



TreasuryPulse

Passion to Perform

Overhauling Foreign Exchange Management



By
Matt Richardson
Director of FX4Cash, Deutsche Bank London
matthew.richardson@db.com

When dealing with foreign exchange, many corporate cash management practices remain surprisingly inefficient. For example, the majority of corporates continue to hold bank accounts in every currency in which they make or receive payments, leading to cash balances being widely disseminated and increasing administration for treasurers. Such decentralized structures can also compromise effective reporting and control, making the burden of regulatory compliance more onerous.

Deutsche Bank's *FX4Cash* platform allows for business in over 120 currencies to be transacted through a single window using a single account. While the platform can easily be integrated into a broader cash management structure, it can also be used by clients that do not work with Deutsche Bank as their day-to-day cash management supplier.

Addressing Inefficiency

Aside from the ability to rationalize bank accounts — new users achieve an average reduction in accounts of around 30% — *FX4Cash* also offers significant advantages in terms of enhanced transparency and oversight. For example, corporates that make large numbers of relatively small cross-currency transactions may lose control over the rates they receive for each transaction and the fees that are applied by the financial institutions involved. However, with *FX4Cash*, foreign exchange rates are allocated in a transparent and auditable way prior to the transaction being initiated, ensuring greater treasury oversight and facilitating more straight-forward reconciliation and reporting.

Yet regardless of the platform's technical capabilities, its success is only possible thanks to Deutsche Bank's position as a key market maker in global foreign exchange and a specialist provider of cash management services. The significant economies of scale that are achieved through being the world's top foreign exchange bank by volume are leveraged by the platform with savings then passed on to clients. This combination of strength in both cash management and foreign exchange is what makes *FX4Cash* such a powerful proposition.

Complex Corporate Requirements

Having experienced strong growth across a number of regions, Tinet, the Italian telecommunications company, sought to achieve enhanced visibility and control over cash balances across its entire group, as well as improve the efficiency of its foreign exchange payments. Working with Deutsche Bank, Tinet was able to implement *FX4Cash* and combine it with an overhauled local and central cash management structure.

Aside from the immediate efficiency gains achieved through the use of *FX4Cash*, the client was also able to benefit from close integration between its own ERP and Deutsche Bank's systems. As Tinet works in many of the world's more challenging markets — where financial systems may not be as resilient as those in the more mature economies — this close integration and the availability of Deutsche Bank's client services and technical support enabled issues to be resolved quickly and efficiently.

Indeed, even the most sophisticated corporates, which may enjoy market-leading levels of efficiency in other areas, are now recognizing the benefits of overhauling foreign exchange processes to reduce costs, improve visibility and pave the way for a greater rationalization of account structures. And using *FX4Cash* to achieve such goals ensures that clients have access to the market-leading capabilities of one of the world's preeminent foreign exchange and cash management specialists.