



Treasury and Cash Management

Duration 5 Days

Introduction

The recent, massive banking crisis that created financial havoc around the world caused considerable savings and wealth to evaporate, strained the equity levels of global organizations to unprecedented minimum levels and resulted in money markets, as well as other normally liquid and transparent capital markets, to temporarily freeze up or suspend trading activities. As a result of the substantial losses caused by this tidal wave of financial ruin that occurred in equity stock markets, currency, commodity and derivative markets on a global basis, treasury and cash management functions are now regarded as vital for the stability, security and profitability of all organizations. This comprehensive training session will examine the following financial management functions:

- Treasury management - the varying roles, functions, responsibilities and techniques of ensuring organizational liquidity and profitability
- Risk management - tools and techniques, along with best practices, to minimize or eliminate interest rate and exchange rate risks as well as commodity pricing risks utilizing the best available internal and external hedging instruments
- Cash management - analyzing and understanding liquidity and portfolio investment returns

Course Objectives

As a result of completing this training session, all participants will improve their knowledge and skills in the following functional areas:

- Understanding the roles, responsibilities, tools and strategies associated with treasury management, including international best practices and procedures
- Enhancing financial management skills in terms of managing assets and liabilities liquidity issues
- Discuss the various types of risks associated with global organizations, namely interest, exchange, credit and commodity pricing risks and identifying sources and methodologies of risk management in attending to these types of risks
- Examine the nature, risk and utilization of financial derivatives in addressing financial risks
- Understand the basic concepts of cash management in order to enhance organizational cash flows and maximize portfolio investment returns

Who should attend?

This course is designed for all financial, operational and supervisory professionals involved in or responsible for any of the following organizational activities:

- Professionals directly responsible for treasury and cash management functions Supervisory professionals responsible for monitoring financial risks, including liquidity, credit, interest rate or exchange rate risks
- Managers and financial decision makers, whose techniques for decision making and risk analysis will be improved upon by the tools, techniques, strategies and best practices offered by this course.
- Professionals directly responsible for the implementation and execution of financial decisions made by other organizational executives and senior managers, who will gain a new perspective and appreciation for corporate decision-making processes and thereby benefit from shared values within their organization
- Those professionals with an interest in finance or aspirations to enhance their careers in the field of finance



Training Methodology

This highly interactive training session will involve active participation by all participants through a combination of direct instruction, analysis and evaluation of practical case studies, examples and exercises as well as discussions of current issues, policies, procedures and other “real life” issues arising within the participants’ respective organizations.

Course Outline

DAY 1 - An Overview of Treasury Management

- Market volatility - establishing the need for effective treasury management
- The strategic role and scope of treasury management
- The role and functions of:
 - the Board of Directors
 - the Asset and Liabilities Committee (“ALCO”) and other risk related committees
 - the compliance function and related monitoring process
 - the financial markets and the role of investment banks and brokers
 - the functioning of front, middle and back offices and the rationale and practicalities relating to segregation of duties between trading and settlement activities
- Portfolio management, trading and settlement, including proprietary trading
- Establishing a treasury function along with developing a risk management strategy
 - Cost center or profit center driven
 - Centralized or decentralized - determining an organizational style
- Regulation, including the international regulatory framework
 - The need for bank regulation in a post Barings, Enron, Sarbanes-Oxley and Madoff world
 - The scope of international regulation, including an understanding of the current global regulatory framework

DAY 2 - Financial Management

- Corporate financial planning and engineering strategies and techniques
- Liability management strategies, objectives, tools and techniques
 - Common equity shares and other forms of ordinary equity capital
 - Money markets, bonds and commercial paper - examining liquidity issues
 - Securitizations - current issues and implementations
- Asset management strategies, objectives, tools and techniques
- Capital adequacy determinations
- Off-balance sheet activities and securitizations
- The Role of securitizations in the post-banking crisis environment

DAY 3 - Financial Derivatives

- An overview of financial derivatives
 - Markets and instruments
- Forward contracts and FRAs
 - Using forward contracts and FRAs to manage or hedge exchange rate and/or interest rate risks
- Options
 - Currency and interest rate options
 - Option pricing - the Black Scholes model
 - The “Greeks” - Delta, Gamma, Theta, Vega and Rho - definitions and their implications
 - Option strategies - using options to manage and/or hedge futures - a brief overview



- Futures trading to manage risks
- Oil and other common commodity futures
- Swaps - a brief overview
 - Corporate uses and applications
 - Currency and interest rate swaps
 - How to utilize swaps to manage and/or hedge risks
- Risks or risk management - the benefits and risks of using financial derivatives

DAY 4 - Risk Management

- Market risk
 - Understanding the various market risks that exist
 - A brief overview of various types of market risk measurement, including mark-to-market and value-at-risk (VaR) techniques
 - Tools for market risk management, including limit setting and stress testing
- Interest rate risk
 - Identifying the various types of interest-rate risk namely, maturity-transformation risk, re-pricing risk, yield-curve risk and basis risk
 - Measurement techniques using ladders, duration and net present value (NPV) techniques
 - Methods and strategies for managing interest-rate risk, gap reports, net duration and using securitizations and derivatives
- Exchange rate risk - differentiating between transaction risk and translation risk
 - Strategies for managing foreign exchange risk, including hedging
- Credit risks
 - Measurement and management tools and techniques
 - The role of rating agencies, including understanding how credit ratings can be used to measure risks
 - The types of credit risk (specifically counterparty risk, concentration risk and contagion risk) and the use of collateral in minimizing these risks
 - Modeling and mitigation techniques
 - Settlement risk and mitigation strategies
- Operational risks
 - Understanding the scope of operational and other associated risks
 - Best practices attributable to the management of operational risks
- Other risks
 - Legal, reputation (corporate brand) and strategic risks

DAY 5 - Cash Management Best Practices and Techniques

- Preparing and understanding cash flow statements and financial forecasts
- Analyzing and evaluating financial statements, including the use of ratio analysis
- Liquidity management
- Transfer pricing policies, including effective documentation techniques
- Netting and pooling concepts - treasury and cash management within multinational organizations
- A summary overview of the concepts of investment risks and portfolio investment returns