

OCBC: CASH MANAGEMENT A “MUST HAVE” FOR CORPORATES & SMEs

Economic downturn calls for re-assessment of the role of proper cash management practices in promoting cost savings and operational efficiencies

Kuala Lumpur, 8 June 2009 – The need for corporations and SMEs to focus on proper cash management practices has never been more pronounced than in recent times; and with the ongoing global economic slowdown industry practitioners are saying companies can ill-afford to ignore such solutions in order to survive, remain profitable and even thrive.

OCBC Bank (Malaysia) Berhad’s Head of Cash Management, Mr Lucas Chew Yee Lim, said the time is ripe for companies to recognise cash management solutions as not just a “nice-to-have” but a “must-have” business tool that helps promote cost savings and operational efficiencies.

“We believe the time has come for financial controllers to take a long hard look at their companies’ cash management practices and ask themselves if they are adequately executing their fiduciary roles as guardians of the funds entrusted to them.

“It is crucial, especially during times like this, that companies monitor their cash flow effectively in order to ensure survival of their business. Idle funds could very well be sitting in different accounts at different banks due to inefficient cash management practices. So, companies need to look at their current financial operations and ask whether they are keenly aware of their total cash positions and forecasts of their cash positions,” he said.

According to Mr Chew, the Bank has seen companies struggle to obtain such information, especially those companies with multiple accounts across different banks.

“Consolidation of funds may sometimes take from three days to a week, rendering the cash itself rather ineffective. In addition, process streamlining is



OCBC Bank (Malaysia) Berhad’s
Head of Cash Management,
Mr Lucas Chew Yee Lim

also vital to helping companies save cost whilst boosting margins meaningfully. Companies should ensure they have some kind of cash management control and procedure in place through solutions that suit their business needs in order to see tangible benefits whilst rendering operations even smoother,” he added.

Traditionally, cash management services are normally adopted by larger corporates as their transaction volumes are bigger and more complex. However, OCBC Bank believes that companies are never too small to adopt a cash management solution as they still have cashflow to be managed.

“SMEs also have collections and payments to be made, no doubt in a smaller volumes compared to the larger corporates. In fact, the inefficiencies of poor cash management practices are most clearly seen in the SME segment. So, it is crucial that SMEs review their cash management practices by speaking to their bankers,” Mr Chew said.

OCBC Bank specializes in providing innovative solutions to help customers manage cash flow all the way from effective methods to manage receivables to streamlined payables procedures and maximizing yield of excess funds. They have solutions that can be customized to suit the needs of businesses across industries and sizes. They’ve helped many organizations save cost and increased efficiency by removing tedious manual processes and improving turnaround time.

With the positive response to its innovative solutions, OCBC Bank has in recent years seen significant growth in its cash management business.

“Over the past few years, we have been growing steadily whilst meeting the growing demands of our customers, and we hope to achieve double digit growth in our business this year,” Mr Chew said.

According to Ms Annie Yap (Senior manager of finance and accounts) of TT Resources Bhd, which operates the likes of Tai Thong Group of Restaurants, Room 18, Chopstik Noodle House, San Francisco SteakHouse, Santini and several other outlets, OCBC’s approach to cash management has had a distinct impact in helping them to improve their accounts management. Her team can feel the stark difference before and after the implementation of a disciplined approach to cash management.

“OCBC Bank’s approach to cash management has effectively helped us to manage our cash flow across five companies and over thirty outlets across the nation.

“Prior to using OCBC Bank’s cash management services, we were decentralized, with our restaurants managing their cash flows separately. This created a challenge at headquarters as we had difficulty in monitoring and tracking the availability of the funds. Through OCBC Bank’s comprehensive approach to cash management, it became easier for us to monitor and consolidate all these funds from our various restaurants and current accounts nationwide.

“We can now easily monitor the funds and have since reduced unnecessary procedures when handling our finances. While we value the friendly approach the Bank has brought with them, this is this sort of tangible benefit we are really after...and this is what we appreciate most,” she said.

According to Ms Yap, OCBC Bank’s uniqueness lies in its ability to customized solutions to help consolidate accounts and thus bring about tangible savings.

“It is convenient and provides a more cost-efficient means of remittance and has a faster clearing period compared to cheques.

“Two years ago, before we embarked on OCBC’s cash management services, we used to consolidate funds by issuing cheques from our retail outlets’ account and by crediting these into our main account. This required three days’ clearance! It was very tedious and time consuming...not to mention cost-inefficient. Now, all we need to do is place the funds at any bank – not necessarily OCBC – nearest to the retail outlet and OCBC sees to the rest,” she said.

Ms Yap also finds OCBC Bank’s cheque-writing software an essential daily tool that has helped increase efficiency.

“We have to issue payments to suppliers every month and this can be done easily with OCBC Bank’s cheque printing solution, *Easi-ProCheck*, as it removes entirely the tedious task of manually writing cheques. Consequently, we do not only save time but also gain by eliminating potential mistakes, which can sometimes be costly,” she said.

Easi-ProCheck, which aims to empower customers, reduce inconvenience and enhance brand image was introduced to the market more than two years ago. It was designed based on customers’ feedback and has been enhanced over the years to suit the changing needs of businesses.

Easi-ProCheck has received overwhelming response from companies, particularly SMEs, and, to date, close to 300,000 corporate cheques have been processed and printed out by over 1,000 of OCBC's business banking customers – at their own premises.

“We expect response to the service to grow rapidly as more businesses discover the benefits, which have come at virtually no additional cost to them – in fact, it has resulted in very tangible savings for them,” Mr Chew said.

In 2008, OCBC Bank was voted *Best Foreign Cash Management Bank* in AsiaMoney's Cash Management Poll by large, medium & small sized corporations. The Bank had earlier been adjudged winner of *The Asset Magazine's* inaugural Best SME Cash Management Solution Award 2007 for Asia.

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$180 billion and a network of more than 480 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 360 branches and offices in Indonesia operated by OCBC Bank's subsidiary, Bank OCBC NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to treasury and stock-broking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Global Investors is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.