



PERSPECTIVE

REAL-TIME AUTOMATED
INTRADAY LIQUIDITY
MANAGEMENT FOR BANKS
AND THEIR CORPORATE
CUSTOMERS

LOCATING LIQUIDITY IS JOB ONE

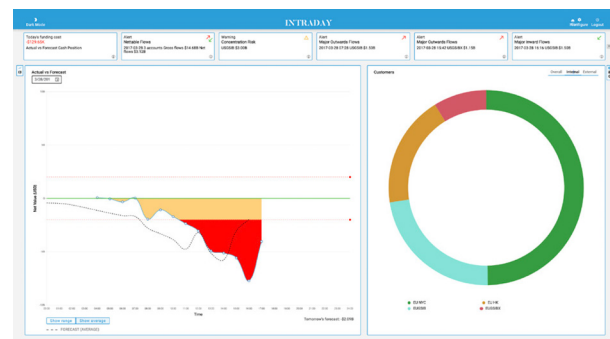
Most organizations have improved their daily operations to deliver active ILM and reduce operational risks and inefficiencies. Many, however, have multiple cash or securities sources that cannot be valued in real time for various reasons. Collateral deemed less than ideal for HQLA can be thinly traded or difficult to price. This leaves buffers higher than required, reducing bank returns and driving margins down.

Seasoned cash desk managers have increased the intensity of intraday reporting where large sums are involved and their “electronic blotters” improve daily. Some are implementing systems to prioritize payments so that management of the payments process can be improved on an ongoing basis. Others are reconsidering the trade-offs between self-clearing through an agent bank and intraday liquidity implications.

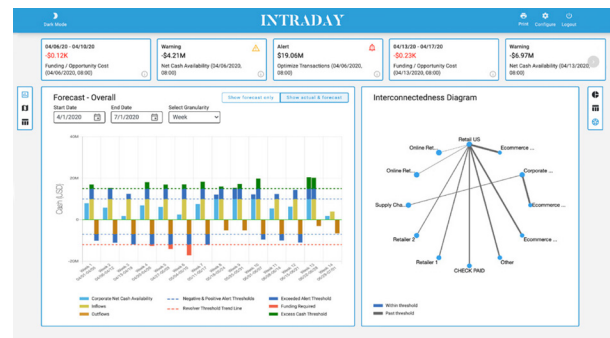
Knowing the location and accessibility of intraday cash requires attention to detail, available structured data, and knowledge of the “payments plumbing” that is usually known by key personnel. Modern technologies can map locations of cleared/uncleared liquidity in real time, automate associated alerts, and monitor trends if this human insight can be harnessed appropriately in smart data systems. INTRADAY has captured this with its INTRAvision products, for use by banks or as white-labeled for corporate clients.

THE POWER OF CLEAR VISUALIZATION

INTRADAY’s years of experience has taught us that system users need clear, powerful visuals in order to make sense of complexity and generate critical information.



INTRAvision can track internal and external liquidity consumption.

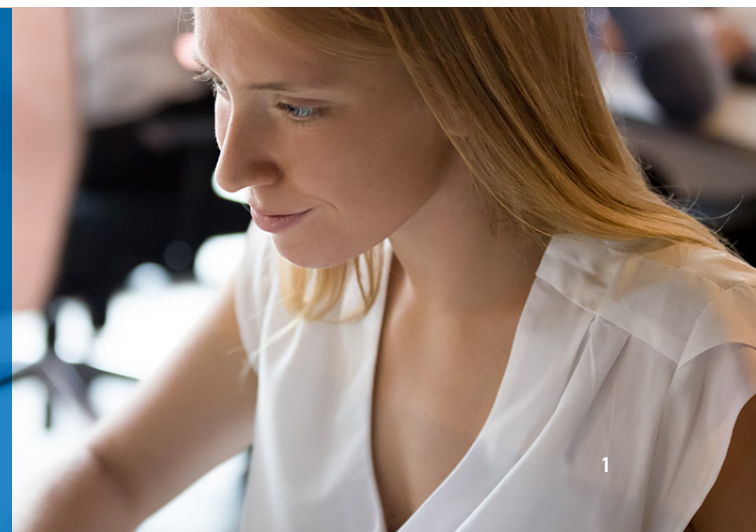


INTRAvision also highlights ins vs. outs in your ecosystem.

INTRADAY INSIGHT

MYOPIA VIS-À-VIS LEGAL ENTITIES

A desire for greater self-clearing to lower systemic risk can have unintended consequences. We helped one global bank identify that 45% of its GBP liquidity was sourced from a single fund management group operating with a dozen or more brand names.




From our experience actually using these systems, the home screen must clearly identify:

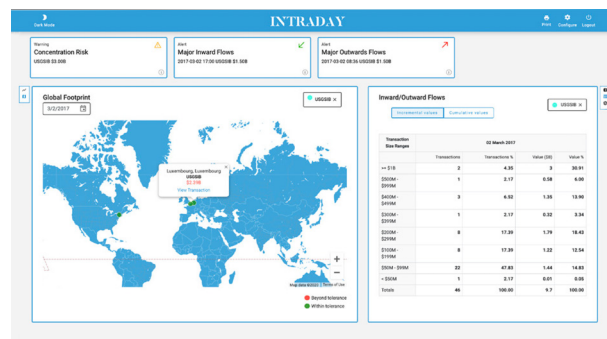
- *Overall cash position (whether in aggregate or at branch/business unit/client/counterparty level)*
- *What is likely to happen next (using advanced algorithms and/or the user's internal forecast)*
- *What are the options to improve cashflow (netting, matching flows, rectifying imbalances)*

With clarity as the objective, users should be able to quickly model various outcomes by selecting different data input files that:

- *Collate cash from relevant sources*
- *Run scenarios mirroring a developing situation*
- *Undertake stress outcomes for executive and/or regulatory reporting*

In many ways, the world of corporate treasury is even more challenging when it comes to collating data sources, as these systems are often times a jumble of multiple banking formats, patched together ERP systems, all adapted to local requirements.


INTRAVision solves these complexity issues. We triangulate BAI files, GL inputs and real-time feeds in order to present a single dashboard that simplifies the visualization of key data. 



User-friendly visuals help map intraday liquidity locations and the key flows.

ATTENTION TO DETAIL

One of the biggest challenges for intraday reporting is acquiring time stamps for liquidity flows because many bank systems were designed for batch processing and end-of-day reporting. Banks typically do have time stamps within their core systems, but often times they are not exposed to their corporate clients.

When time stamps are not available, INTRAVision has developed techniques to rebuild the chronology of payments by using unique reference data points and/or parsing intraday files at regular time intervals. This adds value to the bank's corporate relationships. 

INTRADAY INSIGHT

BEWARE OF COSTLY ONBOARDING


An INTRADAY client had priced a transactional volume and a range of information/reporting services, but omitted intraday liquidity demands exceeding \$200m-\$300m per day.

FLEXIBLE FORECASTING

Leading banks have the data management capabilities, geographic coverage, subject matter expertise, and technology resources to help their corporate (and bank) customers forecast with intraday liquidity tools. No longer is it acceptable to offer “invisible” and time-consuming payment products (multi-day ACH, checks & lockbox) and overnight PDF reports when the consumer world is moving to open banking, with real-time payments and other electronic tools such as request to pay.

The traditional cash desk blotter to monitor anticipated inwards and outward flows still has a role to play, in the same way that quarterly cashflow predictions in many corporations are the norm. However, major market stress events (such as COVID-19) cause havoc with intraday liquidity movements and point the way for real-time technologies to play a bigger role.


Deploying best-in-class forecasting algorithms with stress scenarios developed during previous crises and tracking the highest value flows (and counterparties/customers) can provide a robust buffer to the uncertainty of cashflows and visibility of intraday positions.

INTRAvision offers this, as well as thresholds for revolvers that are auto populated to provide treasury/finance teams alerts well in advance of need. 

RECIPROCAL RETURNS

Deploying INTRAvision helps CFOs adjust to the real-time treasury wave and answer many of the questions facing this critical customer segment by creating new revenues from information-based services.

Accurate cost allocation can also aid potential new income streams. The understanding of how much intraday liquidity usage results from specific activities, clients, product lines and services is generally poor. Improved segmentation and transparency of total intraday usage into relevant categories such as transaction types, products, clients, financial market utilities (FMUs), legal entities etc., will allow leading players to identify measures that will influence client behavior and inform product/service management. The added benefit of flattening intraday liquidity peaks and troughs will benefit both the bank and its customers.

INTRAvision's analytics incorporates “cost of funds” pricing that can be adjusted by the user and incorporated within a firm's funds transfer pricing (FTP) framework. This will provide a more complete view of profitability, identify costly business unit or client activity, and incentivize better front-line decisions such as client acquisition, pricing, new product approvals. 

INTRADAY INSIGHT

ACCORDING TO THE CFO OF A MULTI-BILLION DOLLAR CORPORATION:

“Visibility of cash liquidity pools and freeing lazy cash has never been a more significant need. Finance executives everywhere are requesting the best methods to directly forecast cash, and in some cases, indirectly from historical datasets.”



ABOUT INTRADAY INC.

INTRADAY Inc. was founded to develop software technology that addresses intraday liquidity management requirements for corporations and banks.

Its founders have been at the forefront of liquidity management for over two decades, and are well-known thought leaders on the topic.

To find out more about how INTRADAY can add intraday liquidity management, enabling real-time treasury capabilities contact us at info@intradayinc.com

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