

SECTOR REPORT 2: CASH MANAGEMENT



Cash management is expected to be the most influential business in transaction banking in 2018

Evolving client roles push for integrated banking platforms

Banks are rolling out digital cash management tools to adapt to changes.

Asian banks are now required to think beyond the traditional job tasks of treasurers and the market scope of sector-focused companies when it comes to their clients' cash management needs. Banking executives and industry consultants recognise the rapidly expanding requirements of their client base and are responding with more integrated platforms and solutions.

Developing integrated propositions has become one of the key investment priorities for banks, said **Jason Ekberg**, partner, head of corporate institutional banking at Oliver Wyman. "So I would be able to log into my portal, I want to look at my cash position, my credit position, my FX position, and I want to be able to use this dashboard as a single portal to help manage my business, with cash management at the center of it," he added.



Jan Bellens



Di Chanellor



Ernest Saudjana

Ekberg also noted how banks are building online architecture platforms such as DBS Treasury Prism, an online treasury and cash management simulation tool for chief financial officers and corporate treasurers to test out various bank and corporate solutions at no cost. "Anybody can use it and play with it. You would optimise your liquidity and use it to optimise your treasury setup," said Ekberg. "And DBS is doing that because they want to start to position themselves as the leader in the industry."

Meanwhile, Westpac plans to implement a flexible cash management platform that will be integrated to the bank ecosystem and enable them to create new offerings without the need for custom build, said **Di Chanellor**, general manager, global transaction services at Westpac. A key feature in this platform will be a single visualisation

tool that provides the user a view of all account balances across many different departments. "Beyond just being a visual dashboard, the end goal of the platform is for aggregated account balances to be pooled so they can be treated as a whole rather than a series of disconnected accounts," explained Chanellor.

NDB said introducing full-fledged cash management systems with automated collections, supply chain management, and liquidity management gives the bank a competitive advantage. "This way the customer gets one platform for all their needs," said an NDB spokesperson, adding that another benefit of this approach is that it reduces the need for customisation, which can be costly.

Bank Mandiri has started offering Mandiri Cash Management, a cashless service for any transaction related with the administration's official budget of the local government. "One of the features provided to support APBD management is the multifaceted financial dashboard that empowers each local government office to control earnings and expenses," said

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Adinata Widia, senior vice president of transaction banking wholesale product group at Bank Mandiri. “The service helps local governments to streamline their reconciliation process for collection and improve their liquidity risk management.”

At Bank SinoPac, integration nearly halved client processing time as the bank combined both offline machine and online solutions, such as virtual account and e-banking collection report management, said **Irene Huang**, head of cash management department, electronic banking division at Bank SinoPac. Huang reckoned that the online-offline integration project reduces manual process cost and turnaround time and is part of the bank’s new cash management perspective to provide “more secure, efficient, and straight-through solutions.”

New roles and needs

The push towards integrated solutions comes as the role of treasurers is evolving from basic cash management to strategic mobilisation of liquidity and working capital, and amidst a fragmented cash management landscape in Asia that has led to more centralisation of treasury functions in the region, said **Suman Chaki**, APAC head of corporate cash management sales at Deutsche Bank. “Treasurers are now looking to optimise account structures and consolidate payments within their centralised treasury functions, decreasing finance costs through reduced fees. Treasurers are also looking to obtain greater visibility and better control of FX and hedging activities,” added Chaki.

Chaki said cash management is a key strategic growth business for Deutsche Bank in APAC, citing “significant” uptake in electronic transactions, especially in the area of instant payments. The bank increased the functionality of its FX4Cash platform in 2017 to cover over 140 payment currencies.

UOB, meanwhile, has been moving towards improving its suite of global liquidity management solutions to become more “modular and configurable” in response

to shifting client needs, allowing them to customise products to suit their sector and business size, said **Linus Ng**, head of cash product management, group transaction banking, UOB. “With the continued development of the digital economy and as more of our clients expand their operations across borders, we are seeing an increasing demand for financial solutions that are seamless, scalable, intuitive, and fast.”

Some banks are tackling the challenge of customised demands from clients with a firm focus on spotting customer needs. “We are now looking to create the system and model that can respond to primary needs and accommodate extended changes. Need identification is the core success of the model,” said **Silawat Santivisat**, executive vice president, corporate and SME products division at Kasikornbank. “The product manager is required to design with flexibility, extensibility, and in-depth understanding of the customer’s need in each industry.”

API, blockchain, and beyond

Asian banks that want to differentiate themselves in the market can tap into their technology capabilities and relationship insights to build digital ecosystems that aggregate multiple offerings, such as cash and liquidity management, cybersecurity, and fraud risk, said **Ernest Saudjana**, partner & managing director at BCG Jakarta, citing API as an area of opportunity. He noted, “It is important for Asian banks to pay attention to the quality of platform and invest into API to make it easier to integrate with corporate system.”

Citi Singapore said it will spend 2018 improving E2E API connectivity to enhance client experience and to provide the agility clients are looking for, said **Nishami Dharmaratne**, head of product management, treasury and trade solutions at Citi Singapore. “API is taking the digital experience to the next level with tremendous potential benefits built on dynamically exchanged workflow data based on events, patterns and time.”

Dharmaratne said the push for greater client connectivity comes at

a critical time, as cash management will be the most influential business in transaction banking in 2018. “This is the space that is being constantly targeted by banks for natural competition reasons, and non-banks or fintech for the obvious opportunities that it presents.”

UnionBank of the Philippines, meanwhile, attributes the versatility in its cash management to its API portal, on which it built a number of payment products such as bill payments and fund transfers. The strategy has resulted in faster and less expensive implementation. “Corporates and fintechs are able to connect to us and avail of services on our developer portal. It allows a standard way of connecting to us—customised according to their needs which can be used over and over again by other corporates,” said the bank’s spokesperson.

Aside from APIs, artificial intelligence and blockchain are two of the major technologies that will reshape the world, and these are what ICBC (Asia) will try to explore in the next few years, said **Wang Zhi Yong**, the bank’s head of product development and management department. The bank has been building close relationships with leading technology companies to raise each other’s competitiveness. “Even though the penetration is not very high at the moment yet, there is no doubt that blockchain will have an impact and bring new challenge on cash management in the long run,” Wang said.

The digitalisation of the financial supply chain and emerging technologies—from AI and machine learning to distributed ledger technology—are propelling banks to create entirely new, integrated corporate banking platforms, said **Jan Bellens**, Asia-Pacific and global emerging markets banking and capital markets leader at EY. Bellens cited as an example the domestic real-time payment systems that are being developed in Asia-Pacific countries such as Hong Kong and Australia. “Banks need to consider opening up their API access to business accounts and transaction banking services,” he noted.



Nishami Dharmaratne



Suman Chaki



Silawat Santivisat



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