

The ACT logo is a white circle containing the letters 'ACT' in a bold, teal, sans-serif font.

ACT

LEADING TREASURY
PROFESSIONALS

BUILDING FUTURES

A large white circle containing the text 'CERTIFICATE in International Cash Management'.

CERTIFICATE
in International
Cash Management

SYLLABUS

CERTIFICATE

in International Cash Management

- ▷ **Introduction**
- ▷ **STUDY UNIT 1: Reviewing the basics**
- ▷ **STUDY UNIT 2: The banking system**
- ▷ **STUDY UNIT 3: Liquidity management**
- ▷ **STUDY UNIT 4: International cash management tools and techniques**
- ▷ **STUDY UNIT 5: Organisation of the treasury function**
- ▷ **STUDY UNIT 6: Spotlight on international systems**



INTRODUCTION

CertICM focuses exclusively on global cash management, allowing students to appreciate the importance of and techniques relevant to cash management for corporate treasury.

The qualification is designed to assist the understanding of both banks and corporate organisations in this very important area.

STUDY UNIT 1: Reviewing the basics

Provides an introduction to the fundamentals of cash management, the role of the treasurer and the benefits of good cash management. It explains key cash management concepts such as the cash management cycle and liquidity, and places cash management in the broader financial context of the organisation. Finally, it provides an introduction to the very important areas of working capital management and trade finance which may be overlooked by cash managers focussed on external solutions.

STUDY UNIT 2: The banking system

Focuses on the banking system in the context of cash management. By the end of this unit students will have an appreciation of the wide range of cash management solutions that may be available from their bankers and other solution providers such as SWIFT when looking to operate bank accounts and make payments both domestically and cross-border.

STUDY UNIT 3:
Liquidity management

Turns attention to liquidity management in its broadest sense, i.e. how to identify and manage cash surpluses and shortfalls. The development of cash forecasts by cash managers is very important and covered in some depth before moving on to explore the investment and borrowing decision making processes in an organisation.

STUDY UNIT 4:
International cash management tools and techniques

Explores many of the more advanced tools and techniques available to the cash manager, with particular focus on bank account structures. Fundamentals of foreign exchange management are also explored since many cash managers need to understand foreign exchange transactions as part of their remit as business becomes increasingly international.

STUDY UNIT 5:
Organisation of the treasury function

Provides an insight into broader aspects of the treasury function; more specifically, how a treasury may be structured and use technology effectively, and how bank relationship selection and management plays a key role in delivering effective cash management solutions. The importance of regulation and taxation on all aspects of a cash manger’s work is also explored.

STUDY UNIT 6:
Spotlight on international systems

The final study unit of the course brings together much of what has previously been studied by looking at clearing and settlement systems in a few selected locations, either because the countries are significant in terms of world trade, such as the US and China, or unique in terms of scope, such as the Eurozone.

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1 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
- 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
- 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
- 2.5 Other important cash management concepts
- 2.6 Float

Chapter 3: Introduction to financial statements

- 3.1 Introduction to the company
- 3.2 Introduction to financial statements
- 3.3 Key accounting concepts
- 3.4 The balance sheet/ statement of financial position
- 3.5 The statement of profit or loss and other comprehensive income
- 3.6 Statement of changes in equity
- 3.7 Statement of cash flows
- 3.8 Published financial accounts versus management accounts
- 3.9 Important ratios for cash managers
- 3.10 Weighted average cost of capital (WACC)

Chapter 4: Introduction to working capital management

- 4.1 Introduction to working capital management
- 4.2 The cash conversion cycle
- 4.3 Receivables management
- 4.4 Payables management

Chapter 5: Introduction to trade financing

- 5.1 Introduction to trade financing
- 5.2 International trade terms
- 5.3 Mitigating risk
- 5.4 Optimising working capital

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2 THE BANKING SYSTEM

Chapter 6: Introduction to banking

- 6.1 Introduction
- 6.2 Basel III
- 6.3 Role of the central bank
- 6.4 The main duties of a bank
- 6.5 Types of bank
- 6.6 Types of bank account
- 6.7 Types of account holder and documentation
- 6.8 Understanding interest calculations
- 6.9 Bank charges
- 6.10 Reducing bank charges
- 6.11 Bank credit risk and balance sheet management

Chapter 7: Basic banking services

- 7.1 Introduction
- 7.2 Paper-based payment instruments
- 7.3 Electronic payment instruments
- 7.4 Cards
- 7.5 Comparison of payment instruments
- 7.6 Regional preferences
- 7.7 Banking services designed to control float
- 7.8 Impact of payment and collection instruments on cash flow

Chapter 8: Settlement and clearing systems

- 8.1 Introduction
- 8.2 Settlement versus clearing
- 8.3 Settlement systems
- 8.4 Net settlement systems
- 8.5 Developments in cheque clearing and processing
- 8.6 Real-time gross settlement systems
- 8.7 Hybrid clearing and settlement systems
- 8.8 Continuous Linked Settlement
- 8.9 Currency settlement outside of the currency centre
- 8.10 Credit card clearing and processing

Chapter 9: Making international payments

- 9.1 Complexities of international cash management
- 9.2 Considerations when making international payments
- 9.3 Correspondent banking
- 9.4 Non-electronic payments and collections
- 9.5 Electronic payments and collections
- 9.6 Making international payments
- 9.7 SWIFT
- 9.8 International payments using SWIFT
- 9.9 Multi-bank reporting via SWIFT
- 9.10 Corporate access to SWIFTNet
- 9.11 Standardisation of international bank account numbers

Chapter 10: Foreign currency accounts

- 10.1 Introduction
- 10.2 When to open a foreign currency account
- 10.3 When to close currency accounts
- 10.4 Where to hold currency accounts
- 10.5 Terms and conditions for a currency account
- 10.6 Bank charges on currency accounts
- 10.7 Billing/account analysis
- 10.8 Multi-currency accounts
- 10.9 Regulatory issues
- 10.10 Account ownership

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3 LIQUIDITY MANAGEMENT

Chapter 11: Forecasting

- 11.1 Introduction
- 11.2 Cash forecasting time horizons
- 11.3 The process
- 11.4 Short and medium-term forecasting techniques
- 11.5 Long-term forecasts
- 11.6 Systems for cash forecasting

Chapter 12: Short-term investment

- 12.1 Introduction
- 12.2 Investment guidelines
- 12.3 The decision process
- 12.4 The yield curve
- 12.5 Investment strategies
- 12.6 Selecting an investment
- 12.7 Overview of the money markets
- 12.8 Short-term investment instruments
- 12.9 Money market funds
- 12.10 Comparison of investment instruments
- 12.11 How short-term funds are being invested
- 12.12 Investment calculations
- 12.13 Linking investment management with cash forecasting

Chapter 13: Short-term borrowing

- 13.1 Introduction
- 13.2 The financing decision process
- 13.3 Availability of financing instruments
- 13.4 Internal funding
- 13.5 External short-term funding
- 13.6 Criteria when selecting financing
- 13.7 Debt instruments
- 13.8 Factors that influence the cost of borrowing
- 13.9 Calculating the all-in cost of borrowing
- 13.10 Loan documentation

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4 INTERNATIONAL CASH MANAGEMENT TOOLS AND TECHNIQUES

Chapter 14: Netting

- 14.1 Introduction
- 14.2 The benefits of multilateral netting
- 14.3 Netting drivers
- 14.4 Quantifying the benefits of netting
- 14.5 Structural issues
- 14.6 Netting policies
- 14.7 The netting cycle
- 14.8 Netting service options
- 14.9 Foreign exchange matching
- 14.10 Leading and lagging
- 14.11 Which option is right?

Chapter 15: Cash pooling

- 15.1 Introduction
- 15.2 Notional pooling
- 15.3 Interest rates on notional cash pools
- 15.4 Notional pooling structures
- 15.5 Notional pooling considerations
- 15.6 How banks charge for pooling services
- 15.7 Implementing a notional pool
- 15.8 Variations on notional pooling
- 15.9 Cash concentration
- 15.10 Zero balance accounts
- 15.11 Target balance accounts
- 15.12 Threshold accounts
- 15.13 Nordic cash pooling
- 15.14 Cash concentration considerations
- 15.15 Using reference accounts
- 15.16 Overnight sweeps
- 15.17 Location of the concentration account
- 15.18 Notional pooling or cash concentration?

Chapter 16: Efficient account structures

- 16.1 Introduction
- 16.2 Considerations when selecting account structure
- 16.3 FCY account structures
- 16.4 Liquidity management account structures
- 16.5 Other account structures
- 16.6 Variations on structures
- 16.7 Selecting the right bank
- 16.8 Systems

Chapter 17: Risk management

- 17.1 Introduction
- 17.2 Financial risks to the business
- 17.3 Other risks
- 17.4 Risk management framework
- 17.5 Risk assessment
- 17.6 Risk evaluation tools
- 17.7 Risk response strategy
- 17.8 Foreign exchange risk
- 17.9 Foreign exchange risk management tools

Chapter 18: Foreign exchange

- 18.1 Introduction
- 18.2 Market participants
- 18.3 Foreign exchange and international cash management
- 18.4 Reading foreign exchange rates: spot rates
- 18.5 Reading foreign exchange rates: forward rates
- 18.6 Reading money market rates
- 18.7 The foreign exchange swap

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5 ORGANISATION OF THE TREASURY FUNCTION

Chapter 19: Treasury structures

- 19.1 Introduction
- 19.2 Cost centre or profit centre
- 19.3 The case for centralisation
- 19.4 Centralised versus decentralised treasury
- 19.5 The steps towards centralisation
- 19.6 Shared service centres
- 19.7 Payment factories
- 19.8 Collection factories
- 19.9 In-house bank
- 19.10 Application service providers
- 19.11 Outsourcing to a business service provider
- 19.12 Future impact of ASPs and BSPs
- 19.13 Regional treasury centres
- 19.14 Treasury centres

Chapter 20: Policy, tax and regulatory issues for treasury

- 20.1 Treasury policy and procedures
- 20.2 Measuring treasury performance
- 20.3 Internal controls and governance
- 20.4 The impact of anti-money laundering/anti-terrorism legislation
- 20.5 Tax and treasury
- 20.6 Summary of tax implications for notional pooling and cash concentration
- 20.7 Implications of treasury centre location

Chapter 21: Bank selection and relationship management

- 21.1 Introduction
- 21.2 Types of banking relationship
- 21.3 Selecting a global/regional cash management bank
- 21.4 Selecting a local bank
- 21.5 The bank selection process
- 21.6 Service level agreements
- 21.7 Issues with bank tendering
- 21.8 The account analysis
- 21.9 EBAM

Chapter 22: Technology

- 22.1 Introduction
- 22.2 The role of technology
- 22.3 Systems available for treasury
- 22.4 Implementing technology – selection and review
- 22.5 Implementing technology – delivery
- 22.6 Connectivity of systems
- 22.7 System security
- 22.8 Future direction

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6 SPOTLIGHT ON INTERNATIONAL SYSTEMS

Chapter 23: Spotlight on international systems – part one

- 23.1 Introduction
- 23.2 US payment and collection systems
- 23.3 Euro payment systems

Chapter 24 Spotlight on international systems – part two

- 24.1 Brazil
- 24.2 Russia
- 24.3 India
- 24.4 China

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ACT

Competency Framework

GLOBAL TREASURY STANDARDS

ACT COMPETENCY FRAMEWORK

The result of consultation with senior treasurers, banks and learning and development teams, the framework defines the competencies treasurers need to operate successfully in global business today. The skills a treasurer needs over their career varies according to seniority. The competencies have been benchmarked and mapped to four job levels; tactical, operational, managerial and strategic.

The content of this syllabus introduces the skills required to operate at a managerial and operational level.



Strategic Level
Managerial Level
Operational Level
Tactical Level

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