

CGI Trade360 is not only ahead of the curve when it comes to meeting banks' global trade finance needs, but a step ahead in the ever-growing sphere of receivables and payables processing and financing.

Payables and receivables *the bookends of open account*

As corporates worldwide seek out solutions which enable them to not only manage their trade finance activities, but a range of open account and supply chain finance activities, banks are recognising the need to respond with new solutions for both buyers and sellers. By their nature, these solutions contribute to deep and lasting customer relationships.

Sellers trading on open account often struggle with the working capital and liquidity burdens related to outstanding receivables. For others, receivables are an asset class that can be leveraged to manage liquidity and working capital. Either way, the ability to accelerate reconciliation of payments to receivables and having flexible financing tools to monetise outstanding receivables are needed.

Buyers trading on open account, meanwhile, are looking for ways to streamline and optimise their financial supply chains. To achieve this they can streamline invoice payments, implement supplier early payment programmes, hand off processes to a bank, and utilise discounted buyer payments and buyer financing.

Most banks are challenged to meet these needs because they either lack the technology to support them altogether or rely on fragmented and poorly integrated point solutions and portals.

CGI believes there is a better way. CGI

Trade360® provides a single platform to meet customers' needs more holistically. The user-friendly and seamless portal provides customers with a single window across traditional trade, payables, receivables and cash. The transaction processing system, meanwhile, connects bank workers across front, middle and back-offices with workflow and imaging, and streamlined transaction processing, while operating on a single bank-wide platform. CGI Trade360 is a highly-secure, cloud-based solution operating 24/7 and accessible globally.

"As banks start to pay more attention to the provision of total working capital solutions, CGI Trade360 fits in very well," says James Clark, senior vice-president, transaction banking at Union Bank.

"What CGI Trade360 does so differently is it allows us to have a full conversation with the corporate about a comprehensive working capital solution – and not every bank can offer this. As a solution it can be used for core trade business or any other associated application as these additional services are built in. If a bank had to engage a variety of software providers offering point solutions to do this would prove very expensive to implement and support."

"We have been doing payables finance for a long time, but our solutions in the past were much more paper-based," adds Wayne Jobson, head of global transaction banking platforms, at Australia and New Zealand Bank (ANZ), which has relied on CGI Trade360 as a global trade finance

solution for more than 12 years. "Now we are working with CGI to become more automated in this area, and to offer our clients the option of a portal solution or host-to-host connections to upload payables data."

Receivables financing solutions

When it comes to receivables financing, CGI Trade360 is being used by banks globally to offer an array of solutions, which include pre-export finance, receivables financing, receivables trade loans and integrated receivables.

One of the key offerings is integrated receivables which enables corporate sellers to significantly reduce the time and effort involved in reconciling payments to invoices by enabling a bank to automatically match consolidated incoming payments to invoice data provided by customers. Invoices can be sent via host-to-host connections or uploaded to the portal – a capability which makes the solution more accessible to mid-market customers. Invoices can be automatically purchased upon receipt or the seller can request discounting online from the portal.

"The payment data is then electronically matched against the invoice data and the matched data is then sent back to the corporate seller and fed into its Enterprise Resource Planning (ERP) system," explains Frank Tezzi, vice-president, trade and supply chain solutions at CGI. "This effectively represents the complete Straight-Through-Processing (STP) of



invoice and payment reconciliation.”

He continues: “With integrated receivables, the solution consolidates domestic and cross-border payments for matching, allowing the bank to be the consolidation point for seller payments received at other banks. This creates a single valuable service for all the seller’s invoice reconciliation and finance needs.”

“If there are matching exceptions, the payment and suggested matches are sent by the matching engine to the portal, so that the seller can determine the appropriate match,” adds Kitt Carswell, senior offering manager, trade and supply chain solutions at CGI. “However, the rate of exceptions is likely to be low as the seller has the ability to fine tune the matching rules to avoid future exceptions.”

Clark at Union Bank identifies this as a key benefit: “The ability to add aliases and tolerances means that the system can be adapted further by the corporate seller to allow higher levels of STP and therefore avoid inefficiencies,” he says.

Many corporate treasuries measure themselves by Days Sales Outstanding (DSO) and this is a solution which automates and accelerates the receipt of payments data, thereby improving treasuries’ performance against this key metric. This is even further enhanced by the seller’s ability to finance the open invoices and receive early payment.

As established CGI Trade360 users, both Union Bank and ANZ are now making integrated receivables available to corporate sellers. Union Bank has recently started a pilot project with integrated receivables and plans to use it across its geographic footprint in the US.

“When customers need receivables financing only, CGI Trade360’s receivables financing and receivables trade loans provide robust options, and pre-export finance on confirmed purchase orders is also available. Rollover finance, meanwhile, allows various types of financing to be rolled over at specified milestones or other circumstances that require changes to the financing terms or its duration,” explains Carswell.

Payables financing solutions

CGI client banks can facilitate global and domestic trade with bank assisted open account services, integrated approved payables finance programmes, standalone open account payment, standalone approved payables financing, payables trade loans and, as of 2014, integrated payables. Buyer financing is available to extend any

of the buyers’ payables obligations.

As with the receivables solutions, purchase orders and invoices can be uploaded by the buyer via the CGI Trade360 portal or by a host-to-host connection, making these solutions more accessible to mid-market companies as well.

“With bank assisted open account approved payables finance, suppliers’ invoices are automatically matched against purchase orders, approved by the buyer, checked for purchase eligibility and either purchased from the supplier automatically or offered on-demand via the supplier portal per the supplier’s instructions,” explains Carswell. “On the invoice due date, payment is then collected from the buyer, and from this the bank liquidates the financing related to the bank purchased invoices and pays the supplier for unpurchased invoices.”

“NOW WE ARE WORKING WITH CGI TO BECOME MORE AUTOMATED.”

► Wayne Jobson, ANZ



Wayne Jobson, ANZ



James Clark, Union Bank

At ANZ Bank, both the payables and receivables components of CGI’s solution are now being used by a wide range of end users across Asia and Australia.

Jobson points out that the take-up of payables finance is driven largely by corporate buyer demand and that it is a product which has to fit in with buyers’ needs.

He nevertheless stresses that approved payables finance offers benefits to all three parties involved: banks, corporate buyers and suppliers due to the greater automation it allows, and the consequent speed and efficiency with which payables can be financed.

“We aim to be flexible and having clients all over the world means their level of sophistication does vary. This impacts how automated the solutions we offer them can be. However, where the opportunity allows we will automate everything,” says Jobson, pointing out that the solution has enabled ANZ to move away from manual paper-based processes.

“From the buyer’s perspective meanwhile the ability to conduct transactions electronically accelerates

the flow of cash and speeds up suppliers’ receipt of that cash,” he continues.

“For companies working in industries, such as high-value commodities, the ability to improve access to early payment is very important.”

CGI is also designing a new integrated payables capability which will be made available in 2014 and provide a portfolio approach for handling domestic and cross-border payables services, including approved payables finance programmes, early discounted buyer payments or due date payments. The trading partner rules enable STP processing for most transactions.

For approved payables finance

programmes this includes eligibility checking, supplier purchasing instructions and the supplier portal for on-demand supplier offer acceptance. The highly-efficient payments processing engine aggregates the day’s payments across the portfolio by mode of payment and by supplier for optimised STP payment processing.

Regarding early discounted buyer payments, Jobson adds: “One big advantage of this solution is that the corporate buyer can specify which invoices it wants the bank to pay at discount early. This is a very important benefit for buyers as they can often arrange discounts with some suppliers by making a commitment to pay them sooner.”

Open account opportunities are driving growth and deepening customer relationships in trade finance today. However, to be sustainable requires a holistic approach, like CGI Trade360, to provide a seamless customer experience and highly efficient bank processing across traditional trade, payables, receivables and cash.