Transforming Digital Cash Management

Finacle Virtual Accounts Management
Corporate Cash Management Today

Corporate treasurers operate in an increasingly complex world

Corporates today face unprecedented challenges as they navigate their businesses through complex environments. Globalization and digitization continue to disrupt traditional business models and put new ones in their place. Most businesses, through their transformation journeys struggle to create sustainable value propositions.

Business leaders are increasingly looking at their corporate treasury function to play a key role in managing and delivering financial prudence, while maximizing business outcomes. The enhanced focus on streamlining the working capital, strengthening the balance sheet, improving the financial stability and maximizing profitability, is like never before.

As the role of treasurers evolve, they face a host of challenges - some internal, and many external, which influence their outcomes.

STRUCTURAL COMPLEXITIES, THE GLOBAL TREASURY FUNCTION NEEDS TO DEAL WITH

- Unique working capital requirements of different lines of business
- Varying macroeconomic conditions with increasing geographical expansions
- Multiple time zones demanding round-the-clock operations and treasury management
- Multiple currencies requiring strategic forex and risk management
- Multiple banking relationships that must be managed at reasonable cost
- Diverse regulatory compliance requirements in every country of operation

The expectations on corporate treasurers are increasing by the day

With expanding role, corporate treasurers are expected to take a strategic view of their function. They are prioritizing the following to deliver what is expected of them.

Streamlining payments and improving cash concentration
Optimizing account receivables and payables management, to allow the treasury function assume a more central role, and establish greater financial controls.

Segregating cash flows based on business requirements
Mapping business needs and segregating both inward and outbound cash flows to gain visibility and improve forecasting capabilities.

Performing a strategic role
Reimagining the fundamentals of treasury operations to deliver strategic value.

Creating Sustainable Treasury Management

- Drive down both fixed and operational treasury costs
- Enhance operational efficiencies within corporate accounting
- Augment decision making capabilities in liquidity management
It’s time for banks to step-up cash management services

Corporates and SMEs see banks as strategic partners in treasury management

A key problem is that corporate treasurers’ options have not grown in tandem with emergent expectations. The choices narrow down to setting up in-house banks and treasury management systems within the enterprise, and outside the enterprise, using multiple physical accounts in different banks and regions, for managing liquidity and working capital requirements.

These options come at a high cost. Internal setups need capital upfront and are also expensive to run. On the other hand, maintaining a large number of bank accounts entails substantial accounting and transaction fees. Corporates also suffer from limited flexibility and complex liquidity structures, which are mostly not in sync with their business dynamics. They also need to deal with several operational challenges such as complex onboarding processes, KYC clearances, account signature mandates.

• Shrinking loyalty, attrition of corporate clientele for want of tailored, cost efficient solutions
• Intensifying competition for high margins forex business
• New age players disrupting traditional payments business
• Decreasing float revenues on corporate balances
• Open banking initiatives such as PSD2 enabling easier access to alternate channels and services
• Rising cost of market infrastructure participation
• Increasing presence of Fintech competition in transaction banking business

REASONS WHY BANKS NEED TO PRIORITIZE CORPORATE CASH MANAGEMENT TRANSFORMATION

1. Enabling real-time cash flow views for visibility and control
2. Providing global access to accounts across banks on a single sign-on interface offering a unified experience
3. Offering innovative liquidity planning and forecasting solutions to improve predictability and investment yields
4. Enabling digital, omni-channel liquidity management for seamless, multi-channel services on-the-go
5. Delivering integrated cash management to increase straight through processing, enhance synergies with treasury systems for improved account receivables and payables management
6. Offering flexible ERP integrations to automate accounting systems reconciliation
7. Streamlining regulatory compliance to minimize cost and penalties

Accelerate Digital Cash Management Transformation, Now

It’s time banks took a holistic approach and reimagined cash management services for their corporate clientele, keeping the following 7 tenets in mind:

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6. Offering flexible ERP integrations to automate accounting systems reconciliation
7. Streamlining regulatory compliance to minimize cost and penalties
Take a holistic approach to reimagine digital cash management services

- Real time cash-flow views
- Global access to accounts across banks
- Innovative liquidity planning and forecasting
- Digital, omni-channel liquidity management
- Integrated cash management
- Flexible ERP integrations
- Regulatory compliances

Increase visibility and controls

Improve predictability, earn additional yields through investments

Enable higher STP, greater synergies with treasury, AR, AP

Reduce costs for local, regional accounting compliances

Enable single sign-on interface for unified experiences

Deliver seamless, multi-channel liquidity management, on the go

Automate accounting systems reconciliation
Virtual Accounts – Enabling new frontiers in digital cash management

Enhanced propositions for both corporate banks and their business customers

As corporates seek efficiencies in their treasury operations, smarter cash management becomes a top priority. Most treasurers look to centralize activities, reduce physical real accounts and optimize banking relationships. Here, a virtual accounts product, which comprises one (or very few) physical, ledger-based real accounts per currency, that can be virtualized into infinitely many virtual accounts, offers unique propositions:

- **Increased treasury agility** by setting up virtual account hierarchy based on emergent business needs and liquidity structures that truly reflect complex organizational requirements
- **Augmented working capital initiatives** that are strategic in nature and offers better financial controls
- **Lean treasury management** delivering more outcomes with fewer resources

Virtual accounts offer the best of both worlds – corporates can now experience the much needed duality – CENTRALIZATION with fewer physical accounts and DECENTRALIZATION, with as many virtual accounts.

For corporate banks, virtual accounts represent a fundamental transformation in the service model to support corporate cash management operations. It enables them to scale new frontiers in digital cash management by providing corporate clients access to innovative global cash and liquidity management solutions, along with much-needed flexibility and self-serve capabilities.

Strategic Enabler for Corporates

**Centralize corporate accounting**
Virtual accounts consolidate complex cash operations across banks and regions to improve both cash flow visibility and forecasting capabilities.

**Rationalize operating account landscape**
Corporates can rationalize their operating accounts landscape by reducing the number of physical accounts and overdrafts, and optimizing cash flows.

**Improve efficiencies; reduce costs**
Companies can save the cost of using traditional liquidity products such as sweeps and pooling, drive efficiencies and also reduce the various costs associated with account transactions, payments, overdrafts, Fx costs.

**Manage virtual accounts digitally**
Bringing automation and self-service, virtual accounts empower corporates to perform bank-like actions and manage their treasury effectively.

**Enhance automation and STP**
Reconciliation at virtual account level enables automation and significantly improves straight through processing outcomes.

**Improve risk and liquidity positions**
Streamlined cash flows, continuous real-time concentration, and centralized funding and investment decisions vastly improve liquidity management and risk mitigation.

**Improve MIS capabilities**
Virtual accounts significantly improve management information reporting capabilities with streamlined account structures. Other advantages include better tracking of inter/intra company loans, alert systems through missing critical reporting, and customized accounting reports.

**Reimagine in-house banking**
Virtual accounts help to reimagine the traditional in-house banking model with an “on-behalf” approach for payables and receivables.
Enhance customer propositions
By transforming cash management experiences digitally, banks can enhance customer centricity, attract new clients and improve customer stickiness.

Reduce opex
With digital self-serve capabilities in place, virtual accounts help banks reduce operating costs, such as the administrative overhead of maintaining a huge number of physical accounts and associated efforts.

Improve profitability
Banks can also improve profitability parameters by lowering provisioning for risk-weighted assets.

Respond to regulatory drivers
Virtual accounts improve compliance to emerging regulation such as BASEL III, IFRS, BEPS.

Banks stand to gain advantage

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Drive Treasury Agility
- Setup virtual account hierarchy based on emergent business needs

Augment Working Capital initiatives
- Deepen financial controls, drive strategic initiatives

Lean Treasury Management
- Do more with less

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With Virtual Accounts, Experience Duality
- **CENTRALIZE** with fewer Physical Accounts
- **DECENTRALIZE** with as many Virtual Accounts

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New propositions in digital cash management, with virtual accounts
Finacle Virtual Accounts Management

Reimagine your digital cash management transformation journey

Finacle Virtual Accounts Management is an industry-leading solution designed to digitally transform cash management services of corporate banks worldwide. Leveraging the solution, banks can empower corporates to transform their treasury operations, streamline payments and receivables, and reimagine in-house banking dynamics, while lowering costs. With a broad range of account virtualization capabilities and a digital self-serve model, the solution enables corporates manage their global, multi-bank cash and liquidity positions with enhanced levels of visibility and controls.

The solution promises

• This highly configurable module brings a product-based approach, as well as entails a rule-based transaction restriction and replication capabilities to enable banks offer tailor-made services, and take new products to market with speed.

• Being core banking-agnostic, it comes with extensive capabilities to integrate with wide variety of core systems, including mainframes.

• The solution integrates easily with other enterprise systems, such as payments and liquidity management solutions, to give banks the flexibility to design and offer innovative services such as on-behalf payments and collections, virtual sweeps, virtual pooling, inter-company lending and more.

• This is a truly digital, multi-channel enabled solution with a host of RESTful and SOAP APIs for easy integration, and a seamless digital experience on every channel.
Future proof your digital cash management strategy

- Highly configurable, product based approach
- Core banking agnostic
- Easy integration with other enterprise systems
- Truly digital, multi-channel enabled solution

Finacle Virtual Accounts Management
## Functional architecture

**Advanced architecture empowers you to do more**

<table>
<thead>
<tr>
<th>Assisted channels</th>
<th>Unassisted channels</th>
<th>APIs for ERP integration</th>
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<tbody>
<tr>
<td>Branch</td>
<td>Online</td>
<td>Mobile</td>
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### Functional Modules
- Product Management
- Rule Set Management
- Account Management
- Transaction Replication
- Inquiry and Reporting

### Reusable Business Components
- Interest
- Exchange Rates
- Fees/Charges
- Tax
- Preferential
- Multi Entity

### Infrastructure
- 24/7 Reporting
- Access Control
- Workflow
- Single Sign on
- Audit
- Integration Framework
- Scheduler

### Finacle Integration Platform
- Core Systems
- Liquidity Management
- Payments
- Others

### Other Enterprise Systems

### Highlights include:

- A product management framework in the functional module layer empowers product managers with agility to create and deploy new, innovative products to meet the changing needs of corporate clients. Extensive parameterization, rule-based configuration, account management capabilities, and transaction replication make full account virtualization possible. The module delivers extensive inquiry and reporting capabilities.

- The reusable business components layer has extensive configuration capabilities for interest structures, exchange rates, fees and charges definition, tax policies and more, allowing banks to define once, and reuse multiple times, delivering better products and experiences.

- The Finacle integration platform acts as a gateway, enabling easy integration and seamless interoperability with other enterprise systems.

- The module supports assisted channels (branch or relationship manager on the move), unassisted channels (corporate online/corporate mobile banking) and delivers a host of APIs for a truly digital cash management experience.
Finacle Virtual Accounts Management offers comprehensive capabilities

Enabling agility in virtual accounts management

The Finacle Virtual Accounts Management module is built on minimalist design principles. The extensive focus on rule based replication and reconciliation, makes it a simpler, light module delivering virtual accounts without the actual overheads of accounting and transaction management. Banks can build innovative virtual account products which has physical account like capabilities, as well as offer features, such as controlled access, transaction authorization, and customized limit control, enabling corporates gain greater controls over their cash and liquidity management. Multiple variants such as transaction virtual accounts, multi-currency virtual accounts, multi-bank virtual accounts, multi-currency routing virtual accounts are available.

Product set up
The product set up engine enables banks to define and maintain rules for currencies, amount restrictions and replication requirements, as applicable to virtual accounts across hierarchies. Various configurable parameters, such as interest structures, charges/fee definitions etc. are also included. One can also set min and max limits for credit and debit transactions on virtual accounts.

Account opening
Virtual accounts may be opened online one at a time, or in bulk and mapped to physical accounts based on business requirements required. Upload-based account opening options (with predefined templates) are available. Supports automated virtual accounts opening.

Account maintenance
The virtual accounts maintenance engine supports modification of linked accounts, account transaction rules and replication requirements. Various configurable parameters, such as interest rates, tax, and fees, can also be modified for individual virtual accounts or at the required hierarchy level.

Real-time transaction posting
The module supports routing transactions to and from virtual accounts, to the linked physical accounts in real-time. Provides comprehensive on-behalf capabilities such as payments on-behalf, receivables on-behalf (collections on-behalf) with simultaneous posting on physical accounts. It also supports transactions between virtual accounts, and linked physical accounts if they are different. Adhoc transactions on virtual accounts are possible.

Account closure
The module supports single and bulk virtual account closure. Other capabilities include automatic interest calculation, balance transfer to other virtual/physical accounts, and account balance reset.

Account reopening
The module provides single or bulk virtual account reopen capabilities, and allows erstwhile hierarchy restoral, based on business demands. It is possible to reinstate balances and also view history of closure/reopen actions.

Transaction replications
The module supports rule-based replication of physical accounts, across virtual account hierarchies. It allows replication of real account transactions of all types including uploads, online and incoming MT942 swift messages. It also supports enterprise scenario based transaction replications. Manual replication of transactions through multiple channels is possible.
Interest computation
For interest computation, applicable codes may be administered at virtual account level, across hierarchies. Interest definition includes base rate linked, tiered interest rates. Interest booking or application at predefined frequencies are possible.

Hierarchy definition
There is complete flexibility to define virtual account hierarchies that are fully aligned with corporate structures and liquidity flow requirements. Balances may be rolled up at different levels of hierarchy, enabling better visibility into liquidity positions.

Statement generation
The module provides comprehensive statement generation capabilities including physical statements, swift messaging based statements related to MT940/ MT941/ MT942. Customized statements for inquiries on virtual account transactions, configurable parameters such as interest, charges are available.

Charges definition
Charges can be defined for account opening and maintenance, as well as for transactions on virtual accounts.

Reports
The system also provides various reports for fee collections, interest applications, transactions / transaction replications, and opened/closed virtual accounts.
Transform cash management services for digitally enabled corporate and SME clients

Maximize outcomes with Finacle Core solutions

Easy integration with core Finacle solutions, enabling extensibility of liquidity solutions

**Liquidity Management**

- Virtual Account Sweeping
  - Maintain sweeping structure for virtual accounts, along with physical accounts
  - Zero balancing, target balancing, range balancing
  - Inter company loan maintenance, interest calculation and reporting

- Virtual Account Pooling
  - Notional pooling structure for virtual accounts
  - Interest booking, calculation and allocation

**Payments**

- On-Behalf Payments
  - Process payment file with virtual accounts
  - Real-time virtual account - real account mapping
  - Transactions and reporting on real accounts
Our Clients Have Leveraged Finacle To Gain Outstanding Value.

Here are few of the successes that our clients have seen

35% average reduction in transaction costs through automation, process optimizations, and seamless integration across disparate applications and multiple channels

37% average reduction in product roll-out efforts due to flexibility of the solution enabled with extensive parameterization and extensibility*

21% average improvement in time to serve customers due to a unified and real-time view of customer and family relationships, transactions and interactions

7.2% points lesser cost-to-income ratios, on an average, than others*

* Assessment of the top 1,250 banks in the world by The Banker
* An independent client survey
Experience That Speaks for Itself

Year after year, Finacle is chosen as a leader in independent industry assessments by major analyst firms.

**Industry leading solution**

**IDC**
Rated as a leader in IDC MarketScape: Worldwide E2E Corporate Banking Solution Providers 2019

**Kapronasia**
Rated as a leader among Payment Hub solutions by Kapronasia in their research titled ‘2018 Asia Pacific Vendor Landscape: Payment Hubs’

**Forrester**
Rated as a leader in The Forrester Wave™: Digital Banking Engagement Platforms, Q3 2019
Rated as a leader in The Forrester Wave™: Global Digital Banking Platforms, Q3 2018

**Ovum**
Rated as a leader among digital banking in “Ovum Decision Matrix: Selecting a Digital Banking Platform,” 2019

**Industry recognitions for Finacle solutions and transformation programs**

**Best Payments System Implementation - 2018**
Infosys Finacle & Qatar National Bank

**Juniper Future Digital Awards - 2018**
Best Blockchain Deployment in Banking & Payments – Finacle Payments Connect
Best B2B Payment Platform – Finacle Payments Connect

**Celent Model Bank Award for 2018**
A consortium of seven leading banks in India powered by Finacle’s blockchain based trade network

**Banker Middle East**
Infosys Finacle recognised with "Best Digital Banking Technology" award at Banker Middle East awards 2018

**Banker Africa**
Infosys Finacle recognised with "Most Innovative Technology Provider" award at Banker Africa - East Africa Awards 2018
Join the Finacle Digital Banking Community

Are you ready to start your journey?

The digital cash management revolution is on. Overcoming the disruption and keeping pace with corporates’ demands requires banks to become truly digital and to anticipate what tomorrow’s digital landscape may hold. Join the global community of corporate banking leaders who are innovating and transforming with Finacle.

Start your journey, today.

Contact us:

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About Infosys Finacle

Finacle is the industry-leading digital banking solution suite from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. Finacle helps traditional and emerging financial institutions drive truly digital transformation to achieve frictionless customer experiences, larger ecosystem play, insights-driven interactions and ubiquitous automation. Today, banks in over 100 countries rely on Finacle to service more than a billion consumers and 1.3 billion accounts.

Finacle solutions address the core banking, omnichannel banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, analytics, artificial intelligence, and blockchain requirements of financial institutions to drive business excellence. An assessment of the top 1250 banks in the world reveals that institutions powered by the Finacle Core Banking solution, on average, enjoy 7.2% points lower costs-to-income ratio than others.

For more information, contact finacle@edgeverve.com www.finacle.com