

Bank Account Structures

What is the Optimal Bank Account Structure?

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Is Your Bank Account Structure Efficient?

- How does your account structure operate today?
- Does your account structure meet the company's goals and objectives?
- Is your company “banking by Accounting” or “accounting by Banking”?
- Are your internal peers working efficiently as a result of the bank account structure?
 - Treasury
 - Accounting (including A/P and Payroll)
 - Revenue Management
 - Credit & Collections
 - Procurement
 - Tax
 - Legal





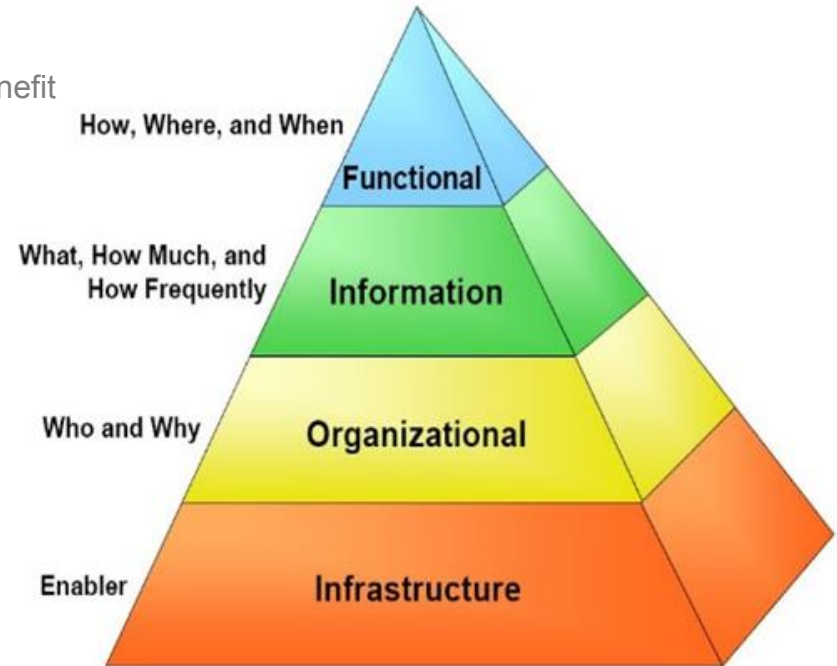
TEAMWORK
MOTIVATION
INSPIRATION
LEADERSHIP
VISION
+ INNOVATION

SUCCESS



- What are Treasury’s main objectives?

- Manage bank and lender relationships
 - Allocation of banking services to both parties’ benefit
- Visibility & predictability of cash balances
- Daily cash management
 - Liquidity management
 - Concentration of funds
 - Minimize excess/trapped cash
 - Cash Forecasting
 - Debt & Investment Management
 - Foreign exchange
- Control banking costs
- Mitigate Fraud
- Provide tools and process efficiencies to internal customers



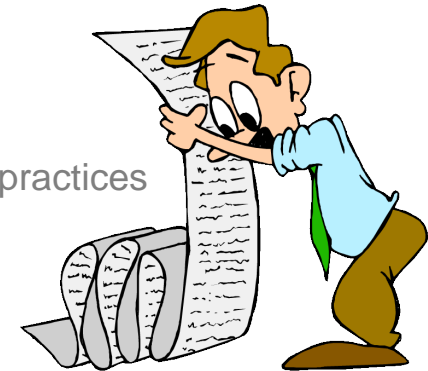
- What are Accounting’s main objectives?
 - Enhance accounting controls – segregation of duties
 - Bank accounts should not replace good internal controls, but rather aid them
 - Convenience accounts should be minimized (petty, imprest)
 - Ease in accountability & reconciliation
 - Periodic reconciliations are mandatory...less used accounts are often fraud targets
 - Foreign accounts require even more scrutiny...especially due to FBAR rules
 - Visibility of cash activity
 - Easily identify exceptions, anomalies, and fraud
 - Utilize tools and efficiencies provided
 - Minimize unnecessary transactions
 - Intercompany
 - Interbank



- What are Tax’s main objectives?
 - Replicate legal entity structure
 - Identify tax treatment items
 - Reconciliation of “accounting ledger” to “tax ledger”
 - Complimentary consideration for capital investment, dividends, repatriation, etc.
 - What is the net effect of the Trump Administration tax measures?
 - Minimize audit exposure



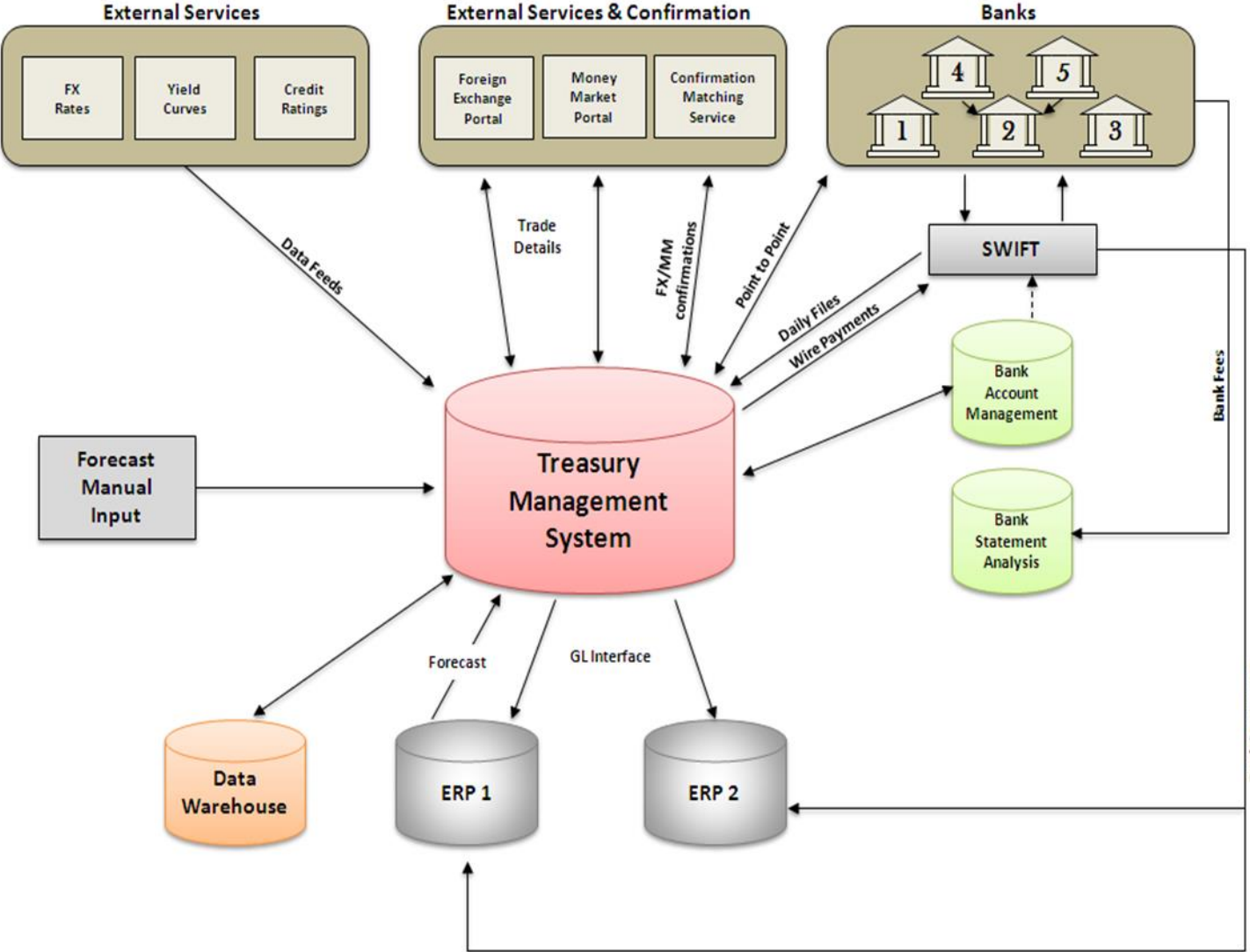
- What are Legal’s main objectives?
 - Mitigate company risk
 - Manage possible industry and/or regulatory compliance requirements such as healthcare, insurance, energy, etc.
 - Restricted Funds Agreements & Contractual obligations
 - Entity Cash restrictions (e.g. Real estate partnerships, etc.)
 - Comprehend and enforce company policies
 - Identify & evaluate customer and vendor contract covenants versus practices
 - Provide transaction legal advice



- Determine and develop solutions for core transactional groups:
 - Treasury
 - Accounts Payable
 - Credit & Collections
 - Payroll
- Develop operating criteria – what services are needed for each account?
- When do you Segregate or Consolidate accounts?
 - Separate accounts for A/R, A/P & Payroll
 - Single account(s) for all operations
 - Hybrid solution
- What risk mitigations are needed?
 - ACH Blocking
 - Positive Pay/Payee
 - Daily reconciliation / online information downloads
- Is the existing ERP system being utilized efficiently with the internal and bank processes?

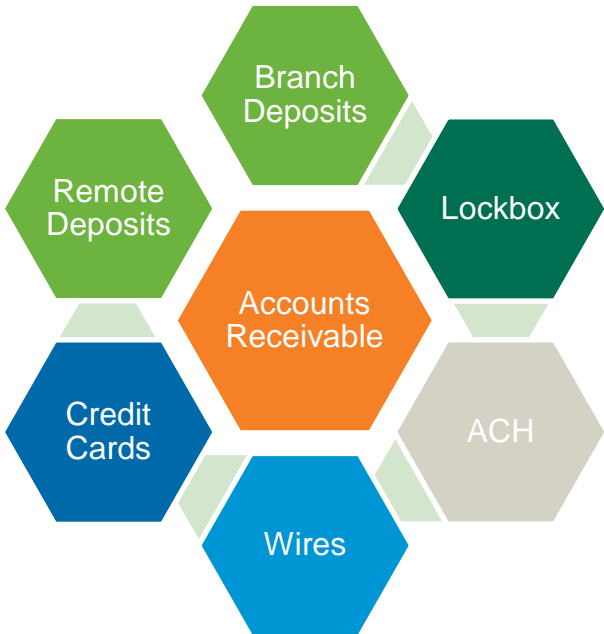


Is This Your Treasury Process Structure?

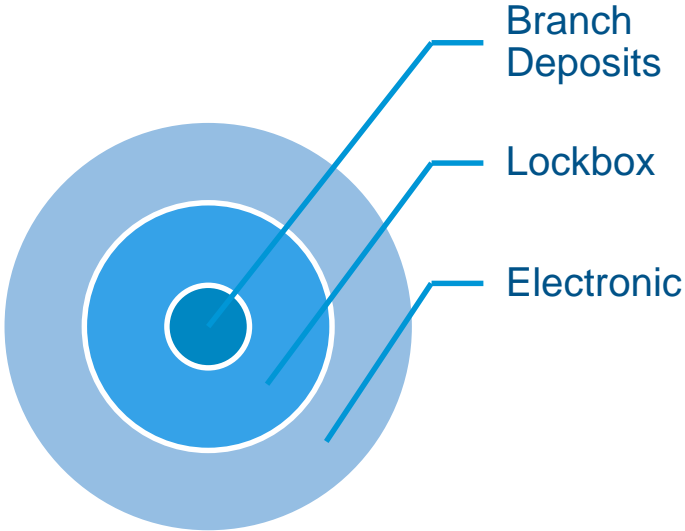


Example: Efficient or Inefficient?

Segregated Accounts

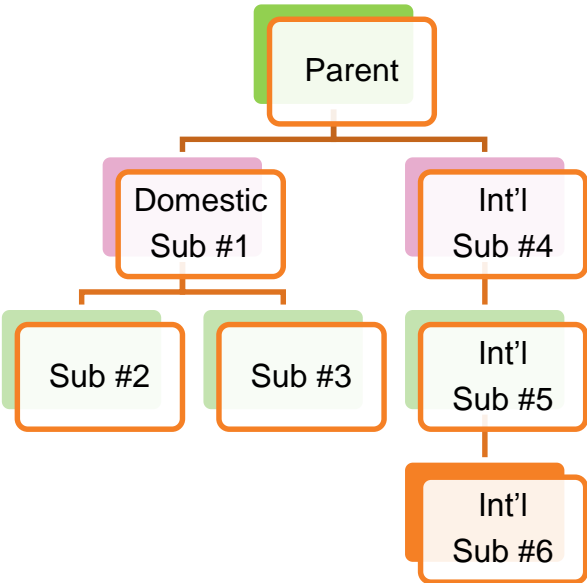


Consolidated Single Account

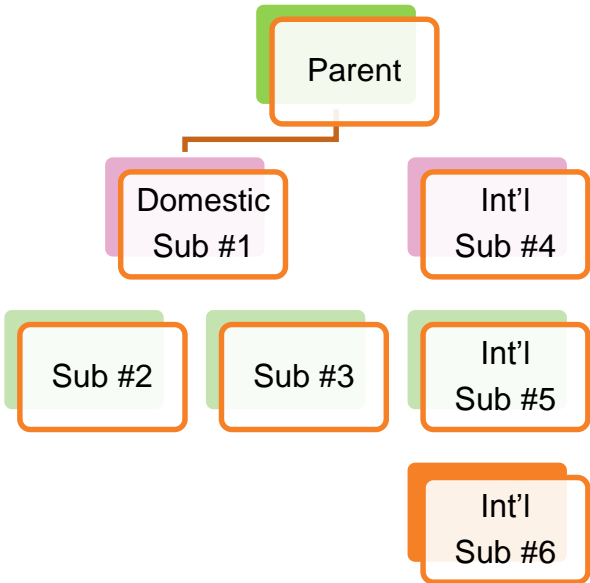


Linked, Hybrid, or Stand Alone?

Linked / Zero-Balanced



Stand Alone



- Replicate legal entity structure
 - Satisfies Tax and Auditors in regards to parent/sub capitalization events
 - Primary goal is minimize the “pots of gold”
 - Establish multi-tier ZBA levels
 - Automatic funding/concentration of funds
 - Intercompany note agreements



- Maximize banking partners’ product and service offerings
 - May choose optimal partners by:
 - Depository and disbursement expertise
 - Line of business
 - Geographic or footprint needs
 - ZBA’s, auto standing wires, leverage cut-off times



- Leverage and maximize ERP systems’ complimentary services to banking partners

Factors to an Efficient Bank Account Structure (cont'd)

- Electronify disbursements whenever possible
 - Payroll
 - Convert check to direct deposit or paycard
 - Provides opportunity to eliminate payroll account (debit disbursement or operating account)
 - Accounts Payable
 - Convert check to credit card, ACH, real time payments, or Zelle
- Facilitate and manage internal change management
 - Sell advantages to all constituents and not just Treasury



In a Financial Services company, Treasury needs to be world class both as a business partner and control function

Evolve to meet business needs...

- Cash Management & Controls
- Capital Structure
- Risk Management

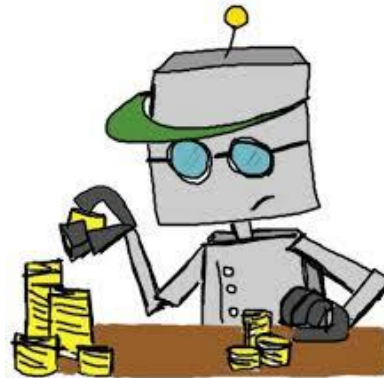


Keep efficient...

- Employ technology
- Benchmarking

Enable product innovation...

- Leverage financial strength
- Support money transfers



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