

# CashWorld ... an eJournal from CashTech Solutions



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## Remittance Round Table

Historically, the cost to migrant workers of sending money home was too high, regulation on remittance flows too strict and banks largely ignored the remittances marketplace. But increasing awareness of remittances is beginning to change this. Dialogue, the SWIFT magazine, asked five remittance experts to consider the current situation, and what more is needed to improve the market's efficiency.

**Parag Ekbote**, Head - Global Sales at **CashTech**, was one of the participants.

### Other Panelists:

- **Marc Hollanders**, Special Adviser on Financial stability and Market infrastructure, **Bank for International Settlements**
- **Manish Misra**, General Manager and Head - NRI Services and Global remittances, **ICICI Bank**
- **Joanne Strobel**, Payments Strategy & Infrastructures, Global Transaction Banking, **Deutsche Bank**
- **Gregory Watson**, Remittances Specialist, Payment Systems Development Group, Financial and Private Sector Development, **The World Bank**

### Some of the questions that the panel sought answers for:

- How can the global worker remittance market be evaluated in broad terms?
- Where have improvements taken place and what still are the problems?
- Are banks really cheaper than the money transfer agencies or the so-called informal channels?
- To what extent do banks view remittances as a serious business opportunity?
- What are the lessons to be learnt from the banks who have successfully captured the remittance flows?

- What is being done to improve the remittance environments and the perceived problems at the payment infrastructure level?
- Is the remittance market too lightly or too heavily regulated?
- Is there an appropriate model for distributing remitted funds in underbanked markets?

#### Some key learnings:

- The global remittance market represents a huge opportunity for banks
- Banks need to look at Remittances as a strategic business and need to create a business model spanning a broad product portfolio
- The price, speed, service levels, products and distribution channels vary widely depending on the remittance corridors
- Competition and use of new technology in the remittance space has increased significantly, pushing down the prices and increasing the service levels.
- There is scope for improvement in the rural reach and a large number of banks, especially in India, are focusing on this segment.
- An enabling environment needs to be created for active collaboration between banks, money transfer businesses and other quasi-banking entities
- There needs to be a consistency in the regulation of banks and Money transfer agencies in relation to agency appointments, KYC etc.
- Domestic payment systems need to be sound thereby increasing efficiency.
- Industry networks need to play a larger role in facilitating faster and cheaper cross-border transfer of funds.

Read the full article - [Dialogue Q4 2007](#)

## Financial Supply Chain – a case study

### Business Context

A 'Customer Bank' in The Philippines, in addition to offering cash management services, developed a strong revenue model around providing Financial Supply Chain solutions to a large retailing company.

The retailing company, with an extensive presence across the country, stores and sells a variety of goods ranging from branded apparels, packaged foods and toiletries to furniture, electronic items, sports goods, books and stationery. In all, it stocks more than 8000 varieties of items and many of them coming in different packing types and sizes. The vendor base of the company for procuring such a wide array of products was over 1500.

#### Challenges to the Retailing Company

- Working capital locked up in a large inventory of small value goods.
- Inability to force vendors to extend their payment terms.
- Longer credit periods meant delayed payments by vendors to their own creditors, resulting in the retailing company incurring higher costs for their business credit.
- Burdensome Manual-intensive financial processes.

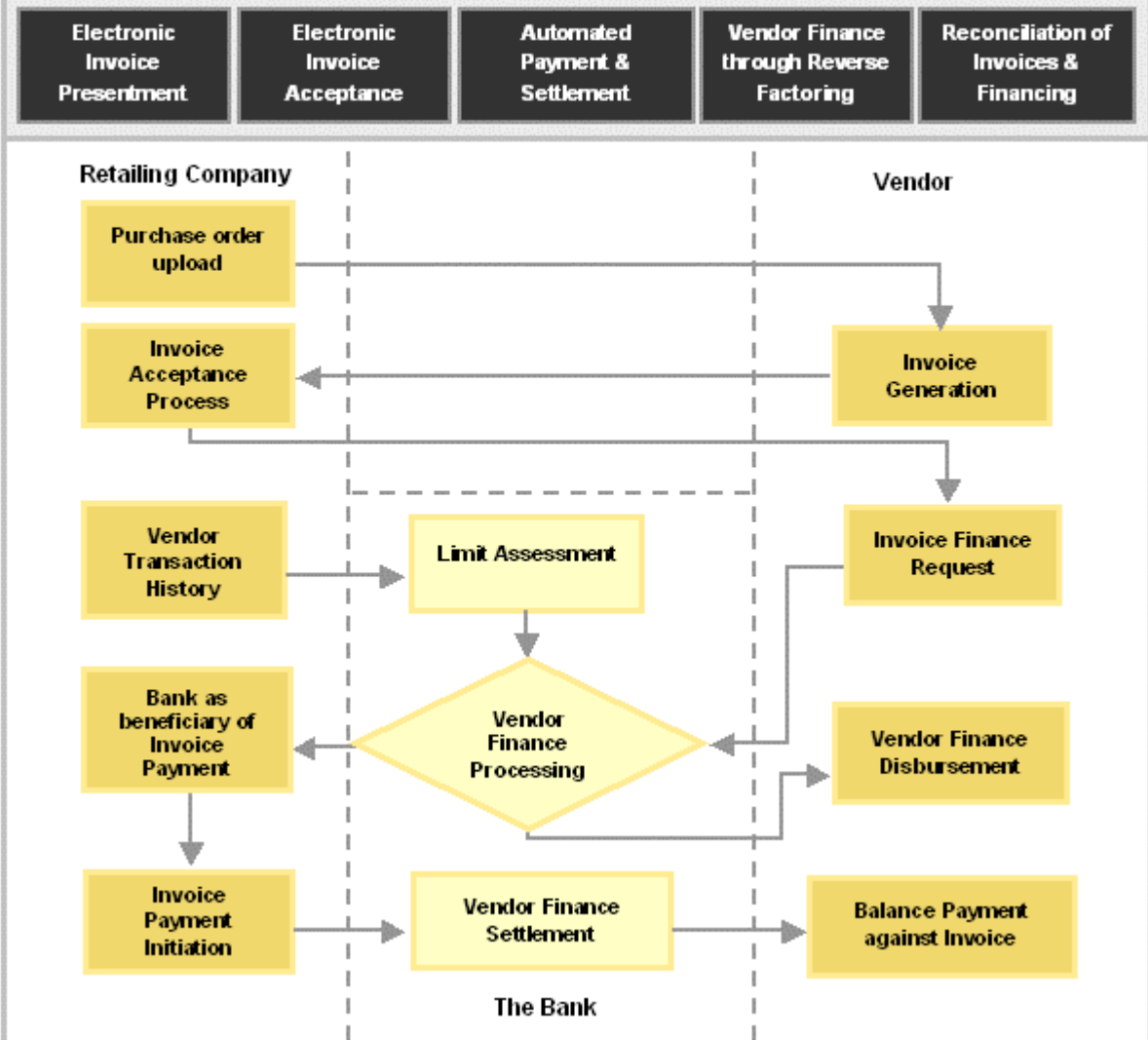
#### Challenges to the Vendors

- Pressure to lower the cost of goods sold / extend payment terms
- Difficulty obtaining low-cost short-term financing for the small value of traded goods.
- Cash Flow Uncertainty due to inability to forecast receipt of payments

#### The Bank's Requirement

- Streamlined transaction processing & document management to manage large number of small value transactions
- Template based automated system that can process transactions with little or no supervision to keep costs low
- Operational efficiency through self-service financing options
- Effective risk control for financing vendors' receivables that have been accepted by the retailing company
- Flexible reporting, automated asset creation and tracking
- Integrated and end-to-end payment and settlement system that captures data required for reconciliation of invoices and payments

Fundtech's Financial Supply Chain platform at the 'Customer Bank' enabled the bank to offer the following products and services to the retailing company and its vendors:



### Benefits to the Retailing Company

- More liberal stocking of inventories in line with the business growth.
- Automation of the financial process.
- Online view of the entire payment process.

### Benefits to the Vendors

- Improved working capital due to easier access to financing to support production / work in process / buyer required inventory.
- Reduced receivables processing costs / time.
- Online view of the entire payment and financing process.

### Benefits to the Bank

- Reduced risk in financing new customers with the Retailing Company agreeing to route payment on financed invoices through the Bank.
- Cost and operational efficiency with template based automated transaction processing, self-service financing options.
- Ability to expand customer base at a low cost by facilitating selling to vendors of the company.
- Ability to add new avenues of revenue through fees and financing.

### Win-win for the Retailing Company and its Vendors

- Enhanced automation and transparency of the invoicing and payment process.
- Greater visibility of the cash flow.
- Improved working capital efficiency.

## Thought Leadership

CashTech's position as a thought-leader in the Financial Supply Chain domain further got consolidated by its presence at some prestigious industry events.

### Citi's Asia Pacific Banks Conference, Thailand - May 2008

CashTech's CEO, **Sanjay Dalmia**, was invited to speak at the conference about the latest innovation in treasury and cash management technology and explore its impact on partnership between banks and corporate clients.

The conference, with the theme "Progressing Partnerships", was held with an aim to explore the critical and ever-expanding role partnerships play in maintaining business momentum and driving future growth. The conference also focused on how corporates are looking to achieve scale, grow internationally and partner with a global banking partner.

The conference agenda provided collaborative insights and solutions to convert ideas of partnership into actions, interactive panel discussions and informative economic and market updates. Topics included:

- Global and Regional Economic Update
- Payment Systems in Asia
- Partnering for Success in the Supply Chain Arena
- Best Practices in Cross-Border Payments and Global Remittances
- Latest Developments in Trade Solutions
- Liquidity and Investment Options in Banks
- SWIFT Update

### The India Trade & Export Finance Programme, India - April 2008

Our CEO, **Sanjay Dalmia**, was one of the panelists at the conference organized by Exporta Publishing and Events Ltd. Exporta is part of Global Trade Review - a leading international Trade Finance magazine.

The panel, chaired by **Asif Raza**, Managing Director, Head of Trade & Logistics Management - Asia Pacific, **JP Morgan**, discussed the topic of **Global Supply Chain Management: unifying financial & physical**

#### Other Panelists:

- **Anoop Dhanda**, Finance Director, **Orient Craft Ltd.**
- **Vinay Shroff**, Senior VP, Supply Chain Management, **Reliance Retail**

## The Euromoney Seminar on Trade & Supply Chain Financing, Hong Kong - April 2008

**Sanjay Dalmia**, spoke at the prestigious conference jointly organized by Euromoney Seminars and Trade Finance magazine. Sanjay presented a case study on Financial Supply Chain Solutions and also moderated a panel discussion on

**Alternate Financing: looking at new sources of trade finance capital which don't affect existing credit lines.**

### Other panelists:

- **Mark Cooper**, Managing Director, **Trade Finance Corporation**
- **Christian Stauffer**, Managing Director, **EuroFin Asia**
- **Arvind Sonmale**, Managing Director, **Global Trade Finance India**
- **Pravin Advani**, Executive Director, Regional Head Trade & Supply Chain Finance, Transaction Banking, Asia, **ABN Amro**
- **Lee Yung Sheng**, Executive Director, Head of Trade Sales, North Asia, **JP Morgan Treasury Services**

## Events @ CashTech

CashTech will conduct **Training** Programmes on **Collections** and **Payments**. The training will be for middle management officers and new staff belonging to the Cash Management Business, Operations and IT Teams from banks.

The programme will provide the participants with an understanding of Payments and Collections in terms of:

- Functional and Transaction workflows
- Solution and Deployment Architecture
- Archival and Purging
- Pre-EOD Back-up, EOD Processes
- First Level Support for error resolution

*Watch this space for the details.....*