

OAPT June Training Program

Fundamentals of Treasury Management, Commercial Card best practices and Issuing RFP's

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Class Objective

- Provide a high-level overview of Cash and Treasury Management services, Commercial Card best practices and Issuing an RFP
- Topics to include:
 - Cash flow management
 - Treasury Management products
 - What's new in Treasury Management
 - Commercial Card use & best practices
 - 7 Steps to Issuing & Evaluating RFPs

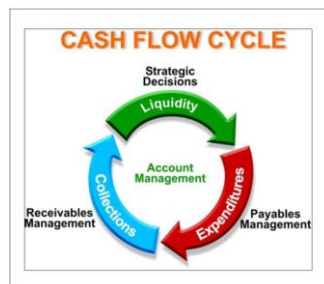
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Cash Flow Cycle

What is Treasury Management?

- Treasury Management helps you manage your working capital. Bank's liquidity solutions help government entities save and invest wisely. Payables and receivables capabilities help you manage the purchases and the receipt of payments for good and services.



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Treasury Management

- What services can banks provide to assist government entities with their Cash Flow and What's New:

Checking Account

Hybrid Account

Real Time
Payments (RTP)

E-bill present &
pay

Online Banking
Export

ACH and Wires

**Zero Account
Balance**

Integrated Payables

Fraud Protection

Lockbox

Remote Deposit
Capture

Safe Cash

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Treasury Management

Hybrid Account: provides clients with Treasury Management services the ability to offset fees through an ECR rate, as well as automatically earn an interest rate on any excess balances

Online Banking – Export

Use the Export feature to electronically export previous data into a CSV, BAI2, Quicken®, and/or QuickBoks® file format which can be imported into accounting packages, such as Quicken, QuickBooks or Microsoft Money; treasury workstations, such as Treasury Manager; or reconciliation software, such as Recon Plus.

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Treasury Management

Fraud Protection: a collection of services that help prevent fraud on business accounts- Positive Pay services are among the strongest and most immediate controls available to detect and prevent fraud

Best Practices – Ohio State Auditor’s Office – September 2016

<https://ohioauditor.gov/publications/bestpractices.html>

Electronic Protection Options

ACH Positive Pay

- An online fraud mitigation service which allows customers to manage ACH debits and/or credits posting to their business account via filters and blocks

Wire Block

- Customers may choose to block all incoming and/or outgoing wires on a specific account. Once established, the block will prevent all wires from posting.

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Treasury Management

Check Protection Options

Check Positive Pay

- Provides early detection of fraudulent, altered or counterfeit checks by verifying items presented against a check issue file. If the information does not match, the customer will be notified to review and submit a decision to either Pay or Return exception items

Reverse Positive Pay

- Provides early detection of fraudulent, altered or counterfeit checks by creating and posting a daily report of all presented items. Each business day, the customer will be responsible for reviewing the report to determine if any items should be returned.

Check Block

- Eliminates the risk of check fraud by restricting the checking account to electronic activity. All paper-based transactions are automatically rejected, preventing checks from posting to the account.

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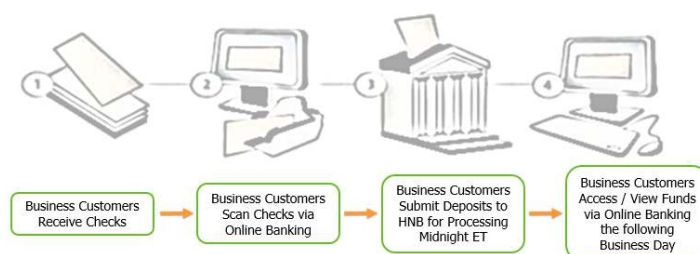
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Treasury Management

Remote Deposit Capture –accepts checks for deposit using electronic images

Remote Deposit Capture

• How does it work?



Huntington

Universal Use Only. Consultation and Proprietary Information. June 2020

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Treasury Management

Real Time Payments (RTP)

Supported by The Clearing House's real-time payments system, enables customers to make an immediate payment at any time. RTP payments may be made 24/7/365 with real-time confirmation of receipt. This innovative and emerging payment method combines around-the-clock payment capability and redefines the digital experience for both business and consumer payments.

- **Optimize cash flow**

RTP credits are available in a deposit account within seconds
Option to include additional information like remittance data

- **Provides improved communication between the payer and payee**

Simply provide your routing number and account number to a payer that can send RTP credits

- **Secure**

RTP transactions move directly through banking channels and are protected by bank security measures

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Treasury Management

- **E-bill present & pay (EBPP)**

A comprehensive, configurable electronic billing and payment collection solution that gives businesses more control over how they are paid, automates receivables, and streamlines operations.

Benefits

- Enterprise grade software tailored to efficiently meet business needs
- Reduce expenses – lower print, mail, and postage costs
- Secure and compliant – ensure payments compliant with different industries
- Receive payment – improve collection cycle, cash flow, and customer satisfaction
- Branded for you – white-labeled platform puts your brand first
- Configurable platform – point and click provisioning allows you to decide which features suit your business

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Treasury Management

- **Integrated Payables**

Provides customers the ability to pay their vendors via Virtual Credit Card, ACH, Real Time Payment (RTP) or Check within one user interface, and with the use of one payment file. Business to business.

Reconciliation data, including vendor ID, vendor name, invoice number(s), payment amount, check number, current payment status, etc. is available for viewing and export through the Web Portal at any time.

Market:

500+ payments per month

\$1 million in spend on commercial card annually

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Commercial Cards

Use of Commercial Cards and Best Practices



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Commercial Cards

Are designed to address your spending needs and help you save money. They typically:

- Pay in full each billing cycle with an electronic debit from your checking account or electronic payment
- Provide rebates based on your spend
- Can be used instead of check when making approved purchases in-person; online or for accounts payable
- Provide a valuable working capital tool with far-reaching impact

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Commercial Cards

Benefits would include:

- Control organizational spending
- Enhance vendor relationships and negotiate discounts
- Improve working capital
- Streamline reporting and accounting
- Immediate online access

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Commercial Cards

- Enhance Payment Capabilities – Increase Days Payable Outstanding (DPO)
 - Time from purchase to payment
- Spending Controls
 - Monthly/Daily limits
 - Merchant Category Controls
 - Cost Allocation – collect purchase order and receipt image

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Commercial Cards

- Online Integration Efficiency
 - Online card orders and maintenance
 - Web based reporting that can be electronically imported into your ERP system
- Enhanced Capabilities
 - Virtual "Ghost" cards to reduce risk
 - Batch issuing process – Easily send file of payables, unique cards (card#, Ex, CVV) issued for each payment

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Commercial Cards

- Vendors are realizing the benefits of accepting electronic payments
 - Virtual Cards are replacing payments to vendors on distributed cards
 - Integrated Payables is automating payment process and maximizing savings

\$ Batch Information Approve Delete Export Close

☒

Extra Columns

Type	Payable To	Supplier Code	Invoice #	Check #	Amount	Send Date (CDT)	<input checked="" type="checkbox"/>
	excellence	147	258	369	\$600.00	05/06/2015 10:00 AM	<input checked="" type="checkbox"/>

Showing 1 to 1 of 1 entries

Virtual MasterCard Totalling
 Invoices Payments Total

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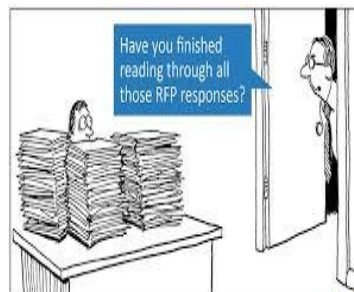
Commercial Cards – Best Practices

- Have a written policy/procedures for use of cards
 - Who can use
 - Procedures for issuing and cancelling cards
 - What can be purchased
 - What restrictions
 - Consequences for misuse of card
 - Monitoring of transactions and reconcilements

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Issuing an RFP



Open Door Technology | opendoorrfp.com

opendoor

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The 7 Step Program To Writing & Evaluating RFPs

- 1 – Establish Review Team
- 2 – Set Objectives
- 3 – Create Scoring template
- 4 – Schedule Vendor Meetings/Presentations
- 5 – Create & Issue RFP
- 6 – Simplified Evaluation, Score, Award
- 7 – Implementation Process

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Step 1: Establish Review Team

- Number on team will vary
- Select early in process
- Include them in entire process
- Agree upon scoring tools and values
- Review proposals privately
- Score independently

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STEP 2: Set Objectives

Whether you are focused on:

- improving your efficiency
- saving money
- preventing fraud
- finding the best vendor with the best services

*The process of writing and evaluating proposals starts with a picture of your current process and a clear view of your objectives

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Step 2: Set Objectives – cont...

- Define your current processes and procedures with sample volumes
 - Balances
 - Checks written
 - Deposits and Items Deposited
 - ACH transactions
 - Treasury Management tools currently used
 - Electronic transmissions

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Step 2: Set Objectives – cont...

- Identify challenges
 - Security
 - Fraud
 - Efficiency
 - Investment return

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Step 3: Scoring

- Set the parameters and let the bidders bottom line the bid for you.
 - **Don't try to perform a line by-line price comparison**
 - Provide all bidders with a detailed summary of products you need with transaction volumes and services
 - Services you use now
 - Services you are considering adding
 - Average balances maintained in transactional accounts and sweeps

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Step 3: Scoring Template

- Based upon the objective you set, give a value to each objective

Pricing

Interest Rate (DDA balances)	20	
Bank fees current services	20	
	<hr/>	40

Experience of vendor	10	
Ability to meet current & future needs	15	
	<hr/>	25

Implementation process	15	
Completeness of Proposal	20	
	<hr/>	35

TOTAL POINTS	100	
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Step 4: Hold Vendor Meetings

- The primary function of vendor meetings is to:
 - Gather latest information about the banks services and processes, matching relevant services with your needs and objectives **prior** to issuing RFP
 - Provide information about your processes, challenges and objectives so that vendors can create a proposal that is easier to evaluate

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4. Hold Vendor Meetings–cont...

- Elements of Vendor Meetings
 - Review, and discussion of:
 - Your processes, procedures, transaction volumes
 - Your goals and challenges
 - Vendor products that might achieve goals
 - Vendor presentation and/or demo of products and new technology

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Step 5: Create & Issue Request for Proposal

- Writing the RFP
 - Many elements of the RFP can be boilerplate*
 - Company overview/Bank Background
 - Safety and Soundness
 - Personnel
 - Competitive Position and Future Commitment
 - References
 - Implementation
 - Collateral – ORC, Trustee
 - Customer Service & Quality

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Step 6: Evaluate – Score – Award

- Evaluate together or require confidentiality
- Contact references
- Pricing Evaluations
- Post bid presentations

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6. Evaluate–Score–Award – cont..

- Evaluate together or require confidentiality
 - This is a matter of personal preference and desire for confidentiality and impartiality. There are benefits to discussion as well. Each reviewer will have a separate view of what is important.

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6. Evaluate–Score–Award – cont..

- Pricing Evaluations
 - Don't attempt line by line price comparison
 - Complex due to technology and modification
 - Do required vendors to bottom line price by category. This assumes you provide:
 - The functionality you want achieve
 - Transaction volumes proportional to your business
 - Does not have to be exact, but close
 - Estimated transactional balances in DDAs or Repos

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6. Evaluate–Score–Award – cont..

- Pricing totals by service
 - Information Reporting
 - Zero Balance Accounts
 - Account Reconciliation
 - Positive Pay
 - Wire Transfer
 - ACH Services

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6. Evaluate–Score–Award – cont..

- Pricing totals by service– Cont..
 - Transmission Services
 - Image Services
 - Wholesale Lockbox
 - Retail Lockbox
 - Cash Vault
 - Returned Items Management
 - Controlled Disbursement

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6. Evaluate–Score–Award – cont..

- Pricing totals by service– Cont..
 - Internet Payments
 - EDI
 - Tax Payment VRU
 - Electronic Deposit Services
 - Cash Concentration
 - Bill Consolidator

Contact/ Post Winner



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Step 7: Implementation Process

- Control the process
 - Schedule meeting with new vendor for within 1 to 2 weeks of award, or at least 60 days prior to desired implementation
 - Present signed contracts at this time
 - Designate key contact(s)
 - Review pricing proposal–confirm understanding
 - Weekly meetings first month
 - Monthly > quarterly> semi-annual meetings

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Questions???



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