

# Multi-Currency Receivables Management and Pass Through Foreign Currency Payments

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CASHFAC SOLUTION LITERATURE

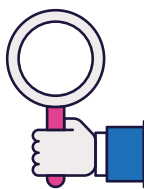
## Introduction

The management of collections (cash receipts) has always been a challenge for businesses. When we introduce the additional complication of foreign exchange (FX), that challenge becomes even greater. All businesses must seek to increase accuracy and shorten the timeline of cash processing for client and corporate cash.

The key impediments to efficient receivables management include:



**High volumes**



**Difficulty identifying payees**



**Under/over payments**



**Complex Receivables requiring the remittance to be split and paid onwards**



**Poor referencing**



**Poor remittance information**



**Foreign Exchange requiring the remittance to be settled against invoice/trade in another currency or paid on in another currency**

## Meeting These Challenges with Cashfac

Cashfac's multi-currency and multi-bank virtual accounts platform can manage these issues, making cross-border cash receivables and foreign currency receipt processing more efficient, automated, and streamlined. This, in turn, improves customer service and cashflow, cuts financing, and FX costs and increases turnover.

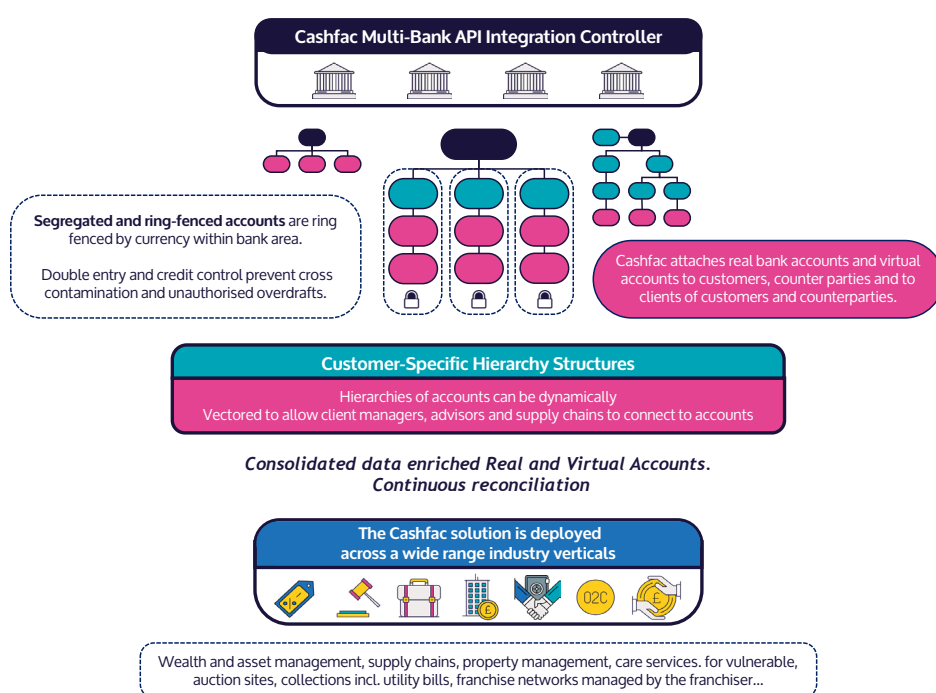
Over the last twenty years, a raft of global financial institutions have implemented our virtual accounts platform to deliver their high volume, multi-currency, multi-bank receipts management, client account management and onward payments control.

Cashfac's principles-based approach to risk management and compliance has proven capable of delivering the controls and reporting necessary to meet the legal and regulatory requirements across multiple jurisdictions at the same time.

## How Can Cashfac Help?

### Receivables Management

Cashfac's multi-bank, multi-currency virtual account platform allows firms to configure a solution to meet the exact requirements of organisations and its customers and clients. Cashfac allows the client to administer the systems, accounts and account structure themselves. New virtual accounts can be setup in seconds by the Cashfac client either manually or by API link to the client's onboarding system.



Typical multi-currency, multi-bank virtual banking structure

Our platform plugs into a firm's existing real bank account for each currency and in each jurisdiction where the organisation operates. It virtualises these real accounts into as many virtual bank accounts as the organisation and/or its customers require. For example, a wealth manager or other financial institution may create a virtual account for each client making a payment to it. One client's funds are segregated from another's using these virtual accounts to deliver robust safeguarding.

Each client can then pay funds directly to its virtual bank account with the organisation through the banking network, or, the wealth manager can process collections to that virtual account, for example, by debit card.

This banking arrangement **removes the possibility of your receivables/cash processing team not being able to identify the source of funds**. As only one customer can use that virtual account, all receipts in that virtual account, whether well referenced or not must belong to that customer.

Cashfac's Network Banking solution allows firms to associate their Network Bank Accounts that are held locally in each country they do business into their underlying client virtual accounts by using externally addressable virtual account numbers. Money can be collected into this virtual account in a highly automated manner. They can be given their own IBAN or account numbers, this allows customers or counterparties to lodge funds directly to their individual virtual account, as easily as they would lodge funds to a real account, through the bank clearing network.

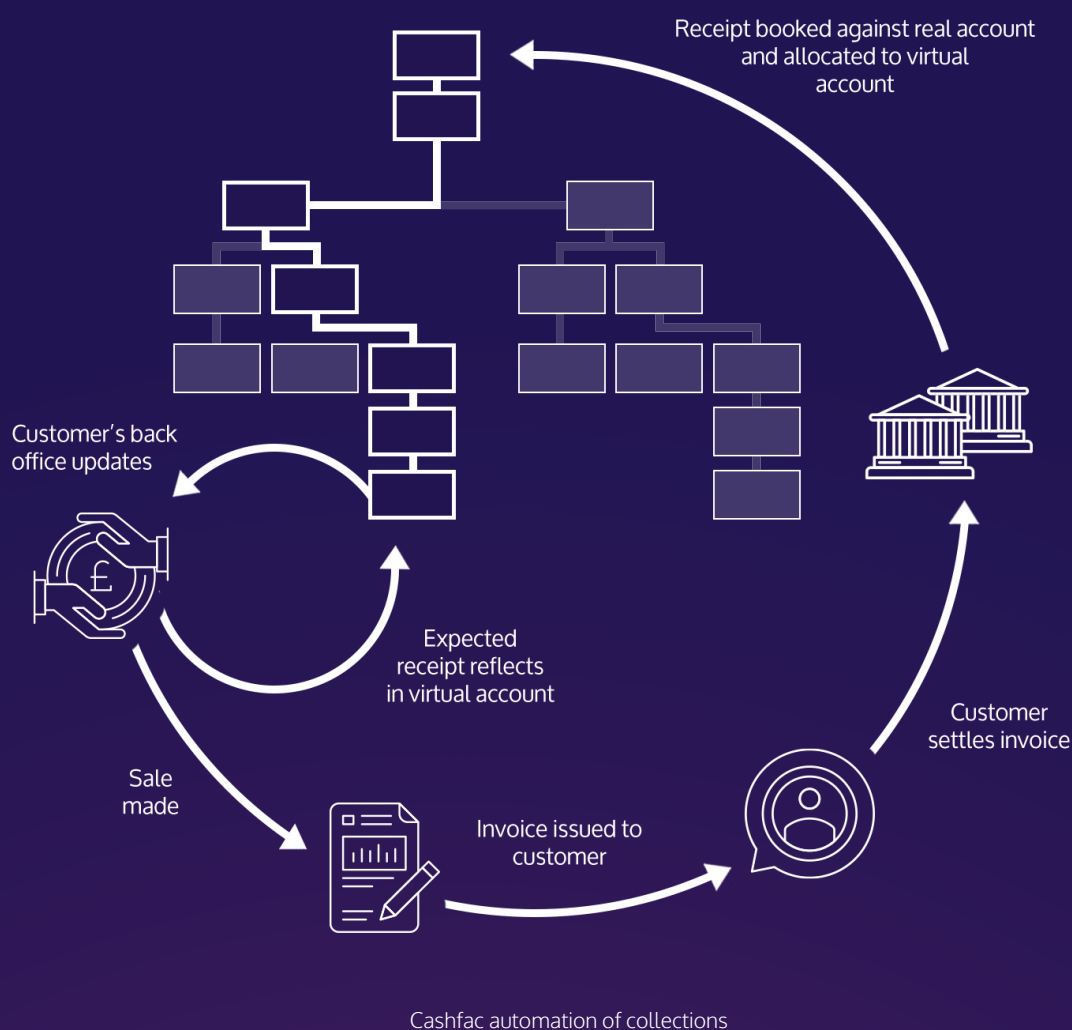
Our solution can process receipts by bank transfer, cheque, debit or credit card or direct debit onto real or virtual accounts.

The solution allows the client to model **accounting hierarchies** using these virtual accounts, and to configure relationships between the accounts to make their administration simple, for example, allowing automatic sweeping of funds between them. The virtual account can be held in the name of the company or in that of its clients and counterparties. A standard example of this would be a subsidiary company or a client of that company being given the ability to set up virtual accounts in multiple currencies and in different jurisdictions for collections or to offer a banking service to them.

### **Managing Cross Currency Settlement or Passing Through A Foreign Currency Payment**

Our platform's API features facilitate seamless integration with a firm's existing ERP, trading, or other systems. This allows Cashfac to collect, load and post the full rich data record for invoices and trades from your other systems as **expectation** (receivable) transactions on the customer's virtual accounts.

The platform's automatic reconciliation and allocation functionality can be configured by the user to settle cash against an expectation when it is received in a virtual account, easily highlighting, and controlling under and overpayments. This settlement can be used to update other systems or trigger foreign exchange conversion of the receipt, or even the analysis and splitting of the remittance prior to it being paid to different payees, such as property managers may require for a rent receipt.



### **Cross Currency Sweeping - Netting and Cross Currency Exposure**

Cashfac's API features allow easy integration to a firm's foreign exchange dealing and treasury services. The platform can be configured to monitor and account for foreign currency positions and to sweep cash between currencies, on a "warehouse" or individual trade basis, to close out positions.



Throughout the process, the system's strong accounting and reconciliation functionality allow you to link the funding receipt in one currency to the amount it is converted to in another; thus ensuring foreign exchange through-payments can be securely controlled.

As the solution operates in real-time, this foreign exchange sweeping process can be run on that basis.

### **Virtual Bank Accounts**

Our virtual accounts platform offers payment and credit control functionality; therefore we brand them as virtual bank accounts to reflect their enhanced functionality. The solution allows firms to grant clients online access to their virtual bank accounts, view statements and, if required, initiate payments, under credit control, to themselves or third parties.

This online access along with the other functions of the solution is supported by the integrated compliance, risk management, accounting, and governance controls of the system.

### **Management of Liquidity and Treasury Pooling**

Monies transferred into a virtual business or client bank account are automatically routed to the real bank account supporting that virtual account. As a result, all cash in that currency is automatically pooled in one real bank account. This pooling optimises the cash positions for more efficient liquidity and treasury management.

If there is more than one real bank account per currency, for example within the Eurozone, then our solution can manage the balances on these real accounts too, sweeping money between real bank accounts to optimise pooling while ensuring liquidity calls are met.

### **Reporting and Forecasting**

The solution comes with a complete suite of reporting and real-time dashboards that allow easy analysis and management of all aspects of the cash receipt processes and foreign currency exposure. Since the platform records both current cash positions and the invoices and credit notes detailing expected future cash receipts, the reporting functionality can be used to predict future cash positions. These forecasts can also be used to "feed" liquidity and treasury management systems, used by organisations, to further improve its profitability.

### **Hosted and Managed Services**

Cashfac products are available as hosted solutions with a full management service, or as Software as a Service (SaaS). Our clients have found that moving to the cloud removes the hassle and risks of maintaining their hardware and software while reducing their costs for maintenance and upgrading. This gives us the ability to rapidly implement high impact solutions for clients.

Using the Microsoft Azure platform, our cloud-based offerings are fully scalable, flexible solutions that deliver GDPR compliance and meet the "bank grade" ISO27001 standard for security and resilience.



## Summary

Our multi-currency and multi-bank virtual accounts and cash management platform is used in a wide range of industries to address the universal challenges of complex receivables processing, including foreign currency receivables. Our solution makes use of the latest innovations in both the banking and non-banking industries to improve the automation of cash management operations and processes.

We combine virtual and real bank account functionality that allows you to:

- Build a virtual and real bank account structure to meet business or client requirements by integrating with the banks and banking networks in each jurisdiction where you operate
- Set up future-dated or expectation transactions to control cash movements and trigger the next steps in the cash process
- Integrate to all your existing systems through its API features to give the highest level of automation, including cross-currency cash sweeping
- Pool funds to deliver superior treasury management

In addition, the solution offers functionality that is more typically found in back-office platforms or Enterprise Resource Systems such as:

- Online real-time credit-control alerts for late settlements
- Top-up to ensure sufficient funds are available
- Delivery vs. payment API connections to trigger settlement
- Multi-currency "thick ledger" operational general ledger accounting

The combination of these functions offers a complete cloud-based solution to receivables management and allows you to deliver a full in-house banking service.

## About Cashfac

Cashfac ([www.cashfac.com](http://www.cashfac.com)) is a global leader in back-office cash management and Virtual Account Management (VAM) solutions. Our platform is the world's most deployed virtual accounts solution, used by organisations across the global financial services sector from large banks and asset managers to smaller non-banking financial institutions.

Our products help these financial institutions improve productivity and provide greater visibility, automation and control over their critical cash management operations including compliance regulations. This is achieved by our open technology solutions plugging into existing client systems giving corporate and client operational accounting solutions which are fully integrated with your bank's records, virtually eliminating the need for reconciliation.

For product information, to request a demonstration or to speak to us about your business needs, please contact us at [www.cashfac.com/contact](http://www.cashfac.com/contact)