Cash visibility & mobility

Cause	Solutions & benefits
Inefficient bank account landscape A large number of accounts spread across several banking counterparties can have a negative impact on cash visibility. Furthermore, the number of accounts and counterparties can result in increased bank fees, and the need to manage multiple bank mandates and online banking platform access rights, results in operational inefficiencies and the risk of fraud.	**Bank Rationalization** can help reduce the number of accounts and counterparty banks. The aim of a rationalization is to assess the existing bank account landscape by comparing business account requirements to bank capabilities, in order to define the optimal number of accounts and identify the right banking counterparties for your operations. See here for more in-depth details of our bank rationalization service and the benefits it can achieve. A commonly used tool to reduce the number of accounts required by an organization and increase efficiency is the use of an **In-House Bank (IHB)** By introducing an IHB structure with a centralized FX settlements, inter-company netting and payments or collections 'on behalf of' (also known as POBO/COBO), an organization can drastically reduce the need for each business unit to maintain multiple foreign currency accounts in addition to local currency operating accounts. Centralized management of FX and processing of foreign currency payments/collections on their behalf can introduce multiple efficiencies and cost savings to the organization. See here for more in-depth details of the benefits of introducing an IHB: How the in-house Bank improves visibility and liquidity controls Another service that is currently being offered by several banks is the **Virtual Bank Account (VBA)**, which can deliver similar benefits to IHBs. VBAs are mostly associated with the COBO concept, but increasingly with Liquidity Management. The VBA can be described as a bank account number towards which a customer collection can be initiated, but where ultimately the credit is going to happen on a "real" physical bank account (most often a central Treasury account). By receiving the cash centrally and recording it via an intercompany position against the operating company, cash visibility and mobility is improved in a similar way to a cash pooling structure. The need for daylight overdraft limits can be reduced, amongst many other benefits that are detailed here.

Cash visibility & mobility

Cause	Solutions & benefits
Lack of streamlined bank connectivity When an organization holds accounts with multiple banks, they typically encounter difficulties in being able to view their cash transactions, balances and therefore the daily cash position in an efficient and timely manner.	There are several **bank connectivity** methods and systems an organization can use to electronically connect with each of their banks to retrieve statements and make payments, such as direct Application Program Interface (API) connections, direct connection to the SWIFT network or utilizing the services of a SWIFT Service Bureau. With effective bank connectivity in place across all accounts, organizations can quickly and easily view statements and transactions to determine their daily cash position. Increasingly, companies are looking to achieve real-time visibility though the use of APIs with their banks. See here for more in-depth details of bank connectivity choices When making decisions on bank connectivity strategy, it is important to follow a structured and impartial approach and ensure the chosen platform satisfies all key requirements. Zanders have over 20 years' experience in assisting organizations with the treasury system and bank connectivity selection process: https://zanders.eu/en/service/system-selection-for-corporates/
Lack of Cash Centralization When cash is spread across numerous accounts in multiple currencies, organizations are unable to easily utilize those funds and deploy their cash in an effective way.	By implementing Target Balancing and Cash Pooling structures, cash can be centralized and made available for debt paydown, acquisition funding, capital expenditure, or to cover short positions in other accounts and currencies across the organization through inter-company loans. In some instances, through such centralization, organizations can exercise more control over cash investments to ensure compliance with overall treasury policy objectives.