We thank all members of The NeuGroup Global Cash and Banking Group for their collaboration on the World Class Cash Management Principles project and for allowing us to share highlights in this paper. Special thanks to the core team members from Bechtel, 3M, Dell, Kimberly Clark, Merck, Cooper Industries, eBay, and Eli Lilly. Their hard work in driving the project research process and infusing the analysis with their perspectives, as corporate treasury practitioners, resulted in practical and meaningful takeaways for other practitioners.

For The NeuGroup, facilitating this project fit right into our role as a provider of leading peer knowledge exchange to treasury and finance professionals. We are immensely pleased that the Global Cash and Banking Group members defined a comprehensive set of principles-based standards that will allow almost any global company to assess its current cash management practices. More than defining what it takes to be world class, these principles also provide a framework for discussion that will lead each company on its own path to excellence.

For Citi, supporting this project was another way to respond to our many clients who ask us what other organizations are doing that is best in class. The project also furthered our own understanding of what it means to continue providing world class banking solutions for today’s world. Today, Citi Treasury Diagnostics™ is being used by hundreds of multinationals around the world to benchmark their treasury operations and understand what is best in class.

All of us look forward to further feedback from practitioners to help us continue to improve these principles and provide a useful framework for further benchmarking.

Joseph Neu
President, CEO & Founder, The NeuGroup

Elyse Weiner
Managing Director, Global Head of Liquidity & Investments, Citi Transaction Services
World class athletes do not all follow the same approach to success. The training regimen for a marathon runner, for example, will vary dramatically from that of a basketball player or speed skater. Yet, regardless of the sport, athletes will generally follow a commitment to the principles of a proper diet, plenty of rest, aerobic exercises and strength training, in addition to the repetition and refinement of their specific sport.

Similarly, world class cash management operations will vary by industry, company size, geographical coverage and other factors. They must conform to the specific needs of their business, which will differ from company to company. Yet, successful operations all follow a guiding set of principles in areas such as liquidity optimization, operational efficiency and organization structure. With that in mind, what does “world class” cash management look like? Unfortunately, there is no simple answer to that question because there are as many definitions as there are definers. What’s more, world class for a $75 billion company may be different than for a $2 billion company. So, if a cash management department wants to be “world class”, to what does it actually aspire?

To answer that question, The NeuGroup’s Global Cash and Banking Group, comprised of 26 Fortune 500 senior treasury professionals, decided to collaborate to create a set of principles – a road map – that would guide treasury departments towards making their cash management operations world class. A core team of members drove a year-long research process. In the first phase, the core team members represented were 3M, Bechtel, Dell, Eli Lilly, Kimberly Clark, and Merck. Subsequently, Cooper Industries and eBay took the place of Dell and 3M on the core team.

At the suggestion of members, The NeuGroup invited Citi to support the process. Citi provided the resources of its Global Liquidity and Investments Treasury Advisory team, who brought their Citi Treasury Diagnostics benchmarking tools to the endeavor and helped facilitate the research, analysis and findings throughout the project.

The core team, The NeuGroup and Citi identified key cash management activities to include in the research, dividing this into two phases and creating detailed surveys. The first phase alone entailed a nearly 100-question survey. The collective team analyzed the results and developed draft principles that were refined at peer group meetings attended by Global Cash and Banking Group members.

In the process, two priorities shone through:

- Members agreed that globalization made it important that the principles provide context for the evolution of treasury organization and process models to support the ever-increasing global scope of their businesses.
- With treasury departments taking on more strategic roles in supporting their businesses, while also helping identify and mitigate downside risks, all agreed that the principles should provide guidance on driving operational efficiency to free resources for more value-added work.

Finalized in 2011, the result is a series of principles – designed by corporates, for corporates – that are intended to help any company define what “world class” looks like and to determine when it has arrived there. This document summarizes the principles and provides highlights of the discussions that led to them. All charts represent answers to survey questions by project participants over the two phases of the world class project. The charts do not necessarily reflect world class status.

Thanks to their joint work with The NeuGroup and Citi, the members of the Global Cash and Banking Group have created something that is valuable not only to themselves, but to the treasury profession as a whole.
Executive Summary

The World Class Cash Management project covered key functions and processes managed by corporate treasury organizations. The outcomes fall broadly into two parts:

- Foundational areas such as organizational structure, policies and procedures, technology and talent management that are relational and structural in nature.
- Processes-centered areas, such as cash positioning, cash forecasting, liquidity management and bank account management.

The approach followed in the project was not to prescribe specific solutions, tools or structures that may be suitable for only certain types of companies, but rather to outline core principles that characterize the cash management operations of world-class companies in general. Focusing on principles rather than specific solutions allows the outcomes to be applied to a full array of industries and companies of various sizes and types. For example, a treasury management system suitable as a world-class solution for a Fortune 500 company may not be feasible for a Fortune 1000 company. In other words, it is not a given tool that matters, but how it is deployed and what that accomplishes.

The outcomes have been organized into five broad topics. Highlights from each follow.

I. Organizational Principles. These can be the most challenging. World class cash management starts with a well thought-out organization, proper scopeing of treasury’s responsibilities and effectively delegating execution responsibilities. It is no surprise, then, that these topics posed the most challenges to the group with regard to assigning world-class principles.

Decentralization has merits, but centralization of policy and governance is preferred. Debate over the merits and limitations of centralization and decentralization, for example, largely revolved around the roles and reporting lines of shared service centers (SSCs) and treasury centers (TCs), as well as regional and local treasury activities. Over all, the group expressed a strong preference toward centralization of policy-making and toward centrally coordinated governance and control frameworks that also include broad workload sharing among HQ, regional and local operations, for execution activities in particular.

People are principal! World class people are required to perform world-class activities. Thus, talent management was another critical topic and one that the group acknowledged derives value from non-monetary incentives such as flexible work hours, shortened work weeks, and telecommuting options. The group also concluded that rotational programs contribute significantly to developing professionals with the breadth of experience to apply world-class principles and oversee world-class activities.

II. Governance and Control Principles. A necessary evil, governance, compliance and controls can be an ongoing source of resource drain. Maintaining required SOX documentation, meeting with internal and external auditors and keeping policies and procedures updated absorbs resources. But, ensuring treasury transactions are recorded correctly is also a frequent source of complaint among practitioners.

Centralized control allows for efficient, decentralized execution. Centralization often implies that everything is controlled, managed and executed from the corporate office. However, as the group discussed this concept, it became clear that execution at a regional or HQ level was often a better approach provided that those responsible were governed by a centralized policy. This approach allows the corporate office to be free of routine activities, while also better serving the regional or local office.

There is no single answer to the treasury accounting “hot potato.” It is a responsibility that no one wants and therefore the topic of frequent debates on who should in fact own it. Some say treasury has the transaction knowledge and should own the accounting. Some say accounting has the regulatory knowledge and should learn the treasury transactions. Some treasuries have hired treasury accountants into the department. Others have pointed it to business units and still others have absorbed the activity outright. The “right” answer depends on the company.

III. Core Operations Principles. This category embodies the notion that centralized coordination and harmonization of processes that also leverage automation and information technology, are essential to world class cash management. So, too, is the effective use of metrics, and the reporting of variances against them, to improve performance.

Establish an efficient banking structure. This is foundational. It means, first, having the right bank partners in your operation, which can sometimes be a challenge given the tensions that may arise from credit providers expecting ancillary business; and, second, ensuring the right account structure and product mix within the banks.

Optimize intercompany flows. World Class Cash Management makes ample use of netting and of an in-house bank, at the appropriate stage of enterprise evolution, to optimize and put a governance framework around intercompany transaction flows that almost everyone can identify with (i.e., a bank).

Report regularly and with substance. Most Treasuries perform periodic reporting, typically monthly or quarterly. But the insertion of a more frequent dashboard is becoming more important than where firms are at this moment. The group recognizes that technology changes quickly and there are multiple providers for any particular capability, so many companies are in a continued state of flux. But the world class treasury knows where it is, where it needs to be and has a firm path to get there.

IV. Liquidity Management Principles. Cash visibility, positioning and forecasting are fundamental liquidity management activities that drive investment and borrowing strategy. Being comprehensive and accurate with them can have significant P&L impact. Poorly executed, these activities can limit returns from the investment portfolio or force unnecessarily high borrowing costs. A world class treasury will have these fundamentals nailed.

Know where the cash is. Cash visibility has been a rallying cry for years. But the importance of it was starkly revealed during the recent financial crisis when credit markets became dysfunctional creating liquidity problems for many. A world class treasury knows where its cash is and optimally mobilizes it to provide maximum liquidity and minimal borrowing costs.

Cash flow forecasting is treasury’s job. Forecasting takes place in many parts of the organization including FP&A, business units, and regional centers. But at the end of the day, the GCBG determined that the ultimate responsibility for timely and accurate cash forecasts rests squarely on treasury’s shoulders.

V. Treasury Technology Principles. This section focused on the "end-state" of treasury technology because the group believes that a realistic vision for where technology should be combined with an active plan to realize the vision is more important than where firms are at this moment. The group recognizes that technology changes quickly and there are multiple providers for any particular capability, so many companies are in a continued state of flux. But the world class treasury knows where it is, where it needs to be and has a firm path to get there.

If IT isn’t with you, work around them. IT support is always in short supply and treasury is often low on the priority list. Fortunately, access to world class technology does not necessarily require the full support of an over-taxed IT department. Hosted solutions are abundantly available and becoming more mainstream. The key advantage is not having to bear the responsibility for updates and maintenance.

Put a stake in the ground for Straight-Through-Processing (STP). The project focused on principles for being a world class cash management operation. But, on the matter of STP, the group elected to take the position that at least 75 percent STP for cash management activities should be applied by all sizes of companies in all industries.
I. Organizational Principles

A. Organizational Structure

As companies expand globally, the need to organize treasury operations to support growth markets more effectively increases. For many multinational corporations, this means winning greater efficiency in developed markets so that it can deploy additional resources in developing markets, where regulatory and other market conditions make such efficiencies more difficult to achieve.

This topic, particularly as it relates to the merits of centralization versus decentralization, generates a great deal of discussion among treasury practitioners. Most believe the general concept of centralization is best, but the final outcome will vary depending on a company’s individual global footprint. Ronnie Horrillo with Google questioned if centralization was the right answer. “The larger the global footprint, the more difficult it is to stay centralized.”

Tax and legal structures contribute to preventing a one-size-fits-all approach to world-class organization. Indeed, what is optimal from a tax planning standpoint rarely is optimal for creating an efficient treasury organizational framework. Thus, treasury must organize according to the realities of enterprise tax and legal structures.

Figure 1: Process Execution Ownership

Treasury centers streamline the global operation. The number of legal entities, bank relationships and individual bank accounts that a company maintains globally contributes to the complexity of managing treasury activities centrally. Establishing treasury centers is viewed as a good way to delegate certain tactical processing activities away from HQ (Figure 1), while maintaining central oversight and global reporting responsibilities (Figure 2).

Staffing levels should be determined by head-count efficiency rather than head-count targets. Because of the diversity of corporate legal structures, it is difficult to define a standard head-count staffing model. Therefore, the general recommendation is to define “world class” in terms of head-count efficiencies instead of static FTE numbers.

Figure 2: Policy Management and Oversight Ownership

Leverage local non-treasury staff. Staffing numbers also fluctuate greatly when viewed as “true treasury” versus the inclusion of internal finance partners. Outside the U.S., for example, many treasury-related activities are handled by internal finance staffs that often act as pseudo-treasury staff. This is often a necessary interim step when initially setting up treasury activities in foreign locations. Eventually, the volume of activity will justify an FTE who may have a dual reporting role locally and into treasury.

Walk with a shared service center before you run with a treasury center. As international sales volumes grow, companies face the challenge of establishing treasury centers. Although there is no clear correlation between setting up treasury centers and shared service centers (SSCs), there are strong views about the sequencing of each. Typically, an SSC is established first, with a treasury center following as business volumes increase. From a sequencing perspective, it is beneficial to consider leveraging existing infrastructure at a shared service center to pave the way for a full-blown treasury center when that level of support is warranted.

Location. Location. Location. World class organizations utilize treasury centers, either established within an existing SSC structure or as stand-alone operating units, depending on their individual global footprints. Locating the SSC and treasury center together typically yields the benefits of location and staff efficiencies. As a company grows internationally, however, it is more important to ultimately locate a treasury center where the cash will flow from.

World Class Principles: Organizational Structure

- Minimize the number and location of treasury centers as much as possible without compromising operational efficiency and timeliness. This minimizes both expense and points of operational coordination while ensuring operational optimization.
- Seek to extend operations at existing SSCs to capture efficiencies and benefits such as availability of a broader talent pool and better integration with operations. Independent treasury centers may be warranted and necessary, in lieu of, or following co-location at an SSC, because of the growing operational significance of a particular geographic location.
- Centralize and align cash management to the degree necessary depending on organizational structure, geographical locations, and local on-the-ground needs.
- Standardize operations first then evaluate additional locations.
- Publish clearly defined roles and responsibilities for all tasks that are managed within treasury centers. Review and update them periodically for changes in operations.
- Conduct compliance monitoring as frequently as is prudent and necessary based on the risk profile of the activity.

B. Treasury Responsibilities

One of the great advantages of treasury is the opportunity it provides to become involved in many areas of the business, since nearly everyone generates or spends cash. This same benefit, however, can prove to be a curse since treasury’s support and expertise is often requested, if not required. Challenges come in two forms. First, treasury is frequently approached outside standard procedures to make something happen because it is known that it can get certain things related to money done quickly. Second, treasury desires, if not requires, that anything to do with banks, accounts, cash, and moving cash at least gets treasury’s blessing. These two truths keep treasury broadly engaged and can often blur the lines between what treasury should actually own and be responsible for versus what it simply influences to its preferences.

Dividing and conquering may not be easy. Again, because of the diversity of individual legal and operational structures, it is difficult to determine one standard guideline for specific activities that are most often handled at a treasury or shared service center and those activities that stay with HQ. However, the group did determine that, in general, treasury activity at an SSC or treasury center should be more tactical and operational in nature, freeing up HQ treasury staff for more strategic efforts.

If you can’t own it, at least influence it. While treasury touches and is impacted by many areas within a company, it obviously can’t control everything. It should, however, at least try to minimize negative impacts by building influence in areas that it can’t control. This requires treasury to take a hard look at the tasks being performed and to determine if they are owned by treasury, and if they are not owned how much influence it should have.

Accountability: Leave no room for doubt. To eliminate the risk of finger-pointing or of tasks being left undone, clearly defined roles and responsibilities should be published for all tasks performed within treasury centers. Strong corporate oversight should include monitoring policies and controls. The following graph highlights a number of treasury activities and where those activities are primarily performed among member companies of the Global Cash and Banking Group.
World Class Principles: Treasury Responsibilities

- Cash management activities are defined as ‘owned’ or ‘influenced’ and periodically rationalized to avoid being overburdened by non-treasury or non-strategic activities.

Owned by treasury: Cash management/treasury should have ultimate ownership of the following activities. Some of these may be delegated but overseen and ultimately owned by treasury:

- Bank relationship management
- Bank document management
- Cash forecasting/planning (Treasury should own the tools and framework for cash flow forecasting but not necessarily all forecast inputs)
- Cash operations/liquidity management
- Corporate finance/liquidity management
- Financial risk management: FX, interest rate, commodity (including identification/mitigation, deal execution and implementation)
- Intercompany loan administration/in-house bank
- Investing
- Short-term borrowing/financing
- Trade/bank guarantee issuance
- Treasury controls and accounting strategy

Influenced by treasury: Cash management/treasury should strongly influence the following activities:

- Treasury accounting
- Receivables policies relative to balance sheet and cash flow implications
- Payables relative to balance sheet and cash flow implications
- Tax

- Cash management policies, procedures, and tools are standardized across the entire organization but may include unavoidable exceptions due to local regulatory requirements.
- Standardized operational cash management activities are conducted outside corporate treasury, either at a treasury center, a shared service center, or by local in-country staff, leaving corporate staff with more resources for managing strategic activities.
- All policy decisions are initiated, or at least approved by, corporate treasury.

C. Talent Management

Talent management is a very important component of a world class treasury operation. In fact, talent and technology are treasury’s two biggest assets, and because they are generally in scarce supply they must be carefully managed.

The project team focused on various methods for recruiting, developing and rewarding treasury personnel as well as different types of monetary and non-monetary incentive programs.

Rotation programs within and outside treasury that broaden employees’ skills are particularly valuable. However, rotational programs come in various shapes and sizes, ranging from very structured to very informal. Both ends of the spectrum work, provided they are encouraged and used. Providing financial support for employees to pursue additional education and certifications is another key component of staff management and development.

A world class operation is characterized by an environment that gives its people the opportunity to thrive inside and outside treasury.

It’s not always about money. A world class treasury organization should utilize both monetary and non-monetary programs to encourage staff growth and development.

This includes thinking outside the box when offering flexibility to employees. A shortened work week or a work-at-home schedule, for example, might mean more to a valued employee than additional income.

Balance the benefits of rotation with the efficiencies of retaining experienced professionals in key positions. Project members’ companies offer a mix of formal and informal rotational programs. In some cases, basic rotational programs are part of a formal program, but actual rotations happen on a more informal basis, meaning staff may or may not actually rotate where no hard-and-fast rule says they must. By contrast, other member companies follow more structured programs that define specific dates for staff rotations.

The different approaches present a variety of pros and cons. Many believe the specific skills required for a
Rotation out of the company

- Centers of excellence that export talent to other companies arguably helps build demand for treasury assignments as career enhancing.

Still, rotational programs can come at the cost of efficiencies, since experienced treasury operators tend to be able to do more than fresh recruits on rotation. World class treasuries, however, manage to reconcile that rotation is good for the employee and the company, even if not necessarily for treasury. Part of the balancing of the benefits of rotation with the efficiencies of retaining experienced professionals involves timing rotations to keep skilled and non-skilled professionals together. It also involves considering short-term costs against the long-term benefits of exposing high-potential leaders within the company to treasury.

Figure 5: Do You Have a Rotational Program for Treasury Employees?

Shore up the credentials. Members also identified company-sponsored treasury certifications, such as CTP and CFA, as a way to provide encouragement and growth among staff. Allowing staff to attend annual conferences such as AFP or Eurofinance are other ways used to encourage and reward treasury staff.

Non-monetary alternatives that encourage growth provide ways to ‘pay it forward’, ‘keep talent within the company’ and make both individual employees and the company stronger.

World Class Principles: Talent Management

- Certifications, participation in media articles, speaker opportunities and other possibilities for personal development are supported and encouraged.
- Treasury and non-treasury rotational opportunities, either formal or informal, are supported and encouraged for personal development and career management.
- Non-monetary reward programs such as flexible work hours and telecommuting programs are supported and encouraged to create and maintain employee retention and engagement.

II. Governance and Control Principles

A. Accounting

The big issue around treasury accounting is ‘who should own it?’, which can be a surprisingly complicated matter to consider. Expertise around actual transactions clearly resides with treasury, which typically loathes being involved with accounting, while expertise around accounting rules generally reside with accountants.

There is no single best approach. Members use a variety of approaches for managing differences in knowledge that must routinely come together. Some treasuries bear the brunt by owning the knowledge, and even the accountability, for accurate booking. In these cases, treasury owns everything except journal entries. One core team member noted, “Treasury transactions must be reviewed and approved by treasury because accounting is unable to make its way through the details of the transactions without treasury involvement. We’re not just putting a black jack on a red queen. We’re actually doing some complicated transactions.”

Others, however, place more burden and accountability on their accounting teams to learn and understand the intricacies of treasury accounting. At the industrial firm of one of the members, a centralized corporate accounting group is responsible for all treasury accounting, including that at the subsidiary level. While this member was doubtful at first about the effectiveness of this group, he now feels it is more efficient to work closely with a single centralized department as opposed to many subsidiaries.

Conversely, one member places the accounting responsibility at the business unit level. Her approach to ensuring accuracy includes conducting roadshows at the analyst level, i.e., peer-to-peer, to train business units on treasury accounting.

In the face of growing accounting and compliance issues (SOX, risk governance and internal policy adherence, for example) some treasuries have taken it upon themselves to form dedicated treasury accounting groups. They believe that, without a dedicated team, accounting and compliance activities consume time needed to complete actual treasury work. Eventually, these treasury accounting resources can be ‘thrown over the wall’ to the controller’s department.
Look for opportunities for automated enhancements. Two members, for example, credit high levels of automation with facilitating accurate accounting. One of them, Bechtel, requires daily reconciliation of treasury accounts and utilizes set rules within its ERP system to ensure recording accuracy, which also reduced its month-end exception processing from a value of millions of dollars to thousands of dollars. The other member also utilizes automated rules within its ERP system.

Figure 7: How Automated is Your Treasury Accounting Process?

World Class Principles: Accounting

- Treasury does not own treasury accounting itself, but partners with the accounting team to foster good relations and ensure full understanding of treasury transactions.
- Treasury actively supports the purchase and use of tools that provide maximum automation and minimal errors to accounting activity.

“Once processes are clean, you can perform the work from anywhere.”

– Ursula Brenner, Dell

8. Policies and Procedures

World class treasuries are characterized by processes that are standardized globally and supported by documented policies and procedures. Standardized processes and procedures help centralize management controls for treasury operations that may be executed outside HQ, whether regionally or locally, offering maximum flexibility without sacrificing the benefits of a centralized treasury. According to Dell’s Ursula Brenner, “Once processes are clean, you can perform the work from anywhere.” Therefore, spending time on standardization is a necessary first step toward the ultimate goal of world class treasury.

Setting up a policies and procedures infrastructure that incorporates frequent reviews also is essential to success, given that they can quickly become outdated as companies and environments evolve.

The fundamentals of checks and balances are non-negotiable. No one would argue that segregation of duties is an area of high importance. Companies address this issue in a variety of ways, most often by utilizing functionality within treasury workstations and individual banking platforms that support “maker/checker” roles. Many companies also use dollar limits to add additional reviews and approvals to high-dollar transactions. However, this alternative is less desirable since requestors often figure out ways around this requirement by, for example, breaking down wires into multiple requests to the same beneficiary.

Review and testing are fundamental to avoiding calamity. A centrally controlled process for periodic reviews of treasury policies and procedures, with tight segregation of duties and controls, is foundational to world class status. In addition, a strong business continuity plan that covers at least the most critical cash management functions should be in place and tested regularly. Organizations also should develop clear and measurable metrics to evaluate compliance performance.

World Class Principles: Policies and Procedures

- Comprehensive objectives, policies and procedures that cover at least the most critical cash management functions are published, accessible and reviewed at least annually and as operations change.
- Effective metrics to evaluate cash management performance are identified and performed regularly.
- Duties and control processes are segregated and reviewed periodically by a non-treasury authority.
- A robust business continuity plan that covers at least the most critical cash management functions is published, accessible and tested at least annually for a variety of potential business disruption types.
III. Core Operations Principles

A. Bank Relationship Management

Global banking relationships are most often managed at corporate HQ, with some delegation of day-to-day tactical relationship management passed to treasury centers or local finance staff. Corporate HQ should always approve banking relationships and keep a tight control over banking services and account set up.

Project participants identified transactional services, customer services and credit allocation as the most important components of a successful banking relationship and indicated a trend toward fewer, ‘deeper’ relationships as opposed to a large roster of banks.

An efficient global account structure often requires bank rationalization. The survey findings show that there is no single cookie-cutter template for what a world class banking structure might look like. Both the recent economic crisis and business acquisitions have driven members to rationalize global bank structures more so than in the past.

Figure 10: Frequency of Banking Service RFP

Regular reviews maintain order and consistency. Conducting formal reviews of bank account structures and performance at least annually ensures that structures remain aligned with business flows and also address treasury’s mandate to centralize liquidity as much as feasible. Account signers also should be reviewed periodically for departed employees and an automated syncing process should be set up with HR. In addition, it is best to use one system or method, whether automated or manual, to review bank fees. While automated bank fee software is preferred, it is more important that the method of review be consistent globally. A centrally controlled, standard treasury resolution with minimal officers and signers also is considered to be a world class characteristic.

Figure 11: Frequency of Bank Fee Review

The frequency of banking structure reviews depends on a number of factors, including resources available, activities such as growth and acquisitions and even the macroeconomic environment. Some companies review their banking structures every two to three years, while others have increased the frequency significantly following the 2008 financial crisis.

Figure 12: Method of Bank Fee Review

Again, while acquisitions and other factors can create global account maintenance and control challenges, the general consensus among project members is that best practice involves reducing unnecessary bank accounts and streamlining account signers. World class treasuries also strive for a streamlined RFP process for their reviews, which also are used to ensure that current bank service providers are offering the latest in available services, achieving the best levels of service and offering competitive pricing.

Figure 13: Frequency of Bank Performance Review

Reframing practices to enable efficient switching of partner banks, while outside the scope of this study, is also consistent with established bank relationship management principles.

World Class Principles: Bank Relationship Management

- Bank relationship ownership and management are shared with treasury centers commensurate with their level of authority, interaction and reliance on the banks.
- Formal reviews of bank account structures and bank relationship performance occur at least annually and more frequently if significant changes warrant.
- A system or method for reviewing bank account fees and services is established, routinely performed and standardized across the organization.
- Review and control of all online access and tokens for external banking products is administered or governed centrally at corporate HQ.
- Banking resolutions are standardized with minimal and consistent officers and signers as much as possible. Minimal exceptions are permitted and only due to operational or regulatory necessity.

B. Bank Account Management

Bank account management could very well be the most manual and cumbersome of all treasury activities. While 61 percent of respondents manage this activity centrally, only 31 percent of respondents report any meaningful level of automation aside from Excel. Their methods for automating bank account management include using:

- A TMS bank account management module (described by one member as a “user-friendly database to hold account information”).
- A Microsoft® SharePoint database with a built-in workflow process to achieve control and consistency.
- A TMS bank account management module with the added feature of an interface to the HR system to automatically track when bank account signers leave the company or change positions.

Aside from these few examples, most companies use homegrown systems to handle bank account management. Today, electronic bank account management (eBAM) is a hot topic and desperately desired by both corporates and banks; yet it remains only a prospective solution for members. A few members, however, are involved in small-scale eBAM pilots.
Start with an effective banking resolution. Limitations being what they are, there is not much glamour associated with being world class in bank account management. Members agreed that an effective banking resolution is one tool that can aid the administration of bank accounts and that a well-written and sound banking resolution should:

- Be standardized across all legal entities (where legally allowed).
- Clearly delineate the authority of corporate officers, account signers and portal users.
- Clearly delegate authority to operationally efficient and prudent levels.
- Minimize and standardize the number of account signers.

Communicate policy and use centralized tools to track accounts. To ensure that policies are followed globally, treasury must have mechanisms in place to enforce corporate-level treasury policies over local jurisdictional account authority, such as corporate directors involved in local incorporation of an affiliate. Further, a centralized database or mechanism, even if it's a spreadsheet, is required to record and maintain information about all accounts globally. You have to know what you have. The preference is for fewer bank accounts, with a standard set of global account signers. Given the scope of account management on a global basis, centralized control is greatly aided by the digitalization of related documentation so that bank accounts can be managed electronically from centralized treasury locations.

**World Class Principles: Bank Account Management**

- Bank account management begins with a well-developed and thoughtful standard banking resolution that covers all legally applicable entities and identifies corporate titles empowered to act jointly to delegate authority for engaging with banking institutions to enter agreements, open and close bank accounts and establish account signers.
- Bank relationship and account management authority is delegated to operationally efficient levels within treasury.
- A centralized database warehouses all account details and includes all key data elements needed to effectively manage operations and bank relationships (e.g., legal entity, signatories, currency, country, GL account, open/close dates, account type and bank contacts).
- The database is actively maintained and updated and accessible to all relevant parties for input and reference.
- Opening and closing bank accounts is a treasury function that can be centralized or decentralized provided that treasury controls the process and is informed of changes in a timely manner. Clear policies and procedures govern necessary regional or local account opening, closing and maintenance processes.
- The number of account signers across all bank accounts is minimized and standardized to accomplish the balanced objectives of corporate control and operational effectiveness and controls.
- Local banking authority is allowed only on a legally required exception basis and to the extent possible includes corporate banking authority.
- Treasury partners with, and gives feedback to, banks and other providers (e.g., SWIFT, IdenTrust) to develop efficient and automated bank account management solutions.

![Figure 14: Frequency of Account Structure Review](image)

This document and supporting policies should grant exclusive authority to a centralized treasury to open and close accounts and to also grant permission to open or close accounts. The same authorities will be in place to change account documentation and signing authority.

**Figure 15: How Automated is Bank Account Management?**

- Document storage, retention and retrieval are electronic and housed in a central repository with well-defined file naming conventions.
- A bank account and signer reconciliation process is performed at least annually with all banks to ensure that all accounts are known and current for the company and the banks.
- Treasury requires bank confirmation of all account opening, closing and maintenance activities, including account signer changes.

**C. Intercompany Transactions and In-House Banking**

Tracking and administering intercompany (I/C) transactions can be very complex for large multinational organizations. Doing it in a way that aligns local- and enterprise-level needs with tax management goals makes it even more challenging. As a result, this activity is often hindered in inefficiency and associated world class principles are aimed at bringing efficiency to an activity crippled by multiple challenges.

**Streamline intercompany netting processes.** When can netting benefit from decades of digitalization? A common tool to bring efficiency to intercompany transactions is netting via regularized netting cycles, and where one of the first tasks is to get as many company entities as possible participating in the netting program. Two-thirds of the Global Cash and Banking Group survey respondents reported that more than 75 percent of their entities participate in their netting systems, while as many as 27 percent have less than 50 percent participation. Another key task is to normalize the netting process. At most companies, including 67 percent of our survey respondents, netting occurs monthly, while a much smaller percent net daily, bi-weekly or once a quarter.

Ideally, netting procedures also are automated. In our survey, however, results were evenly split on the level of automation achieved, with one-third getting straight-through processing, one-third using semi-automated processes, and a third still using manual processes.

Consider deploying an In-House Bank. At some point in the evolution of a world class multinational treasury, an in-house bank (IHB) structure should be considered as a mechanism for improving intercompany transaction management. In fact, an in-house bank is often a natural extension of the netting process.

Only 63 percent of survey participants operate an IHB. Of those, 58 percent have two or more IHBs while 42 percent have only one. For those with two IHBs, one is typically in the U.S. and the other is in a tax-friendly jurisdiction. The activities they perform include managing FX exposure, intercompany payments and loan and third-party payments in both foreign and local currency. Automation levels for in-house banks were found to be consistent with intercompany netting results.

The key advantage of an IHB is the ability to centralize intercompany liquidity and manage bank balances by being what they are, there is not much glamour associated with being world class in bank account management. Members agreed that an effective banking resolution is one tool that can aid the administration of bank accounts and that a well-written and sound banking resolution should:

- Be standardized across all legal entities (where legally allowed).
- Clearly delineate the authority of corporate officers, account signers and portal users.
- Clearly delegate authority to operationally efficient and prudent levels.
- Minimize and standardize the number of account signers.

Communicate policy and use centralized tools to track accounts. To ensure that policies are followed globally, treasury must have mechanisms in place to enforce corporate-level treasury policies over local jurisdictional account authority, such as corporate directors involved in local incorporation of an affiliate. Further, a centralized database or mechanism, even if it’s a spreadsheet, is required to record and maintain information about all accounts globally. You have to know what you have. The preference is for fewer bank accounts, with a standard set of global account signers. Given the scope of account management on a global basis, centralized control is greatly aided by the digitalization of related documentation so that bank accounts can be managed electronically from centralized treasury locations.

**World Class Principles: Bank Account Management**

- Bank account management begins with a well-developed and thoughtful standard banking resolution that covers all legally applicable entities and identifies corporate titles empowered to act jointly to delegate authority for engaging with banking institutions to enter agreements, open and close bank accounts and establish account signers.
- Bank relationship and account management authority is delegated to operationally efficient levels within treasury.
- A centralized database warehouses all account details and includes all key data elements needed to effectively manage operations and bank relationships (e.g., legal entity, signatories, currency, country, GL account, open/close dates, account type and bank contacts).
- The database is actively maintained and updated and accessible to all relevant parties for input and reference.
- Opening and closing bank accounts is a treasury function that can be centralized or decentralized provided that treasury controls the process and is informed of changes in a timely manner. Clear policies and procedures govern necessary regional or local account opening, closing and maintenance processes.
- The number of account signers across all bank accounts is minimized and standardized to accomplish the balanced objectives of corporate control and operational effectiveness and controls.
- Local banking authority is allowed only on a legally required exception basis and to the extent possible includes corporate banking authority.
- Treasury partners with, and gives feedback to, banks and other providers (e.g., SWIFT, IdenTrust) to develop efficient and automated bank account management solutions.

**World Class Principles: Intercompany Transactions and In-House Banking**

- Intercompany netting includes at least 50 percent of a company’s entities and transactions to ensure efficiency gains.
- Intercompany netting is established, taking tax optimization into consideration, when a company reaches a certain threshold of complexity and geographical coverage.
- Treasury reviews intercompany aging reports at least monthly and takes action as necessary.
- An in-house bank is established when it becomes operationally, geographically and financially beneficial to offset the costs and complexity to operate it.
- An in-house bank manages treasury-specific items such as FX trades, intercompany transactions and loan payments.
Frequency of intercompany and in-house bank account settlement is no less than quarterly and aligns with the FX rate-setting process to minimize exposures and to align with the overall business need.

Dividend Repatriation

Similar to intercompany transactions, dividend repatriation is characterized by the necessary alignment with, and general deference to, the objectives of the tax department as well as needed support from the legal department.

Figure 17: Who is Involved in Dividend Repatriation Decisions?

Establish a clear policy on treasury responsibilities for payments. Two-thirds of the survey respondents reported having such a policy. Further, 96 percent claimed responsibility for high-value treasury payments, while 84 percent stated that they are also responsible for “urgent and other exception” payments including payroll. Philosophically, 96 percent of respondents believe treasury should not make operating payments and, fortunately, those who are forced into the activity reported that they do not have to deal with high volumes. Only 42 percent said they perform operating payments more than five times per month. All other respondents said they performed them less frequently.

Figure 18: What Role Does Treasury Play?

Figure 19: External Payments Types Covered by Policy

Treasury is most commonly called upon for payments that are strategically or financially sensitive, such as an acquisition, tax payments or large FX payment. The consensus is that FX payments above an appropriate value threshold must be executed by treasury to ensure a better FX rate. Conversely, to be most efficient, AP should be given authority to perform FX payments below that threshold.

Play the SDX Card: An effective tool used by one member to keep treasury out of as much payment activity as possible is to play this card: the more treasury is involved in payment activity that should otherwise be performed by accounts payable, the greater the risk that duplicate payments will be made or other errors will occur that violate SDX controls. This lesson, unfortunately, is sometimes learned from experience.

Finally, there is the matter of payee validation. A fundamental characteristic of world class treasury operations is their ability to efficiently screen payees through an OFAC filter to ensure that no illegal payments are made.

World Class Principles: Payments

- A payment policy is in place that details responsibility and ownership for various payment types, process steps and exceptions handling.
- Payments are processed and released by the respective functions responsible for each type of payment, e.g., AP by AP, FX transactions by treasury, etc.
- Treasury takes the lead to ensure that all sources for originating payments are educated and technologically enabled (e.g., FX payments from AP) to perform their roles.
- Treasury does not execute operating payments; rather if it focuses on high-value treasury and tax payments, as well as emergencies and exceptions.
- Exceptions to policy are minimized through internal education on policies and their rationale.
- Payment processes utilize technology that facilitates straight-through processing and provides related data.

E. Reporting

The lines between general treasury reporting and dashboards can become a bit blurred, particularly when preparing both. However, the world class project highlighted key distinctions between the two.

For general treasury reporting, members’ survey responses revealed the following key characteristics:

- **Frequency:** Mostly monthly, with some quarterly and weekly.
- **General Metrics:** Cash, investments, free cash flow, cash flow forecast variance, cash flow from operations
- **Control Metrics:** Counterparty risk, cash visibility, portal access, signatory compliance
- **Economic Metrics:** Investment return compared to benchmark, bank fees, debt cost compared to benchmark, operating expense, overdraft fees
- **Efficiency Metrics:** Cash by geography and entity, number of bank accounts, number of transactions, percent of cash in pools

**Automation:** Less automated than dashboards
- Manual report preparation: 64 percent of respondents
- Semi-automated preparation: 29 percent of respondents
- Fully automated preparation: 7 percent of respondents

**Data quality:** More developed than dashboards, with 26 percent of respondents reporting ‘very good’ or ‘excellent’ data quality

**Decision impact:** More impactful to management than dashboards, with 74 percent of respondents reporting ‘somewhat’ or ‘highly effective’ impact

World Class Principles: Reporting

- Treasury provides periodic reporting on its key functions and metrics at least quarterly.
- At a minimum, key metrics include cash and investments by entity and geography, counterparty risk, investment yield, debt cost, cash flow from operations and free cash flow, along with any metrics that are relevant to current strategic initiatives and management interests.
- Prior-period comparisons are key to identifying trends and measuring progress and include, at a minimum, prior-quarter comparisons.
- Counterparty risk reporting includes agency ratings, credit default swap spreads, total exposure and compliance status relative to policy and sovereign ratings, where applicable.
G. Dashboards
Dashboards are less common, but this is changing. While all participants provide at least some level of general treasury reporting, just over half have dashboards in place. Dashboards are less of a priority and considered a nice-to-have by some. One member, for example, acknowledged that his treasury is now developing a dashboard but previously it just wasn’t a priority.

Members’ survey responses revealed the following key characteristics for general treasury dashboards:

- **Frequency:** Mostly weekly; some monthly
- **Metrics:** Generally the same as reporting metrics but with different views
- **Automation:** Higher automation than reporting
  - Manual preparation: 63 percent of respondents
  - Semi-automated preparation: 17 percent of respondents
  - Fully automated preparation: 13 percent of respondents
- **Data quality:** Less developed than reporting, with only 11 percent of respondents reporting ‘very good’ and none as ‘excellent’

**Decision impact:** Less impactful to management than reporting, with 42 percent of respondents reporting ‘somewhat’ or ‘highly effective’ impact

**World Class Principles: Dashboards**

- Dashboard updates occur more frequently than quarterly reporting and are more graphical in nature for faster management review.
- Dashboard metrics include KPIs and updates on key projects and initiatives and can be adapted to changing objectives and environments.

Other distinctions between the two reporting types include size, format and content. Dashboards are typically one page, more pictorial and include data of high importance that changes frequently. However, as one member pointed out: “Reporting content should include whatever senior management wants to see and should see.”

The reporting process from a technology standpoint most commonly starts with an extract from a TMS into a database product, such as Microsoft Access, for manipulation and analysis, and then finally into Excel for graphing. Consequently and realistically, dashboard content is a function of whatever information is important and easily obtained.

What’s in a dashboard? Karen Csabay, from Agrium, explained Agrium’s report inputs, timing and distribution audience: It uses four weeks of cash flow forecast, including variance analysis; FX exposure to-date, including amount hedged by quarter; and investments by counterparty, including average tenor and rate. For subsidiaries, credit facilities and percent of utilization are listed.

Other components of a dashboard report may include:

- Cash balance by geography
- Investments by maturity date, including amount held in cash
- Red/yellow/green categorization of hedged activity
- Trapped cash by geography

Members concede that data collection and report generation is mostly manual, but there is hope for automating some or all aspects of their reports in the future. Examples include the workstation implementation at Research in Motion that will allow it to pull dashboard data automatically. Dashboards are most often prepared on a monthly and quarterly basis.

**Figure 21: How Automated is Reporting?**

IV. Liquidity Management Principles

A. Cash Visibility and Pooling
Liquidity management starts with cash visibility. That said, there is a philosophical question to consider on the matter that Stephanie Layne of eBay articulated: “Is it necessary to have 100 percent visibility to be considered world class?”

**Decide how much visibility is relevant.** The question supposes that some low-value and low-activity accounts may not be worth the trouble and expense to achieve 100 percent visibility. Assuming a world class company works from a cost-benefit perspective, some accounts could be excluded from the 100 percent visibility goal.

Among participants, 79 percent have visibility into at least 76 percent of their balances, while 26 percent have visibility into more than 95 percent. Some participants argue that omitting even a small, inactive account represents too much risk because something significant or inappropriate could occur in those accounts.

**Figure 22: Amount of Visibility to Global Cash Balances**

A means to an end. Greater visibility is accompanied by a mandate to manage liquidity more efficiently through, for example, pooling. Most members rely heavily on bank products, namely zero balanced accounts, to support pooling. Further, cash concentration into a central pool occurs daily for just over half of respondents. For the rest, the frequency of concentration varies by region.

The key issue for pooling is not, as many would initially presume, who should execute pooling (corporate versus regional or local offices) but whether corporate controls the governance of pooling. In other words, treasury does not need to execute the activity as long as it effectively oversees it centrally.
World Class Principles: Cash Visibility and Pooling

- Bank products and other systems are leveraged to automate end-of-day cash pooling to the maximum extent possible across all geographies.

- Optimal pool structures include maximum eligible participation, are based on the company’s legal structure and the regulatory environment and have no tax consequences.

B. Cash Positioning

Cash positioning, probably the most fundamental of treasury processes, is performed to some degree by every treasury department. However, only 52 percent of project participants are 100 percent responsible at the corporate treasury level for cash positioning. Regional and local finance teams bear some responsibility in the other cases.

If you don’t own it, influence it. Cash positioning underscores the significance of world class treasuries effectively influencing the activities that they do not wholly own and that may not be executed from one centralized location. One member noted they have to rely on input from regional business management to consolidate cash positions, which is likely common for many firms.

The World Class Cash Management Principles project generally avoided numerical standards in deference to principles, but in the case of cash positioning the group believes it is important to set a minimum standard, which in this case is that cash positioning should occur at least daily. Nearly half of the survey respondents perform intra-day updates for the purpose of optimizing investment activities and getting a more accurate view of end-of-day balances.

Strive for automation. The level of automation to support this activity varies across the group with just over 40 percent saying their processes are manual as opposed to either semi-automated or fully automated with straight-through-processing. Yet, nearly 60 percent describe their positioning process as “very accurate.” However, there is a cost-benefit issue related to the completeness of cash positioning. Framie Linseman of Research In Motion noted, “It’s important to have visibility on every account, but when there isn’t automation to a process, you can spend too much time accumulating balances for a large amount of small dollar accounts just for the sake of completeness.” For such a fundamental process as cash management, anything manual should be at a minimum.

Figure 25: How Automated is Your Cash Positioning Process?

Pain points in the process focus on insufficient automation, unexpected transactions and processing disruptions.

World Class Principles: Cash Flow Forecasting

- Bank products and other systems are leveraged to automate end-of-day cash pooling to the maximum extent possible across all geographies.

- Treasury prioritizes visibility of accounts based on material cash balances and flows.

- Cash positioning is highly automated and moving toward full STP, very accurate and elevated to levels consistent with need for running the business.

- Cash positioning is performed at least daily with intra-day updates when there is a material impact to the ending balance accuracy and investment returns.

C. Cash Flow Forecasting

Cash flow forecasting, along with cash positioning, represents a fundamental cash management activity that treasury should own from a policy and procedures standpoint, but whose execution it may delegate to line-of-business managers who own activities that underlie cash flow information. The cash forecasting process drives efficient capital structure, investment activity and liquidity management. Consequently, treasury typically owns a sizeable portion of the forecasting activity, and even if it doesn’t, it should own the responsibility to ensure that forecasting is happening as effectively as possible. Where multiple forecasting efforts occur, such as indirect and direct forecasts produced by two different areas, treasury should own the responsibility of ensuring they are at least directionally aligned, if not reconciled.

On a practical level, direct ownership of cash forecasting among members resides mostly with treasury, but with partial ownership at the regional or local levels or with Financial Planning & Analysis. Just over half of the project participants use both direct and indirect forecasting methods. A third contingent uses only the direct method.

Figure 26: Forecast Time Horizon

Forecast updates most commonly occur weekly (42 percent of participants) and monthly (26 percent). The key drivers behind the frequency of updates are the time horizon and the accuracy of the forecast. The shorter the time horizon and the less accurate the forecasting process, the more frequent the updates will be. Conversely, an accurate and efficient forecasting process may drive more frequent updates because it’s easier.

Figure 27: Forecast Update Frequency

Reding unnecessary liquidity buffers. A consequence of inaccurate forecasts or infrequent update cycles is the need to maintain higher liquidity buffers, not just centrally but also locally around the world. Improving cash forecasting to reduce underutilized liquidity is appropriate even for cash rich companies – one peer group member from such a company commented that however abundant is cash and cash flow, it does not preclude having the discipline to produce accurate forecasts.

However, companies do vary in their approach. One member company, which has large cash balances with a very short investment tenor, does not spend a lot of energy in forecasting. This is deliberate because of its very aggressive acquisition activities.
V. Treasury Technology End-State

Technology and technology-enabled automation and process innovations are integral to many of the world class principles formed by this study. At the most fundamental level, advances in technology also dictate how world class treasuries may be structured. Increasingly, information technology enables access to the same information from anywhere. So in principle, treasury can be managed centrally without having all or even any principal treasury managers in the same location. This gives treasuries more flexibility to experiment with dispersed execution and coordination models, without relinquishing adherence to global processes and procedures, visibility, access to data and analysis, or control.

Technology for treasuries is constantly evolving and improving to bring more value and efficiency to treasury operations. In fact, the changes are so fast and significant that it is nearly impossible to cost-effectively stay on the cutting edge without being on the bleeding edge. Consequently, for the purposes of the World Class Principles Project, technology has been approached more as an ‘end-state’ vision than a current or even final destination, which most believe is probably never fully achieved. However, all participants agreed that standardization and automation are two cornerstones in the drive toward world class status. Drawing on the reporting and dashboard principles, visibility and access to information are also important drivers.

Figure 29: How Long Will It Take to Achieve Your End-State Vision?

Finally, given that one of the critical goals of a world class treasury is to provide better analytical support for decision making, technology should deliver ever-improving access to more and better quality data, on a timeier basis and in more usable formats.

Know your appetite for innovation. There are pros and cons of being an innovator versus an early adopter or fast follower of market technologies. To determine where your company should be on this spectrum, it helps to first define your technology vision and then decide on the level of participation that is suitable for your company. In some cases, being an innovator or early adopter allows you to modify technology to better fit your needs. In other cases, it is best to let innovators work out the kinks and wait for the software to mature before implementing the technology.

However, there might be instances when accepting the innovator role is preferable to the role of fast follower. Each case must be analyzed separately. It really depends on individual systems and a company’s ‘pain points’ for where it should be.

Treasury IT priorities are harder to get resourced so workarounds are warranted. The challenge of fitting treasury-specific IT requests into the overall corporation’s IT priority list is a perpetual struggle. Many times what the organization sees as its highest priorities for IT support leaves treasury-related activities by the wayside or further down the priority list.

The implementation of one global single-instance ERP system is seen as the pinnacle for world class treasury. However, it is often outside the direct control of the treasury group, and therefore, is a project that can stretch well into the future.

Many members believe the utilization of best-of-breed third-party hosted software is a way to get close to achieving world class technology without having to overly involve in-house IT resources. Many of these best-of-breed systems allow for easy integration with treasury management systems, and are therefore seen as a quicker way to gain tactical efficiencies without waiting for prioritization from internal IT.

Set a clear strategy. Principles for a technology end-state include the utilization of best-of-breed third-party software for integration into a global single instance of the ERP or treasury management system. However, automation is more important than ‘single-instance’, so a focus on automating all platforms while continuing to move in the direction of a single instance system is recommended. In addition, preventative controls for both back-end and front-end processes are required to meet or exceed current SOX mandates.

Figure 30: Realistic End-State for TMSs

As previously mentioned, the project attempted to stay away from numerical absolutes in defining a world class organization with only a few exceptions. One of those exceptions is on the matter of ‘straight-through-processing’ where the consensus is that at least 75 percent of transaction and data processing should be STP. Finally, world class companies are proactive toward future trends and automation improvements for their operations.

World Class Principles: Treasury Technology End-State

- A global single-instance of treasury workstation and ERP system is established or in process.
- Supplementing the single instance TMS, best-of-breed third-party systems are incorporated into the treasury workstation to allow for the highest level of STP.
- Unique special-purpose software products are minimal, automated and standardized across all users.
- STP and full automation exists for at least 75 percent of cash management activity processes.
- Dedicated treasury operations IT support exists either within treasury or IT.
VI. Conclusions

While this paper only provides highlights of the knowledge exchanged at the project meetings, we believe there is sufficient context to spark useful dialogue within any organization. We hope that everyone who reads this will be inspired to evaluate their current global cash management practices and, where applicable, define end-goals towards achieving world class and set forth a plan to achieve it.

In that, the overarching objective of any world class treasury should be to be more efficient in how it manages routine cash processes, so that it can focus more attention on supporting the businesses generating or consuming the cash. This is all the more true as business becomes more global and growth shifts to those parts of the world where both doing business and managing resulting cash flows pose greater challenges.

By focusing on principles, rather than specific solutions, the project results apply to a broad array of companies and market environments. But this is just a start.

First, gaining a greater understanding of these principles, and their application in various circumstances is best done through candid discussions with peers - those in the same industry, as well as those engaged in other types of businesses. Service providers can help too, as they serve as clearing houses for the best practices they see with their customers.

Second, becoming world class is not a one-time endeavor. Some organizations will be world class as it is defined today, others will not. As cash management practices evolve, all organizations should look to regularly benchmark their cash management activities to see where they stand relative to peers, define their end goal and set forth the milestones and acceptable time frames to reach them.

Finally, these principles will only become better as they are adopted by more organizations, and as they in turn provide further feedback toward a common, principals-based approach to world class cash management.

About The NeuGroup

The NeuGroup provides leading peer knowledge exchange to treasury and finance professionals at global corporations and U.S. regional banks. We have been an advocate for treasury practitioners since 1994. Through The NeuGroup Network of Peer Groups, we facilitate unique members-only forums for finance professionals to discuss common challenges, develop practical solutions and benchmark key practices. Our member network includes more than 270 professionals from over 160 companies - all dedicated to define, meet and exceed world class standards. The NeuGroup also publishes International Treasurer and its companion website, iTreasurer.com. For more information, visit neugroup.com. The NeuGroup Global Cash and Banking Group is a peer group of more than 25 senior treasury professionals who meet twice per year to share ideas, challenges and solutions within an informal, yet structured environment.

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