



TreasuryPulse

Passion to Perform

Treasurers Go 'Back to Basics' to Achieve Control, Efficiencies

Deutsche Bank's Shahrokh Moinian, Head of Trade Finance and Cash Management Corporates of the Americas, and Martin Runow, Head of Cash Management Corporates, North America, discuss treasury management trends in the region.

What are the corporate cash trends for North American multinational corporates (MNCs)?

Shahrokh Moinian (SM): They are adapting to significant change in cash and treasury management. In order to increase controls while driving efficiencies, treasurers are finding themselves going "back to the basics." Focusing on centralization, automation and standardization facilitates the control corporates require and helps create other efficiencies at global, regional and local levels. Treasurers are using these processes to achieve greater visibility of cash balances, more reliable cash flow forecasting, tighter cash flow control and enhanced process efficiency.

Martin Runow (MR): Treasurers are utilizing centralized treasuries, in-house banks, shared service centers and payment factories. Shared service centers and payment factories offer a single interface across all divisions; facilitate standard accounting treatment, uniform controls and oversight; and optimize resourcing. Many North American MNCs are seeking to take these structures further and drive the next levels of efficiencies to produce greater control over working capital, liquidity positions and risk exposures. For instance, more corporates are evaluating payable on behalf structures, whereby one entity pays on behalf of the others, thereby reducing the need for current accounts. Others are looking to link financial supply chain services to their payment processes to allow the recipient to receive early payment at a discount.

What do treasurers need to focus on?

SM: They need to continually evaluate available solutions, as there are some real opportunities to move the needle. Many of our MNCs are utilizing Deutsche Bank's Next Generation Treasury Solutions, such as integrated working capital management and comprehensive liquidity management.

MR: Visibility of cash is of particular importance to corporate treasurers, who have fewer staff and less financial resources and are trying to reduce debt and free up trapped cash. You can't manage to a blind spot, so it has to start with better visibility to your global cash positions.

How important is it to focus on working capital management?

MR: Credit remains scarce and expensive, and finding external funding sources is likely to remain challenging. Therefore, identifying internal funding sources is critically important. Additionally, company priorities have changed and many corporates are increasingly concerned about counterparty risk and working capital management in their supply chains. As a result, banks are offering financial supply chain products that provide an efficient, automated way of delivering liquidity and counterparty risk mitigation.

SM: Financial supply chain (FSC) is an area where there has been dramatic progress, and the US is helping lead this resurgence. Deutsche Bank's Next Generation Treasury Solutions offer an integrated working capital structure for corporates that combines supply chain and payment factory structures using the same platform. End-to-end working capital management can be achieved by leveraging cash management and trade finance.

Cash has always been a challenging aspect for corporates. Where do you see it heading?

MR: Wringing cash and checks from collections is a major focus. The Internet and mobile devices serve as cashless collections communication channels for viewing and approving invoice information. Clients can take advantage of a consolidated hub for transaction matching, reporting and reconciliation.

SM: Cashless collections streamline, automate and control collections while eliminating weaknesses such as costs of transport and security, fraud risk, manual processing and exception handling, as well as long delays in payment receipt. Overall, it improves working capital by eliminating idle balances and increasing operational efficiencies and control. Additionally, cross-border ACH and virtual accounts add value by reducing the need for currency accounts.

How is Deutsche Bank using advances in technology to improve the customer experience?

SM: Deutsche Bank has responded with the development of the Autobahn App Market, the first app-based electronic offering for clients in the financial services industry. An app-based operating model provides a single access point to different bundles of services, allowing cash and liquidity management products and services to be grouped according to individual company requirements and business cycles. Treasurers can select the precise tools they need.

MR: The App Market offers ease-of-use in addition to enhanced functionality. As the corporate world becomes increasingly influenced by technology developments in the consumer space — for example, the rising popularity of social media tools — product usability is emerging as a key corporate requirement and differentiator among banking technology providers. In addition to enhancing operational efficiency and improving the transparency of information, reports and records, today's treasury tools should be intuitive and easy to use. Consumer products have set a high standard in this respect, and it is the challenge of banking technology to keep pace.

What should we expect to see in the future?

MR: Change has been the only constant. Deutsche Bank is committed to staying at the forefront of this sustained change. In an evolving market, Deutsche Bank continues to invest in improving and evolving its offerings by focusing on clients. We need to provide the basics and remain on the cusp of innovation so that we can drive value across the organization.

SM: Clients are looking for a consultative approach. By conducting "white board" sessions with clients, we walk through their processes and work to identify potential areas of improvement. In exploring the intricacies of their processes, we develop a deep understanding of their needs and requirements. At times, this has led to untapped market needs, which may evolve into a Next Generation Treasury Solution that is appropriate for them and replicable for other clients. This "private-banking" type of coverage and service approach has improved the overall client experience in conjunction with our "back to basics" offering that supports our Next Generation Treasury Solutions.