# Treasury Management: Tools, Trends, and Technology

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# What should I consider?



- Am I taking advantage of the tools available to effectively manage my cash flow? ™
- Does my bank participate in the RTP® network for real-time payments and what message types are supported?
- Are there ways I can automate my interactions with my bank?
- Am I using the best fraud prevention tools and practices?
- How did the pandemic impact my day-to-day processes?

# Treasury Management Tools



- Real-Time Payments (RTP®) for 24/7/365 payment processing
- File Transmission capabilities to automate processes
  - Payment Processing
  - Check Issue File Automation
  - Account Reconciliation Files
  - Account Balance/Transaction (BAI2, MT940, etc) Files
  - Lockbox Files
- Integrated Payables to streamline vendor payments
- Fraud Prevention
  - Check/ACH Positive Pay
  - Step-Up Authentication for high-risk activities
  - Trust but Verify
  - Physical Security of banking PCs

# The RTP® system has the capabilities you would expect in a 21st century platform



As the volume of the RTP® network continues to grow, so have the number of financial institutions that have joined the real-time payments revolution. Additionally, the number of technology partners, funding agents, and core banking providers that are working to provide depository institutions of all sizes with connections to the network and RTP®-related services also continues to grow.

# RTP® messages: building blocks for new products



## CREDIT TRANSFER

- Payer controls timing and sending
- Increased transparency and immediate indication of success or failure
- Payment in good and final funds

## REQUEST FOR INFORMATION

- Allows questions to be asked in context in response to the payment made
- Increased security and automation potential

## REQUEST FOR PAYMENT

- Non-obligatory “ask” for a payment
- Bank-grade security for transferring invoice and bill detail
- Enables straight through processing

## RECEIPT CONFIRMATION

- Payee can directly let the payer know they have received and posted the transaction
- Reduced customer service calls and increase in transparency

## INVOICE/REMITTANCE DETAIL

- This detail can be included in each message or as a standalone addenda
- Supports links to existing data stores and transfer of full remittance detail

- All messages are based on ISO 20022 standard
- Confirmed delivery – all messages are immediately accepted or rejected
- XML format and confirmed delivery make RTP® a good fit for API-based deployment

# File Transmissions and APIs



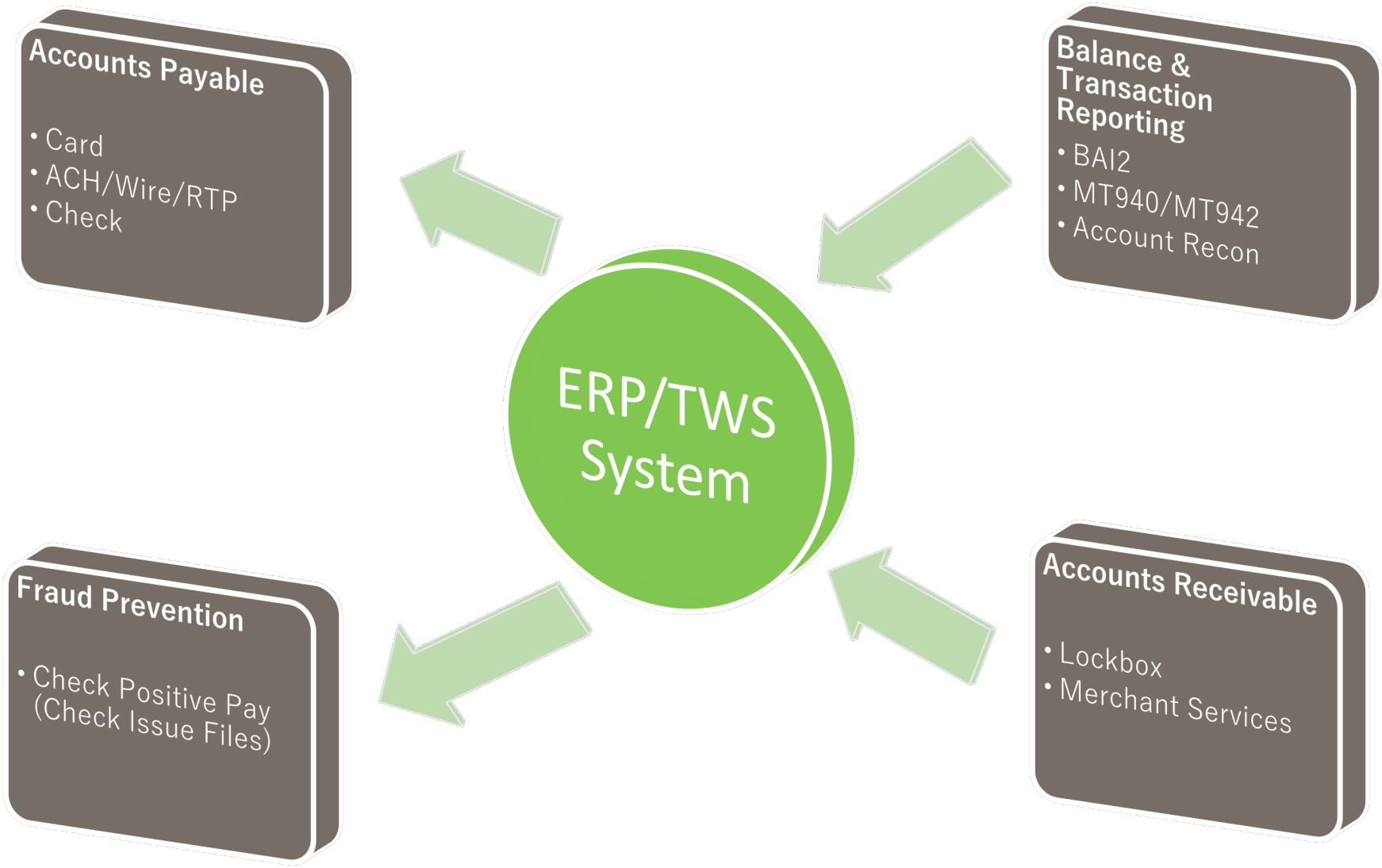
File Transmission and/or API options can help automate processes that have traditionally been performed manually.

Using a File Transmission or API to send/receive files used in a Treasury Workstation (TWS) or Enterprise Resource Planning (ERP) system can streamline many tasks.

File Transmissions or APIs can be used throughout the entire cash flow cycle:  Payables, Receivables, Liquidity, and Fraud Management

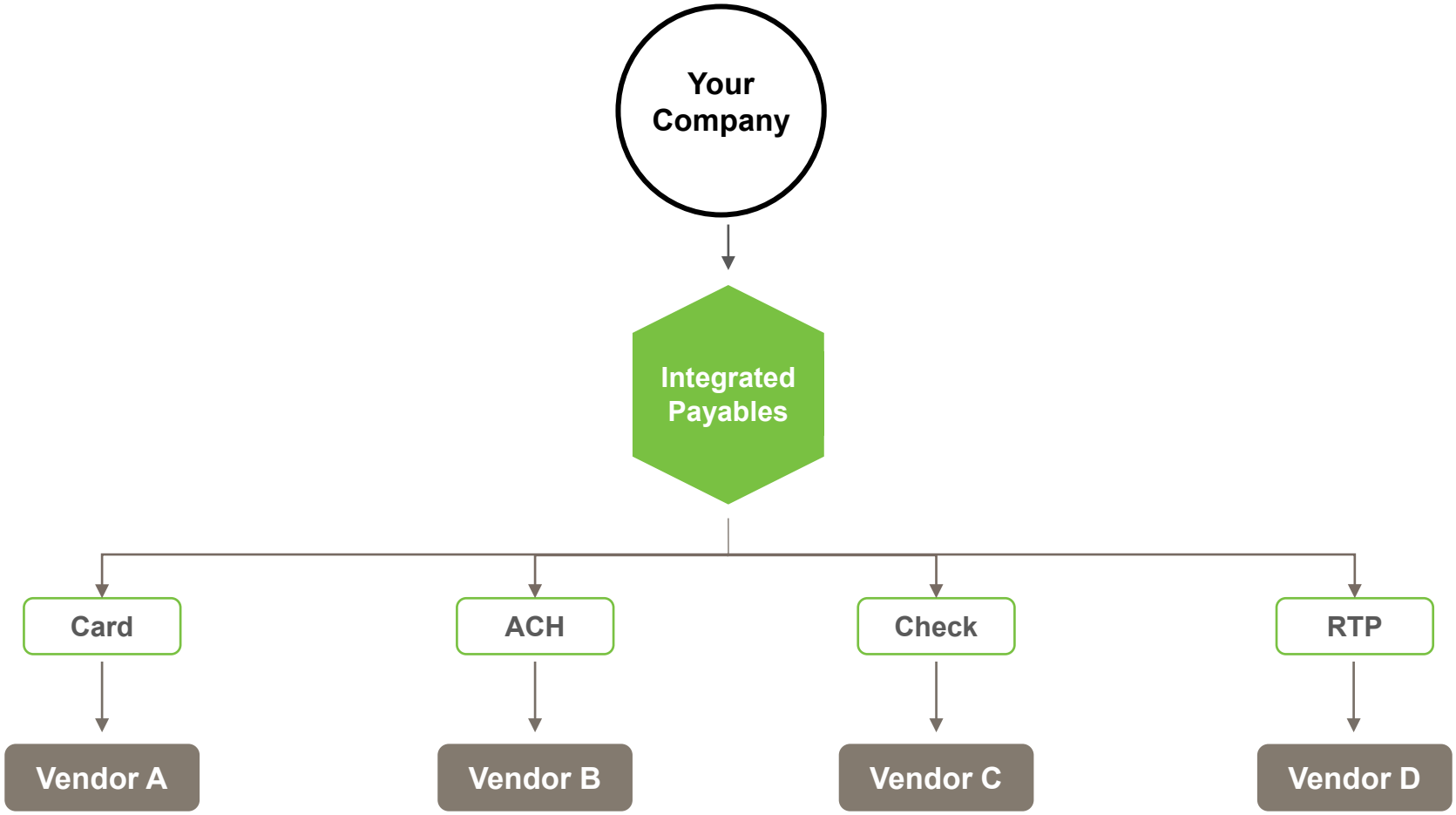
# Automation Process Flow





# Integrated Payables





# Integrated Payables Platform



Eliminate manual AP check writing and maintain control over disbursements.

## WHAT INTEGRATED PAYABLES DOES

- Automates the process of preparing AP disbursements, placing controls within an automated, online workflow
- Sends payments in the method that your vendors are willing to accept
- Print and mail checks on your behalf to eliminate the highly manual process in place today
- Provides check issue file information to protect checks from fraud
- Provides support to convert vendors from receiving checks to electronic payments (Card, ACH, RTP, Wire) where possible
- Provides detailed reconciliation data to your vendors, as well as payment status updates for you to view, export, or load to your system for reconciliation.
- Provides Cash Flow/Working Capital, and Rebate benefits of Card spend

## HOW WE DO IT

- Map to your payment file export. Manual Upload, SFTP, API.
- Complete a supplier enablement campaign to convert as many vendors to electronic methods as possible.
- Use existing Bank payment rails to send your payments to your vendors and receive updated statuses on each payment.

# Fraud Prevention Checklist



## ISSUING CHECKS, INITIATING ACH AND WIRE TRANSACTIONS

- ☐ Regularly review your list of authorized personnel accessing your bank accounts, especially those with check issuance, ACH initiation, wire initiation and approval access
- ☐ For consistency and increased transparency to errors and/or fraud utilize:
  - Check positive pay with teller line protection and payee positive pay
  - ACH positive pay
  - Wire-transfer templates or block wire debits
- ☐ Adopt dual-authorization protocols and/or callback procedures:
  - For all electronic funds transfers
  - To decision exception items
- ☐ Introduce stale-date and maximum dollar threshold protocols for check items to help ensure only intended payments are processed
- ☐ Establish transfer limits for all wire transactions
- ☐ Diligently monitor your account for all non-standard check, ACH and wire transaction activity
- ☐ Reconcile your account regularly to ensure correct transactions are posting

## CARD ACCEPTANCE

- ☐ Implement tokenization and encryption security for terminal or web-based transactions
- ☐ Adopt and utilize EMV card capabilities
- ☐ Establish Payment Card Industry Data Security Standard (PCI DSS) compliance and annually complete PCI DSS Self-Assessments to identify gaps

## CONDUCTING ONLINE BUSINESS

- ☐ Strengthen your network by:
  - ensuring all systems have up-to-date and patched software
  - implementing backup procedures
  - installing and monitoring a secure firewall, VPN connectivity and installing/ maintaining anti-virus and anti-spyware solutions
- ☐ Restrict or block access to:
  - Removable media devices (i.e. CDs, DVDs or USB devices)
  - Email attachment formats commonly used to spread malicious programs (i.e. VBS, .BAT, .EXE)
  - Social networking sites
- ☐ Train all employees on how to watch for cybercrime and fraud schemes as well as how to keep passwords secure and following online security protocol
- ☐ Evaluate a cyber liability insurance policy to provide first and third party coverage for damages when private, personal and financial information is compromised due to a data breach or network intrusion

# Fraud Prevention Checklist: Card Issuance



Create an employee expense policy and build your cardholder controls around that expense policy:

- To prevent **EMPLOYEE MISUSE**, Program Administrators should have access to real-time maintenance/controls to change spend limits, close cards, set MCC restrictions, set #/amount of transaction restrictions, and even set day/time restrictions.

Other Fraud Tools to Consider when choosing a provider:

- **EMV Chip** - Protects the card data passed to the merchant at merchant terminals that are EMV enabled. PIN-preferring adds an extra step of protection by requiring cardholders to identify themselves by entering a 4-digit PIN.
- **Fraud Alerts** - real time text/email alerts that allow a cardholder to confirm if an authorization is valid or not.
- **Virtual Cards** - Protects the card account number from compromise, as they are typically issued for 1 authorization for the exact dollar amount of the purchase. No plastic is issued, and once the funds are depleted the virtual card is no longer used.

# Summary



- ❑ Ask my bank how I can automate my manual processes by using transmissions or APIs
- ❑ Determine whether or not RTP® payments can enhance my cash flow
- ❑ Determine the capabilities available in my TWS/ERP system
- ❑ Review the Fraud Prevention Checklist

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