



TEMENOS
Transact

Temenos Transact
Corporate Banking

Cash and Liquidity Management





Cash and liquidity management is increasingly becoming an even more crucial component in treasury operations of corporations. This has been driven by the increasing strategic importance of the corporate treasurer. Only Temenos provides a single digital cash and liquidity management solution to financial institutions for their corporate customers. This covers payables and receivables management, liquidity management operations, including multi-hybrid cash pools providing notional, physical, balance netting and virtual account structures. With hybrid structures, accounts can be added to pools, including off-balance sheet structures with no need to change account numbers ensuring continuity of receivables.

Comprehensive intraday sweeping ensures the corporate treasurer can maximize the amount of liquid funds available at any time and, coupled with Temenos Payments, corporates can be certain of meeting their payment obligations. At the close of business, the sophisticated sweeping tools help the treasurer by automatically covering / minimizing cash shortfalls and optimizing cash available for investment.



PWC 2019

Global Treasury Benchmarking Survey

[Read more](#)



All CFO's & Treasurers surveyed

stated that cash flow forecasting as being top of their agendas



Over 60% of respondents see the potential in data analytics, RPA, and AI in the next 2-3 years



50% of respondents still use Notional Pooling, despite questions about the product's sustainability amid regulatory constraints and other costs.

How we Address Your Goals and Challenges

Next generation treasury functions work in real-time, with highly integrated, automated systems. This is often referred to as Treasury 4.0 and corporates are looking for solutions with intelligent tools that will help them to perform treasury tasks better and better.

Temenos Cash Management and Liquidity enables banks rapidly to create pooling structures to help concentrate liquidity and facilitate cash flow. Automated processes ensure the bank can provide interest compensation automatically within structures, saving corporates from needing to manually distribute bonus interest or collect interest for intra-company lending, with inter-company funding position reports available for statutory reporting. Inheritance within structures ensures the consistent application of interest and fees within pools. In addition, automatic cover control enables corporate to set limits on use by pool members of available liquidity and set funding limits & caps to control how much accounts may borrow or lend within the pool over defined periods.

The old ways of looking at the past to drive decisions are being replaced by the use of data to reliably predict the future. The automation of treasury tasks free up skilled treasury staff to think strategically and enhance business value, having the opportunity to

exchange manual and repetitive tasks for strategic thinking, adding greater value to the business.

Temenos XAI provides explainable analytics to assist the Treasurer with predicting the future; many treasurers still rely on spreadsheet for predictions meaning information is often out of date before it can be analyzed. Temenos XAI provides real-time analysis over large volumes of accounts and transactions.

Corporate Banking is undergoing its own revolution; powered by open banking, instant payments and SWIFT gpi, banks need to be ready for the hyper-globalization of the corporate world. Order to cash conversion remains paramount for corporates and in the turbo-charged world of transaction banking one of the greatest challenges for the corporate treasurer is reconciling cash at velocity to identify working capital whilst maximizing liquidity through releasing and centralizing cash. Aggregation of multi-bank transaction information via open banking and SWIFT cash reporting (MT940, MT942, camt.53) is essential for the corporate treasurer to keep track of liquidity positions, re-patriate when required and monitor trapped cash.

Multi-bank pools to facilitate automation of liquidity flows via sweeps and request for transfer (MT101, pain.001) will enable the corporate to tap into the benefits of open banking and global instant payments. Returns on surplus cash in the concentrated cash pool must be maximized as well as covering or minimizing shortfalls. Together, both phases work to increase the profitability of the business.

Our virtual pooling structures provide one of the most effective methods of managing receivables and reconciling payments to invoices. Sweeping from virtual accounts in real time supports cash concentration and responding to triggers ensures funding is where it is needed by priority, in increments or whatever is available i.e. if the entire amount required by the sweep is not available the system will sweep what is available. At end of day any pool surplus can be swept to external investment accounts and swept back when needed and likewise pool shortfalls can be automatically covered from external credit lines.

The Temenos range of real time liquidity and cash management solutions are available to ensure that banks are ready to service the needs of the corporate treasurer in the world of Treasury 4.0.



What Our Solution Covers

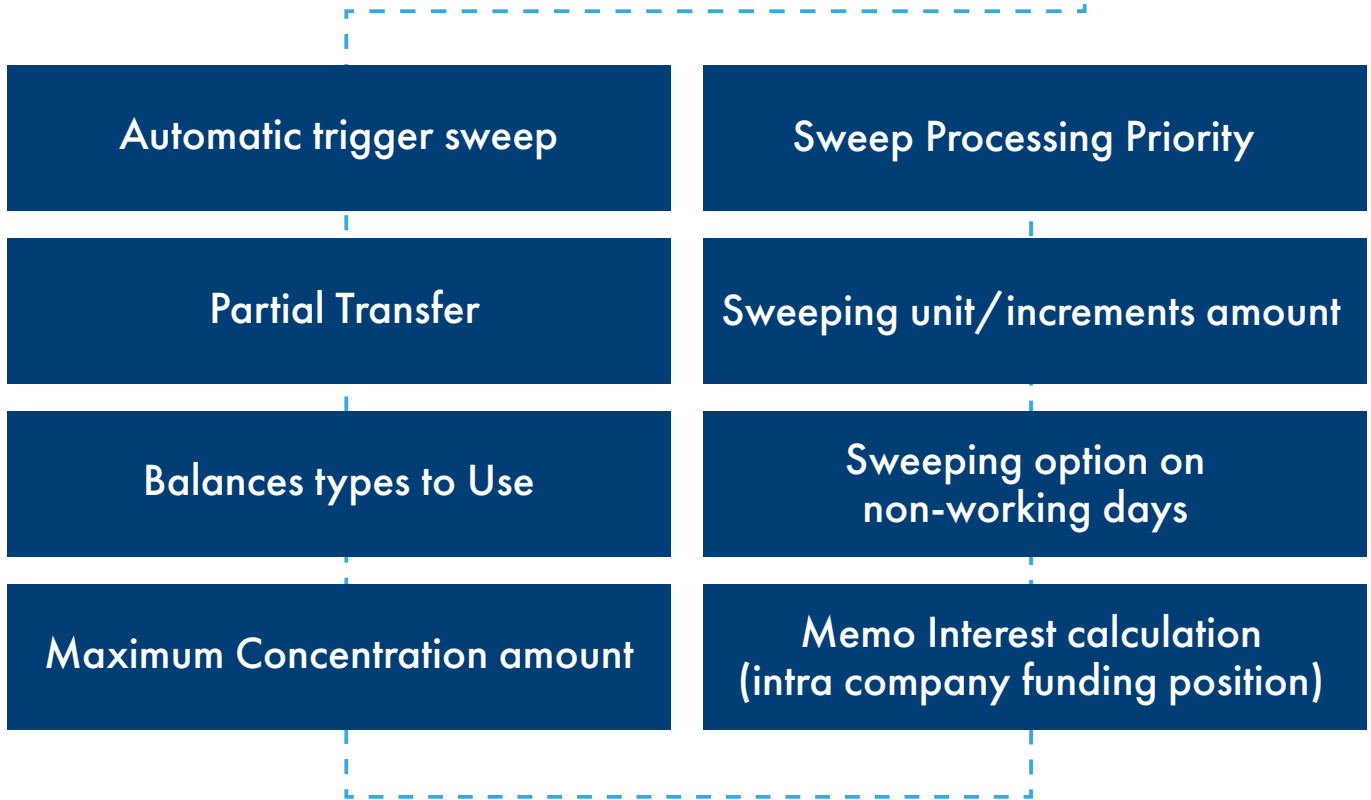
Temenos' Cash Management components provide banks with the ability to provide corporate customers with virtual accounts, the latest receivables management tool that provides individual off balance sheet accounts with clearing account numbers specific to each customer of a corporate to receive remittances for invoices. This capability enables the corporate to centralize their receivables processes creating operational efficiencies through collection on behalf of (COBO aka ROBO) functions. Equally benefitting from sweeping within liquidity structures with options to create virtual accounts and virtual entity sub-structures the corporate can centralize payment operations and operate payment on behalf of (POBO) for subsidiaries. Temenos enables the corporate to make payments via transfers, checks, domestic payments, international payments and bulk payments. Incoming and outgoing Direct Debits support automated collection and payments. Standing orders/regular payments ensure repeat payments are consistently made to specified frequency. Scheduled payment functionality allows the corporate to enter payments for execution on future dates.

Hybrid cash pools provide the advantages of physical cash concentration whilst records of individual account transaction and balances maintained. Virtual Transaction accounts are maintained off-balance sheet, and may have

account numbers recognized by local clearing systems. Existing on-balance sheet accounts can be added to a hybrid cash pool and are automatically converted to off-balance sheet transaction accounts when joining a pool and switched back to standalone if required with no change of account number. Not only does this provide a unique and amongst the most advanced cash & liquidity management solutions for traditional Physical pooling whilst offering the benefits of account records maintained in Notional cash pools, but it also provides banks with a virtual accounts solution. Banks can build hierarchical pooling structures with accounts sub-grouped under summary accounts within the pool. Structures can be set up as single or multi-currency with credit facilities.

To optimize liquidity in multiple currencies banks are able to offer their corporate customers the ability to hold currency FX positions off-balance sheet within a multi-currency cash pool. This allows the corporate to use a currency surplus to meet an obligation in another currency, thereby hedging the position pending a future on-balance sheet FX movement or awaiting expected cover for the currency exposure to arrive. Coupled with support for intra-company lending Internal FX in Temenos Advanced Cash Management is a compelling tool for corporates.

Real-time and end of day sweeping supports traditional Physical Cash Pooling and with multiple sweep options the needs of the most complex physical cash pools can be met:



Where corporate customers do not wish to concentrate cash, our Notional cash pooling service provides all the requirements to enable banks to offer pooling that considers the balances of groups of accounts for available funds and share bonus interest with the participant accounts. Methods of interest distribution allow the treasurer to determine how bonus interest is apportioned pool member accounts.

Temenos Infinity further allows banks to enable corporate customers to access and self-manage their Liquidity and Cash Management structures and transactions.

Features

Cash Management

- Receivables management via virtual accounts
- Transfers, checks, domestic payments, international payments and bulk payments.
- Automated payments
 - Direct Debits
 - Standing orders/regular payments
 - Sweeps
 - Scheduled payments
- Beneficiary/Payee management
- Payment on behalf of (POBO)
- Collection on behalf of (COBO aka Robo)

Hybrid Cash Pooling

- Multi-level, Multi-currency structures
- Hierarchical builder
- Internal FX
- Multi-currency interest and credit facilities
- Full cover control for internal and external transactions
- Virtual account and Virtual IBAN

Physical Cash Pooling

Accounts grouped together to form a pool for the purpose of moving funds to a high interest account while ensuring other accounts maintain a minimum balance

Features:

- Multi-Customer, Multi-Branch, Multi-Currency
- Facilitates Online, Intra-day and End of day Sweeping

- Sweep reversal and re-runs allowed
- Sweep Priorities can be assigned
- Sweeps can also consider the total overall balance in the pool group
- Back valued entries either trigger sweep re-runs or back valued sweeps
- Advanced Sweeps
 - Manual & automatic sequencing of sweeps
 - Surplus rule priority allow different priorities for surplus and maintenance
 - Sweeping in increments
 - Sweep with float transfer
 - Maximum concentration amount on link account
 - Partial transfer
 - Suspend cash pool
 - External sweeps

Notional Pooling

Notional balances of the group accounts are considered for interest calculations without movement of funds

- Sharing of interest with participants accounts
- Restriction of interest bonus paid to subaccounts
- Debit balance in Master and Sub Account with offsetting on Debit Balance
- Credit Balance with offset & pooled balance is credit
- Credit Balance with offset & pooled balance is debit

Benefits

Banks that implement Temenos Cash & Liquidity Management solutions can expect

Increased customer satisfaction from complex and automated solutions that meet the needs of the digital corporate treasurer.

Increased revenue from

- Cash pool services, on-going fees, structure changes
- Value added services e.g. Internal FX
- Higher transaction revenue from increased transaction volumes
- Transaction account fees
- Multi-currency credit products
- Increased deposit liabilities to fund lending

Bank Balance sheet stability

- Off balance sheet accounts & physical cash pools shorten bank balance sheet reducing bank capital requirements
- Conversion of Notional Pooling customers to Hybrid Cash Pools reduce impact of regulations that prevent Notional Pooling in some jurisdictions or regulations that create additional cost e.g. Basel III LCR & NSFR resulting in higher central bank capital requirements.
- As balances remain in accounts balance sheets are larger. Banks can no longer report net positions and have to report gross
 - Interest Netting as an alternative to netting of balances



**With Temenos Transact,
we now have a modern
platform that integrates with
any external system and has
the flexibility and scalability
to grow with us.**

Fahad Al Khalifa,
Group CEO, Al Khaliji Bank

More information

Banks must be ready to respond to the demands of the new tech savvy corporate Treasurers and CFO's. Treasury 4.0 will mean that Corporates will seek partner banks that have the products and technology to interoperate with their digital treasury.



Get in touch

Get in touch with Temenos to find out about how our range of real time liquidity and cash management solutions can help you to service the needs of the digital corporate treasurer.



TEMENOS

THE BANKING SOFTWARE COMPANY

temenos.com

About Temenos

Temenos AG (SIX: TEMN) is the world's leader in banking software. Over 3,000 banks across the globe, including 41 of the top 50 banks, rely on Temenos to process both the daily transactions and client interactions of more than 500 million banking customers. Temenos offers cloud-native, cloud-agnostic and AI-driven front office, core banking, payments and fund administration software enabling banks to deliver frictionless, omnichannel customer experiences and gain operational excellence.

Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8% half the industry average and returns on equity of 29%, three times the industry average. These clients also invest 51% of their IT budget on growth and innovation versus maintenance, which is double the industry average, proving the banks' IT investment is adding tangible value to their business.

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