Cash management solutions for large corporates. Trends in Russia

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CASH MANAGEMENT

Cash collection
Acquiring, Classic cash collection
Reconciliation

Liquidity management
Physical and notional cash pooling

Payments
Payments, Overdrafts
Massive list payments, Bank monitoring service

Connectivity
Host-to-host and SWIFT SCORE
Payments
CORPORATE TREASURY SETTLEMENT CENTER (CSTC)

The Russian unique solution

GAZPROMBANK

MONITORING OF CASH FLOWS

ACCEPT OF 3-D PARTY PAYMENT INSTRUCTIONS

AUTOMATED BUDGET CONTROL
BANK MONITORING SERVICE
Regular payments **monitoring** across the whole chain of cooperation

**Informing** of the project’s owner about expenditures on a regular basis (budget control)

**Validation** and **verification** of the documents presented by the contractor (subcontractors) before the payments are made

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**Contract scheme**

**PRINCIPAL (CONTRACTEE)**

**CONTRACTOR**

**DOCUMENTS NECESSARY TO CONFIRM PAYMENT ORDERS**

**CONTRACTOR’S BANK ACCOUNT BALANCE REPORT**

**VALIDATION OF PAYMENTS**

**DOCUMENTS NECESSARY TO CONFIRM PAYMENT ORDERS**

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**Contract scheme**

**Regular payments monitoring** across the whole chain of cooperation

**Informing** of the project’s owner about expenditures on a regular basis (budget control)

**Validation** and **verification** of the documents presented by the contractor (subcontractors) before the payments are made
Connectivity
CONNECTIVITY NOWADAYS

SCORE
ISO 20022

SPFS
The «Single window» principle

THE CENTRAL BANK OF THE RUSSIAN FEDERATION

Internet Bank

Host-to-host
ERP integration
LIQUIDITY MANAGEMENT
Cash-Pooling is critically important for liquidity management. In Russia physical and notional cash pooling both have been actively developed but they are marketed separately.

**NOTIONAL CASH POOLING**
More preferable to those corporate clients, which are not ready for managing intercompany loans.

**PHYSICAL CASH POOLING**
Intercompany loans, essential part of the physical pooling, may cause some tax and legal issues and have technological constraints.
Intra-Day

Execution of payments of the pool members after the funding of their cash balances

During the business day

23:59

End-of-Day

Funding of the pool members cash balances after the payments execution

Beginning of the business day

23:59

Overdraft facility

Technical overdraft facility

MASTER-ACCOUNT

POOL MEMBER ACCOUNT

POOL MEMBER ACCOUNT

23:59

23:59

PHYSICAL CASH POOLING
PHYSICAL CASH POOLING

PROS AND CONS

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<th>Intra-Day</th>
<th>End-of-Day</th>
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<td>Minimum cash liquidity for payment execution</td>
<td>-</td>
<td>+</td>
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<tr>
<td>Fast payment execution for pool members</td>
<td>-</td>
<td>+</td>
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<td>Minimum amount of operations under the intercompany loan agreements</td>
<td>-</td>
<td>+</td>
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<tr>
<td>No &quot;conflicts&quot; when intercompany operations are executed</td>
<td>-</td>
<td>+</td>
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<tr>
<td>Credit risk limits established in advance</td>
<td>+</td>
<td>-</td>
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Accounts in foreign banks of a holding’s foreign entity are included in the pool.
AUTOMATIC COLLECTION
Classic cash collection vs Automatic Deposit Machine

- Packing
- Storage
- Waiting
- Registration

Automatic Deposit Machine

- Operating speed
  - Online crediting
- Comfort
  - Cash-in at any time
- Security
  - Money in the ADM – responsibility of Bank

Money in the ADM = Money on the Bank Account
AUTOMATION FOR TREASURY MANAGEMENT
TREASURY MANAGEMENT SYSTEM

TMS as SaaS-solution – reduction of costs for automation of Treasury functions
Payment management

- Scheduling payments
- Cash flow forecasting
- Payment plan

Execution of payments

- Payment initiation
- Approval of payments
- Payment transfer to the Banks
- Bank statements processing

Liquidity management

- Liquidity forecast
- Liquidity scenarios
- Intra-group financing (Physical and notional pooling)
- Financial transactions execution
- Financial transactions accounting

Risk management

- Hedging operations
- Currency risk management

Reports and performance indicators

- Financial analysis
- Plan-fact analysis
- Control procedures for the data processing and labor expenditures
TREASURY MANAGEMENT SYSTEM

Electronic channels
TREASURY MANAGEMENT SYSTEM

COST REDUCTION

• Reduced project risks during implementation process
• Supplier provides support and system administration
• Using only a browser and a standard MS-Office software

LATEST TECHNOLOGIES

• Component architecture as a condition for the optional use and development of the system
• Minimal use of technologies which are produced, sold and licensed by foreign companies

EXPERTISE

• The use of expertise in the fields of liquidity management, corporate finance and risk management.
First Vice-President
Head of Transaction Bank

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