

Receivables Management

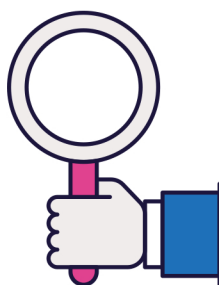
CASHFAC SOLUTION LITERATURE

Introduction

The management of cash receipts has always been a challenge for businesses. It is crucial that all businesses seek to increase the accuracy and shorten the timeline of cash processing for client and corporate cash. A combination of variables can complicate the cash receivables and allocation process, including:



High volumes



**Difficulty identifying
payees**



Under/over payments



Poor referencing



**Poor remittance
information**

Our state-of-the-art virtual accounts solution is capable of managing these issues, making cash receivables and processing more efficient, automated and streamlined. This, in turn, improves customer service and cashflow, cuts financing costs and increases turnover. Recent innovations in the banking industry, particularly those related to Open Banking, have offered a new range of solutions to help meet these challenges.

Complex Receivables

Complex receivables can include event-driven processes prior to collection and contract-driven processes following the receipt of funds e.g. the onward payment of the cash. The cash collected may need to be split for different uses such as payment to multiple payees or to adhere to compliance and regulatory obligations e.g. separating client monies from firm money.

Once this separation of funds has been made, these different payment patterns may need to be paid onwards to their ultimate destination and at different times. Meanwhile residual, unapplied balances must be reconciled, controlled and accounted for. Intra-day credit control alerts may be required to identify late settlement and to ensure sufficient funds are present for compliance or liquidity reasons. The collection and disbursement must be accounted for promptly, precisely and may be subject to regulation or strict SLAs.

How Can Cashfac Help?

Our virtual account and cash management software is used in a wide range of industries to address the universal challenges of complex receivables processing.

Our solutions make use of the latest innovation in both banking and non-banking industries to improve the automation of your cash processes. We combine this with a range of functionality more typically found in back office or Enterprise Resource Systems such as:

- Online real-time credit control alerts for late settlement
- Top-up to ensure sufficient funds are available
- Automatic reconciliation and allocation functionality
- Delivery vs. payment API connections

The combination of these functions allow for the delivery of a more controlled regime for cash receipts.

8 Step Approach

Our approach provides your organisation with a proven solution to the real-world challenges of processing cash received:



1 | Creation of expectations



2 | Identify, split, allocate and reconcile cash



3 | Schedule cash application



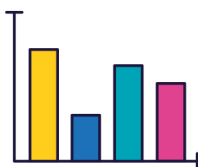
4 | Sufficient funds alerts



5 | Initiate payment



6 | Account



7 | Reporting and forecasting

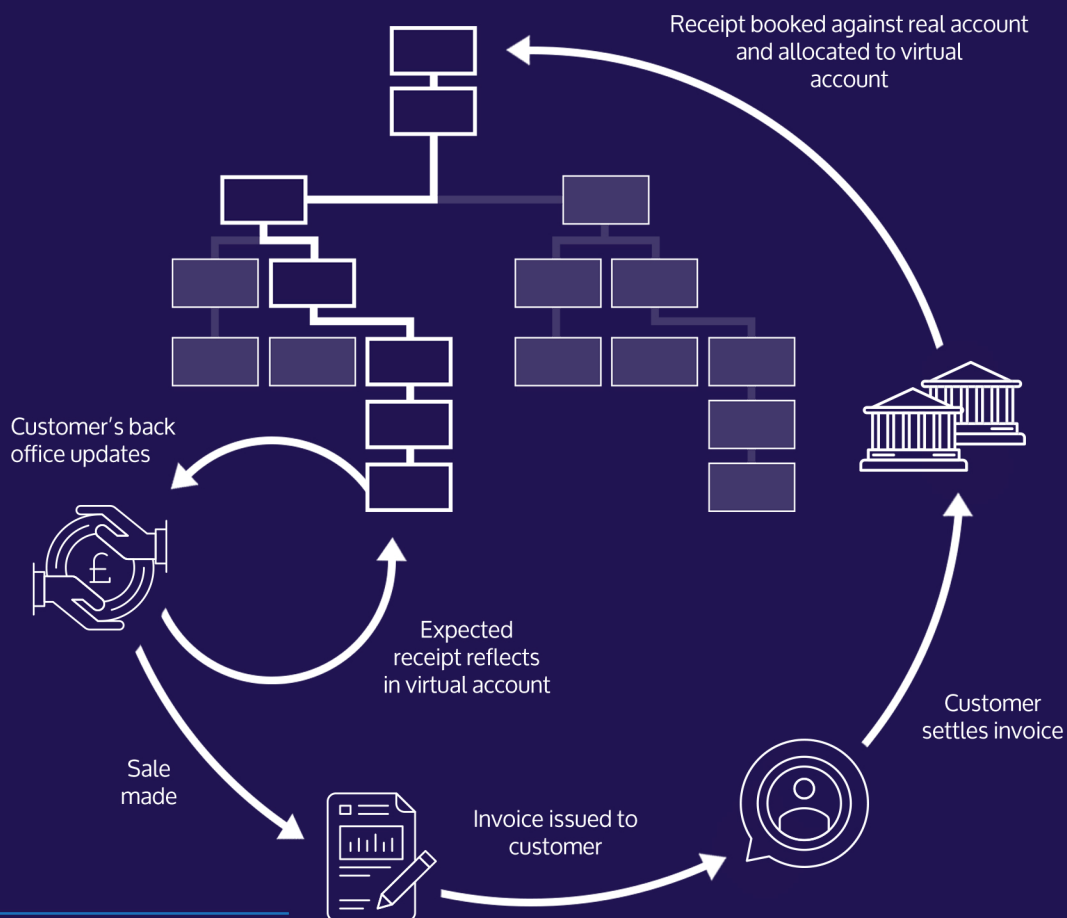


8 | Manage liquidity and treasury pooling

1 | Expectations or Future Transactions

To efficiently control and understand your cash position, you need to know what cash you are due to receive or pay out, as well as what cash you currently have in your account. In addition to recording cash transactions and balances, our solution allows you to account for expected entries for cash movements that we may have executed or authorised but which have not yet completed.

For example, an expectation of a cash receipt can be posted to a client's account to reflect a dealt or contracted position on a client's account which has not yet settled. This expectation can be used to monitor overdue transactions, and later this expectation can then be used to identify and account for the cash receipt when the cash eventually enters the account. The solution segregates future cash transactions from actual cash transactions but presents both to allow you to fully account for all activity and positions relating to a client or counterparty.



2 | Identify, Split, Allocate and Reconcile Cash Receipts

The solution takes your organisation's single accounts receivable bank account and transforms it into thousands of fully functional virtual bank accounts, one for each customer making a payment to your organisation.

Each customer or counterparty can then pay funds directly to their virtual bank account through the banking network or your organisation can process collections to that virtual account using direct debits.

This banking arrangement removes the possibility of being unable to identify the source of funds. As only one counterparty can use that virtual bank account, all receipts in that virtual account must come from that counterparty.

When the cash is received into the counterparty's account, the cash can also be automatically matched against the expectation entries on that account.

This match can have multiple effects and can trigger:

- The splitting of the cash receipt into its constituent elements
- Settlement of trades
- The posting of entries to the client's general ledger to fully account for the transaction

3 | Schedule Cash Application

Once the cash receipts have been identified, matched to expectation(s) and split, if required, the different split transactions can then be transferred from the counterparty's account to the account of the client(s) or to the corporate/firm's own account.

The solution can perform this sweep transfer automatically, moving the cash and accounting for it for the client, if required.

4 | Sufficient Funds Alert

The system comes with a full suite of credit control functionality including configuration to prevent accounts from being overdrawn. This is achieved by the system failing outbound payments that would give the account a debit balance.

A full suite of overdrawn and risk monitoring functionality that:

- Reports overdrawn cash positions and sweeps cash from firm's money to protect these positions
- Monitors due and overdue cash positions against expectations to predict possible overdrawn positions and future funding requirements

5 | Initiate Payment

Once cash is posted to the client's account, subject to credit control, an outbound payment can be initiated either by automatic sweeps, manual initiation by your firm's cash processing staff or manually initiated by the clients themselves.

Cashfac offers the ability to configure a bespoke initiator, checker, authorisation workflow to control this payment process in the exact way required by your organisation.

6 | Account

The solution can post the cash receipt and its application to your ERP system and perform an automatic reconciliation of the bank account to your ERP general ledger cashbook, if required.

Our sophisticated accounting engine will handle the posting of unapplied cash, if for whatever reason it cannot be applied against invoices or if your organisation chooses to perform the application of cash on your organisation's ERP system.

7 | Reporting and Forecasting

The system comes with configurable reporting and real-time dashboards that allow easy analysis and management of all aspects of the cash receipt processes. The solution records current and future cash positions including detailed future cash receipts and payments. These forward cash positions can be used to feed and keep treasury management systems updated daily.

8 | Manage Liquidity and Treasury Pooling

Monies transferred by a customer are automatically routed to your companies pooled bank account. Pooling (if required) optimises the cash positions for the most effective liquidity or treasury management. Sweeping between bank account to maximise return is automatic and can be set to pre-fund future payments.

For product information, to request a demonstration or to speak to us about your business needs, please contact us at www.cashfac.com/contact
