Wallstreet Suite
Comprehensive, cross-asset investment and debt management solutions for financial institutions

www.wallstreetsystems.com

WALLSTREET SYSTEMS

FACT SHEET:
PAYMENT FACTORY AND IN-HOUSE BANK

Wallstreet Suite's fully web-based cash management solution gives maximum flexibility, efficiency and control of the payment and receipt process between your local entities and your banks. Implementing the payment factory functionality allows you to centralize your organization's transaction flow and bank connectivity, while keeping the responsibility for the individual transactions with the local entities. Incorporating the in-house bank functionality lets you offer internal banking services to your local entities and reduce your banking cost.

BUSINESS CHALLENGES

The role of the treasury has evolved over the years. No longer is the treasury seen as a mere cash management function with a pure cost centre approach. Treasurers are instead bringing a new level of sophistication, working together with the local entities and adding value back to them. This results in a number of business challenges within the organization's payment and receipt processing area.

Where global organizations do not have centralized operations, local entities often develop their own payment processes and manage their own bank relationships. Consequently, companies are faced with a daunting number of bank connections, file formats, communication protocols and security standards. This creates inefficiency in bank connectivity and a loss of control by the treasury.

Organizations are looking for centralization and automation of the settlement process to increase efficiency and control of the commercial payment and receipt process, and to reduce banking costs. This, while continuing to keep the responsibility for the management of the accounts payables and receivables and other related processes with the local entities.

Organizations have increased the emphasis on improving internal controls and financial reporting. This means for a payment factory that they need to provide a platform for improving internal controls and the reporting of banking, payments and receipts activities.

PAYMENT FACTORY

CAPTURING TRANSACTIONS

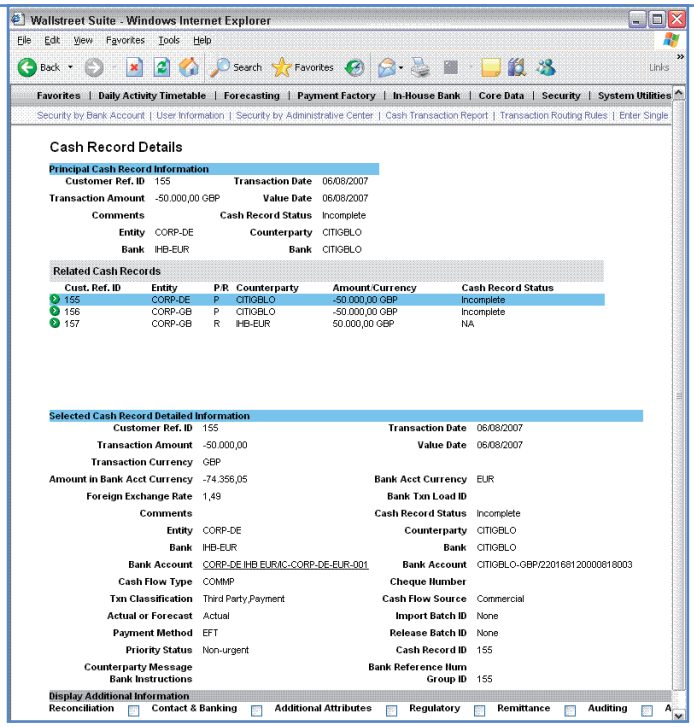
Wallstreet Suite's payment factory functionality lets you capture payment and receipt transactions through ***transaction import***; ***transaction entry***, and ***transaction generation***.

You can import bulk commercial transactions from your AR/AP or ERP systems, either manually or automatically, through files or messages, using a task scheduler. During the import process, file and transaction validation checks are performed which minimize the error rate thereby reducing the need for manual intervention or rejection by the bank. Various methods are available to ensure security of the file:

- Control totals, using either standard or configurable validation logic
- Digital signature verification.

One-off payments and fund transfers are typically entered manually. You can either supply full remitter and/or beneficiary details at entry, or you can select remitter and beneficiary details for entities that are predefined as core data. Templates further add to the efficiency and control of transaction entry by allowing you to define repetitive templates containing information which cannot be modified or templates with defaulted information which can be edited.

In addition to importing or manually entering transactions, payment and receipt transactions can be automatically created by other business processes, such as target balancing, interest calculation, reconciliation and the settlement of treasury transactions.



Cash transaction drill down, displaying how a 'payment on behalf of' is routed via the in-house bank and a local payment center with all the transaction attributes.

TRANSACTION PROCESSING

Once transactions have been captured, they are ***routed*** and ***authorized***.

Routing is one of the primary features of Wallstreet Suite's payment factory solution. It not only automatically assigns remitter and beneficiary bank accounts to a transaction based on user-defined rules, it also automatically routes transactions through the in-house banking structure. 'Payments on behalf of' and 'receipts on behalf of' are automatically processed by the system based on routing rules which provide for the selection of originator and executor bank accounts, and for the creation of transactions tracking the resulting inter-company liabilities. Routed transactions are displayed immediately once saved, allowing you to see the transaction route.

The payment factory functionality allows for transactions to follow a flexible transaction flow. You can automate several processes while monitoring activity, ensuring the transaction passes through the required checkpoints, including authorization. Based on transaction criteria, such as instrument, payment method, amount, source, security status and originator, you can define up to two authorizations.

BANK CONNECTIVITY

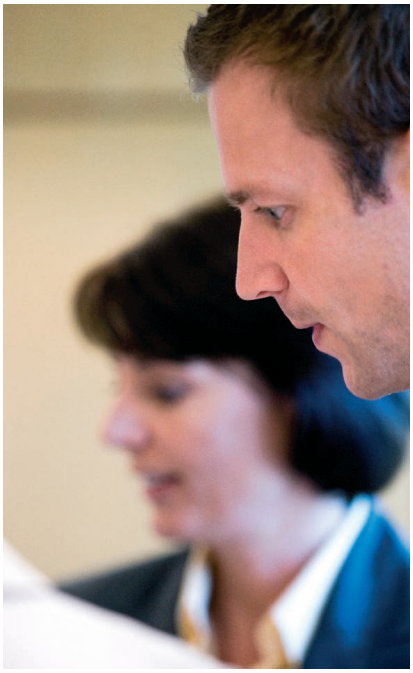
The highly flexible Interchange is used for straight through processing to the banking network and lets you:

- Send payment and direct debit instructions
- Send receipt advices
- Receive acknowledgements
- Receive bank statements

For all incoming and outgoing communications to bank systems, the interchange mechanism uses an XML interface tool enabling you to custom-build the business logic that is used to interpret and validate incoming files or build and validate outgoing files. In addition, the interchange defines the various communication protocols, signatures, encryption mechanisms and aggregation methods. Wallstreet Suite comes with a set of templates for all primary formats. The custom-build approach of the XML template interfaces, eradicates the need to wait for additional formats to be developed during the critical implementation or roll-out of the payment factory. Format definition is instead managed by the implementation team.

Wallstreet Suite supports the primary treasury and cash management international and country standards for interfaces. For example, some of the formats supported include SWIFTNet FIN, FileAct, EDIFACT, BAI, the ISO 20022 XML standards and pre-configured SEPA formats.

Wallstreet Suite has extensive functionality to create secure, reliable, real-time connectivity with banks. SWIFTNet is becoming an important part of this connectivity to the banks and Wallstreet Suite supports SWIFT's File Transfer, MQSA/MQHA, CASmf and Remote API Host Adapter (RAHA) protocols.



BANK STATEMENT PROCESSING

The most common way of capturing bank statement activity is to import the bank statement from the bank. Once imported, the bank statement is validated by ensuring the bank statement number sequence is correct and by comparing previous day's closing balance with today's opening balance. Bank statement balances, transactions and statement numbers can be manually entered if not provided electronically by the bank. They can then be processed and reconciled in the same way as for transactions from an electronic file or message.

Having captured a bank statement, its bank transactions go through a parsing and enrichment process. The main purpose of this process is to identify information on the bank statements and to automatically process all activity on the account, expected and unexpected, based on predefined business rules, minimizing the manual processing effort. Parsing identifies and extracts the transaction information to a finer degree, while enrichment modifies and expands on the information. The parsing and enrichment process is a powerful function that can, for example, be used for:

- Creating new transactions, allowing you to not only allocate 'receipts on behalf of' to internal counterparties via the in-house bank, but to keep track of all inter-company liabilities resulting from zero balance cash pooling. Enrichment rules allow identification of zero balance transfers on the cash pool header accounts and allocates the funds to the owners of the sub-accounts via the in-house bank.
- Extracting data from the various comment or description fields or adding new data based on information provided by the bank, and placing that data in fields that can be used to steer reconciliation and accounting posting.
- Replacing bank codes with more detailed internal codes and categorizing the transaction more appropriately for cash positioning and reporting.

The centrally captured bank statements, including the parsed and enriched information, are available for online viewing and can be exported to your internal entities.

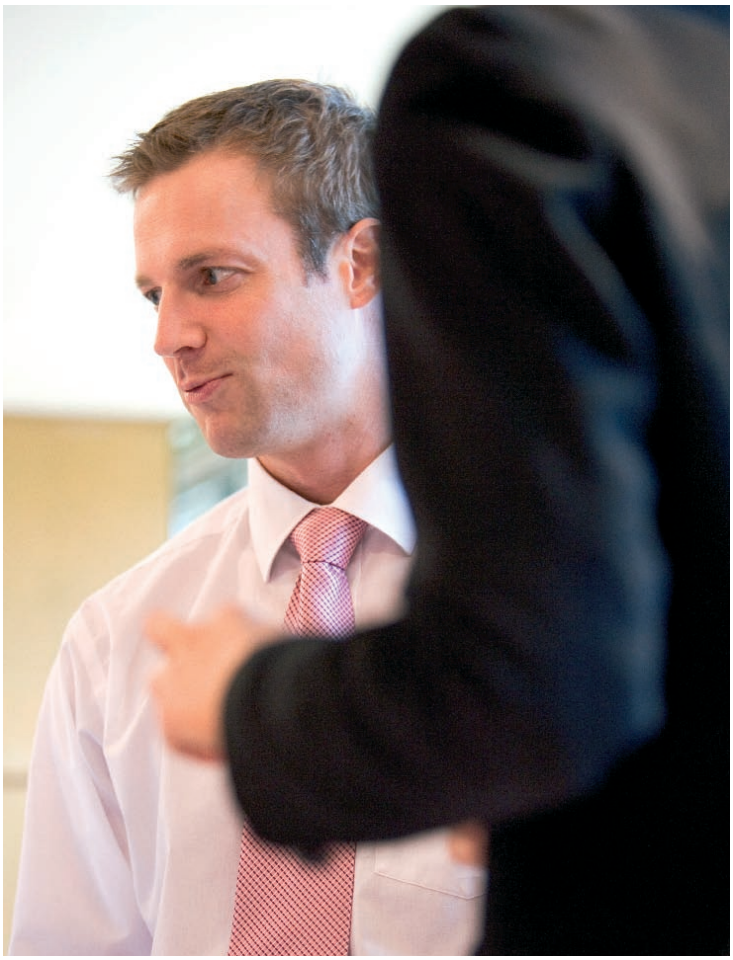
ACCOUNTING RECONCILIATION

Once the bank statements have been processed they are available for accounting reconciliation. The accounting reconciliation workflow consists of three steps, automatic reconciliation, manual reconciliation or so called exception handling and finalization.

- *Automatic reconciliation* – typically scheduled through Task Scheduler which automatically matches the cash transactions with the bank transactions. The default automatic reconciliation logic is as follows:
  1) Match using a unique customer reference ID – This customer reference ID is assigned to a payment, sent to the bank and returned from the bank in the bank statement. Configurable logic is provided through a reconciliation ID to handle exceptions when a bank or clearing system cannot return the unique customer reference ID.
  2) Match using main attributes – After attempting to match on the unique customer reference ID, the automatic reconciliation will match based on bank account, currency, transaction date and amount. Configurability is provided to also include value date and check numbers.
  3) Match using tolerances – After attempting to match based on the exact match of the main attributes, the customer-defined tolerances for the main attributes will be applied. Adjustment transactions are created in the case of tolerated differences in amounts.
- *Manual reconciliation* – occurs for those bank and cash transactions not automatically reconciled. Manual reconciliation allows for many-to-many reconciliation and the creation of adjustment transactions for differences in amounts.
- *Finalization* – Once accounting level reconciliation is complete, you can finalize the bank statement and create suspense transactions for the bank transactions that have not yet reconciled. This process closes the bank statement so it is no longer available for reconciliation.

WALLSTREET SUITE'S PAYMENT FACTORY AND IN-HOUSE BANKING SOLUTION

IN-HOUSE BANK



Wallstreet Suite's in-house bank solution lets you internalize your banking services by creating one or more in-house banks. Entities can hold bank accounts with the in-house banks as they do with external banks.

IN-HOUSE BANK STRUCTURES

The flexible in-house banking functionality enables you to define the in-house banking structure that is most relevant to your organization, for example you could set-up:

- Single in-house bank structure
- Multiple in-house bank structure
- In-house bank(s) + local payment centers structure

IN-HOUSE BANK VIEW VERSUS ENTITY VIEW

You can view activity on the in-house bank accounts both from the in-house bank and the entity's perspective.

The in-house bank can view activity at an organization-wide level, e.g. positions, what it owes, expected receivables etc. The in-house bank can tally in-house bank balances with the total funding position for the subsidiaries and set credit limits on the funding of subsidiaries.

From an entity perspective, the in-house bank account is like any other bank account and can settle any payment or receipt on that account. Typically, the following transactions are routed via the in-house bank account:

- financial inter-company transactions;
- commercial inter-company payables and receivables;
- third-party payments and receipts made by the in-house bank or by a local payment center on the entity's behalf.

The entity can enter, import, approve and monitor such payments and receipts and view these transactions in their cash positions and in-house bank statements. They can also export the in-house bank statements just like external bank statements enabling integration with its AR/AP and accounting systems.

SETTLEMENT

As part of the internal settlement process, the in-house bank creates bank transactions for the cash transactions routed over the in-house bank accounts. Ledger and value date balances are calculated and bank statement numbers are created making electronic bank statements available to the entities. Where multiple in-house banks are used, the process allows for the settlement of in-house bank liabilities on an aggregate level.

For most organizations and entities the internal settlement process is sufficient, as once complete, the entities hold a positive or negative inter-company balance with their in-house bank. Tax and legal reasons can prohibit some entities from holding an inter-company balance with an in-house bank. When this occurs, the in-house bank functionality lets you periodically settle the in-house bank account balances over external bank accounts. Where the entity has in-house balances in several currencies, but has an external account in only one currency, the conversion from the various balances to that one currency is supported and only one external settlement will take place.

INTEREST, CREDIT LINE FEE AND TAX CALCULATIONS

Like external banks, in-house banks can charge interest on overdraft bank balances, pay interest on credit bank balances and charge withholding tax. In addition, credit line commitment and overdraft fees can be calculated and charged. The interest, credit lines fees and taxes are calculated based on:

- The calculation method: simple, compound or tiered
- Internal interest rates or market yield curves +/- spreads
- Positive and negative balance spreads
- Individual accounts or hierarchical groups of accounts

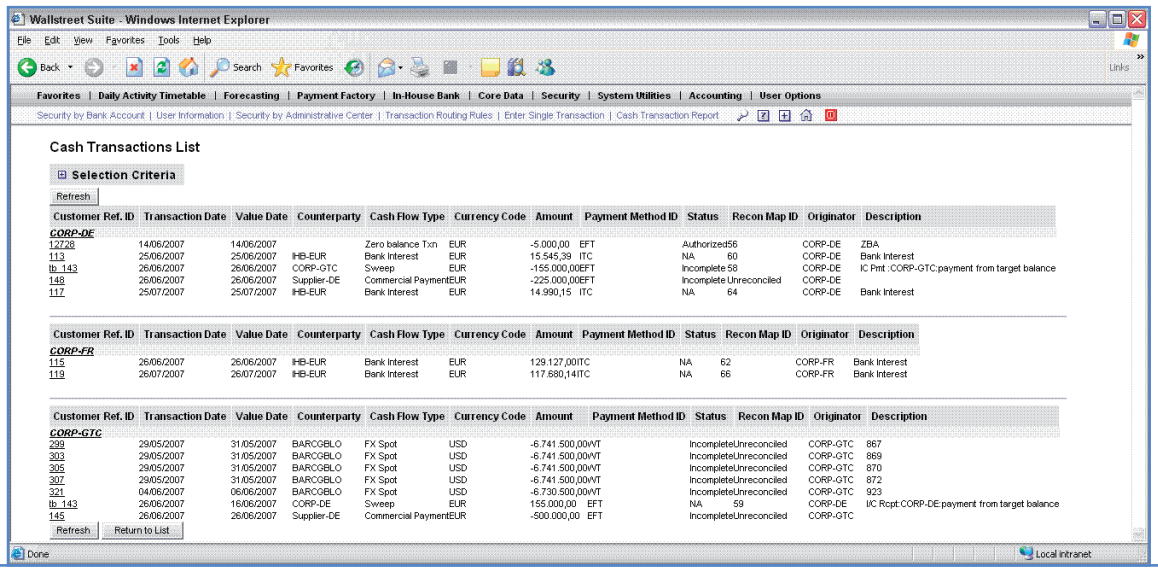
Back-dated transactions are fully supported, which means that when a back valuation occurs the relevant balances are recalculated and adjustment transactions are created for the resulting changes in accrued and realized interest, credit line fees and taxes.

REPORTING

Wallstreet Suite provides user-configurable reports for all the typical payment factory and in-house bank reporting. Examples of standard reports include:

- In-house and external bank statements
- In-house and external bank transaction report
- Cash transaction report
- Cash position report
- Interest report
- Credit line report
- Audit/Accounting control report

Cash Transaction Report displaying different types of payments together with their processing status.



BUSINESS CHALLENGE	WALLSTREET SUITE SOLUTION
FLEXIBILITY, EFFICIENCY AND CONTROL IN BANK CONNECTIVITY	Using Wallstreet Suite's payment factory functionality, the formatting and aggregation of instruction files and messages, the handling of communication and security protocols and the retrieval and parsing of bank statement files, can be controlled centrally by the treasury or payment factory. This greatly increases the efficiency of bank communication and related activities. The connection with your banks, directly or via SWIFTNet, allows you to easily and quickly switch banks or manage multi-bank relationships, giving you maximum flexibility.
CENTRALIZED SETTLEMENT STRUCTURE WITH FLEXIBLE RESPONSIBILITY DISTRIBUTION	Wallstreet Suite's cash management solution provides maximum efficiency and control by centralizing the payment and receipt process and offering two-way processing of transactions between the various AP/AR or ERP systems throughout your organization and banks. Local entities have access to remote transaction capture and approval, a real-time view of their balances and cash flows, and access to other processes such as accounting reconciliation. At the same time the treasury has full control and visibility of all activity within the transaction flow, to and from the banks. SEPA offers excellent centralization opportunities, Wallstreet Suite's support for SEPA formats lets you consolidate bank accounts and move accounts to a central location in the SEPA region from day one. Wallstreet follows the development of SEPA and can rapidly add new required functionality to its cash management solution.
REDUCTION OF BANKING COSTS	Implementing Wallstreet Suite's cash management solution provides a number of different ways for reducing banking costs: • You can reduce the number of external bank accounts which in turn reduces bank account fees. • By consolidating transaction volumes, you can obtain better pricing from your bank(s) thereby reducing bank transaction processing costs. • Setting up local payment centers and related inter-company liability tracking, enables you to reduce or eliminate cross-border payment costs including FX, cross border wire costs and lifting fees. • Routing inter-company payments via the in-house bank accounts enables you to drastically reduce the number of inter-company payments settled through the external banking network, thereby reducing transaction processing costs.
IMPROVE INTERNAL CONTROLS	Wallstreet Suite aids internal controls by providing a flexible approval workflow allowing for configurable user rights for definable user groups based on multiple approval levels by payment type, accounts to be debited, and use of templates. The distribution of these flexible user rights can be controlled by system administrators who, in accordance with the principles of segregation of duties, do not have any direct powers within the payment approval process itself. This degree of control allows the standardization of procedures across your organization, with a full audit trail of who does what. Similarly, access to bank accounts and reporting information is available throughout the organization in a timely manner, but is only accessible by personnel who have been duly authorized.

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