

At a mouse-click

Having an up-to-date overview of liquidity is essential. The pandemic has confirmed just how important this is. Controlling cash and accounts digitally helps. By Gregor Opgen-Rhein

Current analyses show that qualities in liquidity management are currently in particularly high demand in the treasury. When revenues are declining, it is important to provide the corporate with sufficient liquidity; when revenues are growing, on the other hand, the corporate must be sure to use the available cash sensibly. The treasurer must then identify and provide the “free cash flow” for investments or the repayment of debt capital.

The basis for every decision is identifying and analysing the available liquidity on a daily basis in the form of a “Global Cash Visibility”. This gives the treasurer an up-to-date overview of all accounts and banks in the group. At the same time, it is important to determine any tied-up liquidity that has already been planned or has to be classed as “trapped cash” that can only be accessed to a limited extent as for regulatory reasons.

Determining global cash visibility on a daily basis is, however, a challenge for many corporates. Reasons for this include a complex, international bank and account structure, a decentralised, heterogeneous system landscape and complex organisation-

al processes to determine the necessary figures. Often, for example, account balances are still collected daily from various sources and transferred manually to a central spreadsheet. It is not uncommon for some balances to be overlooked, entered incorrectly or not up to date.

Holistic control

Sometimes, however, individual balances remain completely unknown to the central cash manager because the decentralised management has not passed on information about newly opened accounts. The more international the corporate, the larger the bank portfolio and the more complex the account structure. This makes it all the more important to standardise the administrative processes of bank account management and to monitor them from the treasury.

This is because corporates with a central banking system and automated and standardised processes control cash management holistically. These corporates are able to establish global bank connectivity from just one central solution. Account statements and intra-day information as well as

cash pool transfers are automatically collected directly from the corporate’s banks - 24 hours a day.

»EBICS has established itself as a communication channel alongside the SWIFT.«

Established communication channels now include EBICS alongside SWIFT, bank-specific host-to-host channels or APIs. Internationally active transaction and cash management banks use these channels to process account information and global payment transactions of their corporate customers. These bank interfaces can also be used to standardise the administrative processes for opening and closing accounts and managing powers of attorney. Suitable applications authorisations to be made digitally bank authorisations to be visualised and ensure that new accounts are integrated into the operative cash management processes.

With an appropriate solution in place, Global Cash Visibility remains up-to-date, and the treasurer can fulfil his operational tasks as liquidity manager and his administrative responsibility for bank account management.

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