Credit card clearing and processing

8.10 Currency settlement outside of the currency centre

London U.S. Dollar Clearing

London Currency Settlement Scheme

Euro clearing

Hong Kong foreign currency clearing

Section two: Cash management fundamentals

Chapter 9 – International banking infrastructure

9.1 Introduction

9.2 Correspondent banking

9.3 SWIFT

- Overview of SWIFT
- SWIFT message types
- SWIFT currency codes
- SWIFTNet
- SWIFTNet Phase 2

9.4 International payments using SWIFT

- Cover method
- Serial method
- Third party payments via SWIFT
- Concentrating funds via SWIFT

9.5 Multi-bank reporting via SWIFT

9.6 Corporate access to SWIFTNet

- Corporate access through a MA-CUG
- Corporate access through multiple MA-CUGs
- Corporate access through SCORE
- Connecting to SWIFT
- Benefits of corporate access

9.7 Standardisation of international bank account numbers

9.8 Making international payments

- Using the local payment systems
- Making cross-border payments using a correspondent bank
- Making cross-border payments using a network bank
- Making cross-border payments using a banking alliance
- What is the best option for international transfers?

Chapter 10 – Spotlight on international systems

10.1 Introduction

10.2 U.S. payment and collection systems

- Background
- The regulatory environment
- Cheque clearing in the U.S.
- Cheque collection process
- How a non-US-based company can make better use of US cheques
- The automated clearing house (ACH)
- Access to the ACH from outside the U.S.

The Fedwire system
The Clearing House Interbank Payments System (CHIPS)
Access to CHIPS and Fedwire from outside the U.S.
Comparison of U.S. payment systems

10.3 Euro-zone payment systems

Introduction
SEPA
EU Payment Services Directive
Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET)
TARGET2
The Euro Banking Association
EBA – EURO1
EBA – STEP1
EBA – STEP2
EBA – The future
National RTGS systems within the European Union
The future of payments in the Euro-zone

Chapter 11 – Foreign currency accounts

11.1 Introduction

11.2 When to open a foreign currency account

Example: Company in Singapore
Example: Company in the United States
Example: Company in Hong Kong
Example: Company in Germany

11.3 Foreign exchange options

FX options – introduction
Why use FX options?
Puts versus calls versus forwards
Option characteristics, and how to use them
Mixed option strategies
Variations on the options theme

11.4 Where to hold currency accounts

Available locations
Considerations in currency account location
Considerations when making payments from a currency account

11.5 Terms and conditions for a currency account 14

11.6 Bank charges on currency accounts

Value dating
Commission charges
Transaction charges
Turnover charges
Lifting fees
Account maintenance fee
Cable or telex charges
Correspondent charges

11.7 Billing/account analysis

11.8 Multi-currency accounts

11.9 Regulatory issues

Differentiation between resident and non-resident accounts

Interest on bank accounts

Withholding taxes on interest paid and earned

Stamp duties on loans

Notional pooling and concentration

Thin capitalisation

Central bank reporting 23

11.10 Account ownership

Illustration of account ownership issues

Chapter 12 – Treasury technology

12.1 Introduction

Role of technology

12.2 Systems used in treasury

Spreadsheets within treasury

Types of system

12.3 The role of the TMS

TMS functionality

Workflow management

Business unit communication

Example: Multilateral netting

Example: Cashflow forecasting

Options for licensing a TMS

12.4 Electronic banking systems

Electronic balance and transaction reporting systems (EBR)

Electronic funds transfer systems (EFT)

12.5 E-Commerce: Portals and exchanges

Banking portals

Multi-bank dealing portals

Exchanges

12.6 E-Commerce: Working capital management

Invoicing

Payments/collections processing

12.7 System security

Encryption

Digital signatures

Certificate authorities

12.8 Integration and standards

XML

Standards groups

Chapter 13 – Liquidity management Part 1: Forecasting

13.1 Introduction

- Liquidity management
- Minimising cost of funds
- Maximising interest earnings
- Foreign exchange risk management
- Working capital management
- Financial control
- Setting and monitoring longer term investing and funding strategies
- Preparing budgets for capital expenditure
- Monitoring and setting strategic objectives
- Components of a 'good' cash forecast

13.2 Cash forecasting time horizons

- Short-term forecasts
- Medium-term forecasts
- Long-term forecasts

13.3 Sensitivity

13.4 The process

13.5 Short and medium-term forecasting techniques

- The receipts and disbursements model
- The moving average
- Exponential smoothing
- Regression analysis
- The distribution model 23

13.6 Long-term forecasts

- Pro forma statement method

13.7 Systems for cash forecasting

Chapter 14 – Liquidity management Part 2: Short-term investment

14.1 Introduction

14.2 Investment guidelines

14.3 The decision process

14.4 The yield curve

14.5 Investment strategies

14.6 Selecting an investment

- Assessing risk
- Assessing liquidity

Assessing return

14.7 Overview of the money markets

Day basis and year basis
How rates are quoted
Bases of interest calculations
Comparing yields

14.8 Short-term investment instruments

Government issuers
Bank and broker vehicles
Corporate instruments

14.9 Money market funds

Money market funds in the U.S.
Money market funds in the U.K.
Money market funds in Europe
Money market funds in Asia
How treasuries use money market funds

14.10 Comparison of investment instruments

14.11 How short-term funds are being invested

14.12 Investment calculations

Interest calculation
Yield calculations
Calculating proceeds
Converting the year basis

14.13 Linking investment management with cash forecasting

Chapter 15 – Liquidity management Part 3: Short-term borrowing

15.1 Introduction

15.2 The financing decision process

15.3 Availability of financing instruments

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Financing offered by the financial markets
Financing offered by the commercial market

15.8 Preferred borrowing methods

15.9 Factors that influence the cost of borrowing

15.10 Calculating the all-in cost of borrowing

All-in cost of borrowing using commercial paper

All-in cost of borrowing using a committed credit line

15.11 Loan documentation

Covenants, restrictions and requirements

Section three: International cash management tools and techniques

Chapter 16 – Cross-border liquidity management Part 1: Netting Techniques

16.1 Introduction

- Bilateral netting
- Multilateral netting

16.2 The benefits of multilateral netting

16.3 Netting drivers

- Intercompany transactions
- Third party trade payables
- Third party trade receipts
- Financial flows

16.4 Quantifying the benefits of netting

- Step 1: Aggregate transactions and convert to base currency
- Step 2: Calculate gross receipts and payments
- Step 3: Determine net receipts and payments and flows eliminated
- Step 4: Estimate the annual benefit of netting

16.5 Structural issues

- Country level netting
- Regional or global netting
- Netting with an in-house bank

16.6 Netting policies

- Currencies
- Credit period
- Settlement dates
- Exchange rates
- Conflict resolution

16.7 The netting cycle

16.8 Netting service options

- Bank managed services
- Company managed services
- Internet-based netting

16.9 Foreign exchange matching

16.10 Leading and lagging

16.11 Which option is right?

Chapter 17- Cross-border liquidity management Part 2: Pooling and cash concentration

17.1 Introduction

17.2 Notional pooling

- Benefits of notional pooling
- Disadvantages of notional pooling
- Notional pooling for credit purposes
- Notional pooling for interest earning purposes
- Interest apportionment
- Using a master account

17.3 Interest rates on notional cash pools

- Calculating the pooling benefit

17.4 Notional pooling structures

- Single currency, one-country pooling
- Single currency, cross-border pooling
- Multi-currency, one-country pooling
- Multi-currency, cross-border pooling
- Requirements for multi-currency pooling

17.5 Notional pooling considerations

17.6 How banks charge for pooling services

17.7 Implementing a notional pool

- The pooling agreement
- Cross-guarantees
- Legal right of offset
- Tax indemnity
- Linking accounts for interest calculation purposes
- Interest apportionment and allocation
- Additional requirements for cross-border pooling

17.8 Notional pooling case study

- Case study 1 – Multi-currency pooling

17.9 Interest enhancement

17.10 Cash concentration

- The role of forecasting
- Advantages of cash concentration
- Disadvantages of cash concentration

17.11 Zero balance accounts

17.12 Target balance accounts

17.13 Threshold accounts

17.14 Cash concentration considerations

17.15 Using reference accounts

- 17.16 **Overnight sweeps**
- 17.17 **Location of the concentration account**
- 17.18 **Notional pooling or cash concentration?**

Chapter 18 – Cross-border liquidity management Part 3: Tax and regulatory implications

- 18.1 Introduction**
- 18.2 Tax treaties**
- 18.3 Double tax relief**
- 18.4 Withholding taxes**
 - WHT on dividends and royalties
 - WHT on bank interest
 - WHT on intercompany loans
 - WHT on payments 'in lieu'
 - Residency issues
 - Calculation of WHT due
 - WHT rate
 - Tax credit or refund
- 18.5 Transfer pricing**
- 18.6 Arm's length principle**
- 18.7 Value-added taxes**
- 18.8 Stamp duties**
- 18.9 Permanent establishment**
- 18.10 Thin capitalisation**
- 18.11 Deemed dividends**
- 18.12 Controlled foreign companies**
- 18.13 Passive versus active income**
- 18.14 Tax on foreign exchange gains and losses**
- 18.15 Summary of tax implications for pooling and concentration**
 - Notional pooling
 - Cash concentration
- 18.16 Implications of treasury centre location**

Chapter 19 – Foreign exchange and risk management

19.1 Introduction

19.2 Business risk

19.3 Foreign exchange risk

19.4 Risk management

Hedging versus speculation

19.5 Foreign exchange risk management tools

19.6 Foreign exchange and international cash management

19.7 Reading foreign exchange rates: spot rates

FX bid-ask spread

FX bid-ask spread practice

How FX rates are quoted

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Premium, par and discount

Determining the forward outright rate

FX forwards practice

Some notes concerning points

19.9 Reading money market rates

19.10 The swap

Example of a funding transaction

Pricing the swap

Methodology for swap calculations

Effective borrowing rate

Using swaps for cash concentration

Considerations in using swaps

Chapter 20 – Treasury organization

20.1 Introduction

20.2 Centralised versus decentralised treasury

Central policy, local execution

Centralised execution

Regionalised execution, centralised policy

The road to centralisation

20.3 Payment factories

20.4 Collection factories

20.5 In-house bank

In-house bank overview

In-house bank functions

In-house bank systems
Impact of in-house banks on the banking industry

20.6 Shared service centres

20.7 Application service providers

20.8 Outsourcing to a Business Service Provider

20.9 Future impact of ASPs and BSPs

20.10 Regional treasury centres

20.11 Treasury centres

Making the business case
Strategic decisions to be made
Staffing the treasury centre
Treasury centre location
Specific locations
Profit centre or cost centre

Chapter 21 – Bank relationship

21.1 Introduction

21.2 Types of banking relationship

21.3 Selecting a global/regional cash management bank

Relationship with the group
Branch network
Payment cut-off times
Value pricing
Cash management culture
Operational quality and customer service
Bank risk
Delivery systems
Cash management products and services

21.4 Selecting a local bank

Location
Clearing capability
Scalability
Service quality
Electronic/Internet banking capabilities

21.5 The bank selection process

Identify key objectives
Reviewing existing operations
Request for information
The request for proposal
Analysing the proposals

21.6 Service level agreements

21.7 Issues with bank tendering

- The right bank staff
- Customisation of the RFP
- Evaluating pricing
- When to use a consultant

21.8 The account analysis

Chapter 22 – Efficient account structures

22.1 Introduction

22.2 Considerations when selecting account structure

22.3 FCY account structures

- Local currency account
- Domestically domiciled FCY accounts
- FCY accounts in the currency centres
- FCY accounts in a regional treasury centre
- FCY accounts in a decentralised organisation

22.4 Liquidity management account structures

- Notional pooling structures
- Cash concentration structures
- Pragmatic account structure
- Use of currency swaps

22.5 Other account structures

- In-house bank structure
- The overlay structure
- The MT101 structure
- The U.S. account structure

22.6 Variations on structures

- Concentration to a multi-currency pool
- Cross-border 'notional pooling' with a network bank
- Cross-border 'notional pooling' with a non-network bank

22.7 Selecting the right bank

22.8 Systems

Section four: Cash management case studies

Case Study 1: Cash management at the local level

United Kingdom: Country Profile

Case Study 2: Cash management at the local level

Japan: Country Profile

Case Study 3: Cash management in a globally important country

China: Country Profile

Case Study 4: Cash management across a region – Scandinavia

Scandinavia: Regional Profile

Case Study 5: Cash management across a region – Europe

Regional Profile – The Euro-Zone

Case Study 6: Cash management across a region – Southeast Asia

Southeast Asia – Regional Profile

Case Study 7: Global cash management

BP Case Study – The virtual treasury project

Case Study country profiles

- A. USA
- B. Germany
- C. Russia
- D. Central Europe
- E. Turkey
- F. India