



**KEEP  
CALM  
AND STAY  
TEXAS  
STRONG**



# Space City Cash Conference 2017 – International Cash Pooling

DNB





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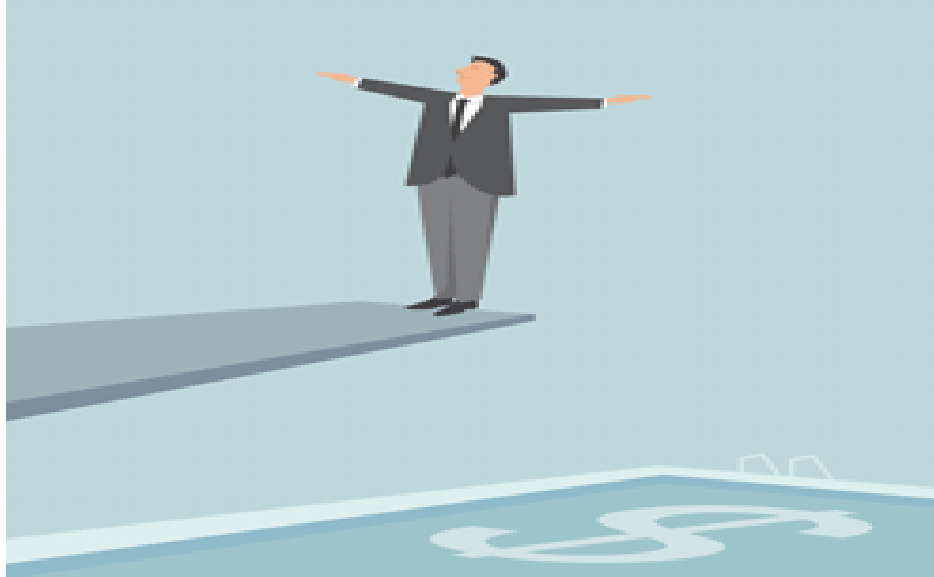
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## How to Operate An International Cash pool!



# How to Operate an International Cash Pool

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What is a cash Pool:

- A **cash** pool is a structure involving several related bank accounts whose balances have been aggregated for the purposes of optimizing interest paid or received and improving liquidity management. A **cash** pool can be physical or notional and it can be single-currency or multi-currency.



# Types of Cash Pooling Structures

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## Zero Balance or Physical Cash Pool

- The Finance company (or other group company) opens accounts in its name at pooling center
- Group companies can put cash on deposit with the finance company or borrow from the finance company.
- Inter-company loans are created.
- Inter-company loans need to be administered.
- Interest is inter-company interest.
- Can be single currency or multi-currency.
- Can be single country or multi country.
- Possible to have an overlay structure on top.



# Types of Cash Pooling Structures

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## Notional Cash Pooling

- Group companies open bank accounts in their own name in local currency at the pooling center.
- No inter-company loans are created.
- Group companies with credit balances are deemed bank deposits and group companies with debit balances are deemed bank overdrafts.
- All account balances – both credit and debit – are treated on a net basis.
- Interest is bank interest.
- Interest rates applied are based on the net position per currency in the cash pool (not traditional bank BID/ASK spreads).
- Treasury can choose interest margins to create revenues for Finance company/Treasury
- Overdraft facility is the norm.



A vertical photograph on the left side of the slide showing a city skyline at night. Several skyscrapers are illuminated with lights, and the sky is dark. The lights from the buildings and streetlights create a warm glow against the dark background.

# What To Do Every Day?

- Open and look at your treasury management dashboard.
- Does the cash pool have enough money to get you through the day?
- Do you have all of the information on all bank accounts?
- Do you use Multibank features and did they work last night?



# What To Do Every Day?

- Can you meet all funding requirements?
- Manage investment options outside the pool.
- Accounting entries TMS & ERP.
- Must always be able to prove that everything is recorded correctly.



# What To Do Every Day?

- Is the Treasurer happy?
- Is the CFO Happy?
- Is your banker happy?
- Who is not happy?





# What To Do Monthly?

- Review and pay fees.
- Audit and review interest charges.
- Address inter-company Loans.
- Understand monthly tax impact.
- Meet/speak with your constituents.



# What To Do Monthly?

- Monthly review of controls and access levels for electronic banking platforms.
- Review of signers on accounts.
- Review the forecast
- Review the reporting

A nighttime photograph of a city skyline with several illuminated skyscrapers. The sky is dark, and the buildings are lit up with various colors, including blue and white. In the foreground, there are some trees and streetlights.

# What To Do Quarterly?

- Review and pay fees.
- Audit and review interest charges.
- Understand quarterly tax impact.
- Is there something broken.

A nighttime photograph of a city skyline with several illuminated skyscrapers. The sky is dark, and the buildings are lit up with various colors, including blue and white. In the foreground, there are some trees and streetlights.

# What To Do Annually?

- Internal Auditors
- External Auditors
- Sox Audits
- Year end audits.
- Annual fees
- Budgets
- Evolution



# Things To Manage & Worry About

- Language barriers between the company, subsidiaries and partner banks.
- Timing and related issues.
- Holidays
- Working the value dates in getting the cash visibility and movements centralized.



## Things To Manage & Worry About.

- Tax regulations vary from jurisdiction, even within the Euro zone and that is a challenge that needs to be managed and supervised constantly.
- Different countries tax or at least want to tax cross border movements (India, Brazil, China and Venezuela).
- Members of the team do not understand the concept and do not contribute in a timely manner as needed.
- Partner banks can drag their feet in delivering visibility or the funds as needed.
- Intra day limits not available when needed in order to address timing differences.



# Things To Manage & Worry About

- Understand and manage bank limits on transactions.
- Understand all cut-off times and banking holidays.
- Understand local customs & traditions that can affect cash pool operations.
- Have enough people to get the job done and with the correct access .





# Things To Manage & Worry About.

- What to do about cash accumulation..
- Move cash outside the cash pool to pay down debt.
- Foreign exchange levels and hedging.
- Managing forecast for accuracy & reality.
- Large upcoming payments
- Tax Payments

Questions?

