

Deutsche Bank expands cross-currency payments solution

Launched in 2008, *FX4Cash* was designed as a platform to enable institutions to transact large numbers of cross-currency transactions with ease. The service has recently expanded to cover 125 currencies and capabilities have been enhanced to make it available to more corporates, says Kefei Chang, director for Asia-Pacific cash management at Deutsche Bank.

Corporates making large numbers of foreign exchange payments will be acutely concerned about the costs involved, especially during current challenging economic conditions. These costs can be attributed to a variety of reasons, including: inefficient processes; manual intervention; human errors; lack of competitive foreign exchange (FX) price and transparency; resources allocated on reconciliation; and multiple interactions with different banks.

Such costs are incurred if corporates hold multiple accounts that make payments in different currencies, and in cases where the payment and foreign exchange elements of a transaction are computed separately. Additionally, corporates often perceive there to be a lack of transparency when a third party executes payments with foreign exchange rates and only subsequently supplies the data to the corporate to execute the necessary reconciliations.

Despite these issues, such transactions are common given cross-border payments represent around 2.5% of all transactions¹. Although cross-border payments form a small percentage of all transactions, volumes are expected to rise steadily, especially in a region such as Asia-Pacific which sees a large concentration of emerging markets. According to the Boston Consulting Group's Global Payments 2009 report, the volume of cross border payments are expected to grow at a compound annual growth rate (CAGR) of around 10% from 2008 though 2016.

FX4Cash was launched to address some of the key issues surrounding these types of payments. The platform leverages on Deutsche Bank's Global

Markets and Global Transaction Banking divisions, both of which are intimately involved with foreign exchange and payments processing. By utilising the knowledge of both divisions, *FX4Cash* offers cost and efficiency benefits to corporate and financial institutional clients. It is also integrated into Global Market's *autobahnFX*, the bank's proprietary foreign exchange trading platform, which allows the best rates to be sourced by clients making cross-currency transactions.

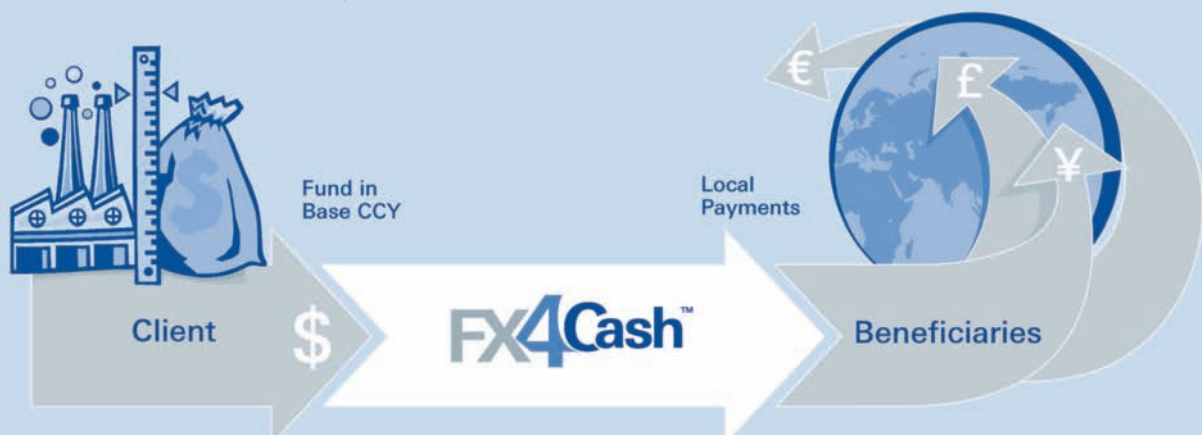
Deutsche Bank's leadership in foreign exchange further enhances this value proposition. The bank was recently named leading FX bank globally by *Eurromoney* for the fifth consecutive year, accounting for 20.96% of all market turnover. *FX4Cash* also incorporates the bank's wide range of access channels, including its award-winning Money Transfer New Architecture (MTNA), which further enhances straight through processing (STP) and thus offers a seamless client experience.

ENABLING CLIENTS TO SUCCEED

Ever since launching *FX4Cash* Deutsche Bank has invested in its infrastructure, with the aim to deliver a second phase of enhancements within a year. As a result, the *FX4Cash* platform was recently expanded to include 50 new currencies. This allows clients to make payments across more than 160 countries.

These enhancements truly reflect Deutsche Bank's strong commitment to provide its clients with the tools they need to succeed in an increasingly

FX4Cash improves efficiency, saves cost and mitigates risk



¹ Boston Consulting Group Global Payments: 2009 report

challenging economic climate. Since its launch in the third quarter of 2008, over 100 clients have registered with the platform and used its solutions.

DEMANDING BETTER TOOLS

Cross-currency payment platforms such as *FX4Cash* serve to address the increasing sophistication of corporates' cash management arrangements. Many are demanding better tools to manage working capital and liquidity, an area that has come under tremendous pressure as a result of the recent financial crisis.

FX4Cash is aimed at increasing efficiencies in working capital management by allowing clients to view the payment and foreign exchange components of the transaction, instead of having to consider the latter as a post-payment factor. Clients using the platform are provided with detailed foreign exchange information at the crucial stage when the rates are being applied. This ensures high levels of transparency and means clients can readily access the information they need to manage cash flows as efficiently as possible.

Indeed, the level of STP offered by *FX4Cash*, consistently reduces the amount of manual inputting required by 99.9%, thus reducing the potential for human error. Clients will also enjoy cost savings by limiting the number of accounts they require in order to make payments in different currencies. By leveraging on this platform, clients can also manage idle cash balances and exposure to currency volatility in the transactions.

In addition to expanding the number of currency pairs on offer, Deutsche Bank recently began to allow clients access the *FX4Cash* platform through any of its local offices, instead of having to maintain a US dollar or euro account with one of the bank's major international branches in cities like Singapore, Hong Kong, Frankfurt, London or New York.

This model is already achieving results. Deutsche Bank Vietnam recently extended *FX4Cash* as part of cash management solution to PPF Vietnam Finance Company (PPF Vietnam Finance), a subsidiary of the Amsterdam-based PPF Group. This new model will enable clients to benefit from *FX4Cash* through a shorter implementation time-line and speed to market.

Michal Brejcha, CFO of PPF Vietnam Finance, says: "Deutsche Bank's *FX4Cash* has proven to be an effective and efficient way to manage our expatriate payroll in Czech koruna. We are extremely satisfied with the Bank's flexible approach and customised solutions."

Because *FX4Cash* is a flexible, stable and resilient platform that addresses the unique needs of diverse clients, corporates that invest and maintain operations overseas or import and export goods and services can use it to conduct payments related to suppliers, royalties, payrolls, trademark and registration needs, as well as cover their typical low value treasury payments.

The platform is also available to financial institution clients who wish to offer their corporate client base value-add services. Simply put, financial institutions can leverage on *FX4Cash* to provide their retail and branch client base a wide range of services such as worker remittance, trade related services, dividend and interest payments.

A prime example of a financial institution adopting the *FX4Cash* platform is PT Bank CIMB Niaga (CIMB Niaga). With over 655 branches across

Indonesia, CIMB Niaga is one of the country's largest banks, serving a wide range of corporate and retail clients. *FX4Cash* has enabled CIMB Niaga to generate additional businesses and revenue opportunities, reduce costs, create new efficiencies and gain access to greater choices in managing their cross-currency payments. Indeed, the benefits of *FX4Cash* will now be available to more corporates through CIMB Niaga's broad network across Indonesia.

Because *FX4Cash* is an all-in-one solution that connects Deutsche Bank's existing client access channels to the bank's extensive payment and clearing systems, non-bank financial institutions can also use it for pension disbursements, insurance claim payments, tax collection /refund payments, government payments to overseas contractors as well as allowances to students studying abroad.

A WIN-WIN SOLUTION

FX4Cash gives regional banks and financial institutions the ability to address their most sophisticated cash management demands. It's a vital advantage in an environment of narrowing margins, where institutions are faced with the need to make considerable investments in infrastructure in order to stay profitable. The existing legacy infrastructure of many banks may also struggle to cope with the increasing volumes of transactions now being processed, and utilising Deutsche Bank's platform can help these institutions avoid another major outlay in IT infrastructure spending.

Faced with the dual problems of diminishing revenues and mounting capital costs, partnering with Deutsche Bank for *FX4Cash* may present an attractive option. The platform offers a win-win situation which allows financial institutions the opportunity to offer enhanced services to their own corporate clients, and open up new revenue streams in cross-currency payments. ▲

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FX4Cash™

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FX4Cash™ delivers the best of all worlds when it comes to managing cross-currency payments. An end-to-end STP solution that combines our leading global expertise in FX and Cash Management* to bring you all the strategic choice, transparency, efficiencies and opportunities you want.

In other words, everything you need from the established No.1 because we like to make life easy.

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