

maximising cash resources

your Liquidity

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Hello

Welcome to the fourth edition of Your Liquidity, our regular review of the world of liquidity, trade and supply chain issues that can make a real difference to your business.

In this edition we look at how RBS can help businesses optimise their working capital and maximise control over cash resources.

We also highlight the benefits of e-invoicing in speeding up payments and driving efficiencies across the supply chain. Furthermore, we bring you up to date with enhancements to our Clients' Monies Service and the addition of Faster Payments within Bankline, our internet-based banking service.

If you would like to discuss your liquidity requirements or have any questions about the issues discussed in this edition, please contact your relationship manager or email ukcb.newsletters@rbs.co.uk

Capital ideas

Companies are always keen to optimise their working capital, but rarely can that ambition be more important than it is now. In the current environment, businesses are looking at alternative sources of funding and seeking ways of maximising cash resources.

Over the past few years, the financial markets have been a willing source of funding for companies with working capital needs. However, this environment has – for the time being at least – changed dramatically. Volumes of Asset-Backed Commercial Paper (ABCP), a vital source of short-term funding for daily activities, are down dramatically. In Europe, the total volume of ABCP is less than half what it was last summer, despite some signs of improvement. In short, it is more difficult – and more expensive – to raise money in this way.

At the same time, the entire supply chain is under pressure from increased fuel costs and other rising expenses. This combination of factors adds up to a significant squeeze for businesses – hence the drive to find other ways of raising funds and the importance of wringing out every last drop of liquidity.

Receivables discounting

Customers are scrutinising their balance sheets and processes to see what they can leverage to raise funds. As a result, the RBS trade finance and supply chain business has seen a marked increase in demand for receivables-backed finance structures.

The benefits of this approach are obvious. If a company has a portfolio of receivables with payment terms running to perhaps 60 or 90 days, discounting these receivables will turn them into cash far faster. The bank purchases the receivables as soon as the invoices are issued and provides immediate funds on a discounted basis. Why wait for 90 days?

Receivables discounting is also increasingly popular with commodities companies. With the rise in commodity prices, their receivables portfolios have massively grown in value – in some cases beyond the level of credit they

are happy to extend to a customer. Receivables-backed structures can monetise these revenues and, most importantly, can help to mitigate risk.

Supply chain finance

Supply chain finance can help ease the pressure imposed by the credit tightening on suppliers. Here, a well-rated business uses its credit rating to make financing available and attractive to suppliers. Many businesses feel an increased need to support key, strategic suppliers in these tough conditions. As smaller or mid-market enterprises, these suppliers are often the first to feel the impact of more expensive funding. Their potential inability to deliver represents a major risk to the supply chain, which many businesses are keen to mitigate.

Optimising balances

Decision-makers are always focused on making cash work hard for their organisation. However, current conditions have made this more vital than ever before. At RBS



Bankline – bringing Faster

Bankline, our internet-based banking service, now offers even greater choice and flexibility when making payments online.

The Faster Payments Service went live in May 2008 as a result of a UK-wide initiative by the banking sector to speed up the clearing of electronic payments.

RBS was one of the first banks to offer the benefits to customers.

Using Bankline, payments up to the value of £10,000 can clear immediately. And because Bankline gives you 24/7 access to your accounts, you can make individual immediate payments at any time of the day or night. You can also receive Faster Payments from customers of other participating banks. The industry aims for all UK banks to be participating in the Faster Payments Service by the end of the year.

Clients' Monies Service

Clients' Monies Service (CMS) from RBS is a secure PC-based system which helps manage your third party funds held in sterling and other major currencies efficiently and with minimal effort. It allows monies belonging to each client to be identified without the need to open and maintain separate traditional bank accounts.

CMS is installed for you by one of our engineers, is easy to use and helps reduce administration, giving you and your staff more time to concentrate on other aspects of your business. It can also enable you to enjoy the higher rates of interest that pooled funds can attract.

“File Mapper allows for fast and efficient creation of client accounts and transactions”

File Mapper – a new enhancement

CMS is now even faster and more efficient following the recent addition of File Mapper. File Mapper creates a data map which links fields from your back office systems to CMS. This allows client account and transaction data to be imported directly into corresponding fields within CMS.

Thousands of deposits or withdrawals to client accounts can be allocated in seconds, with no need to re-key data, saving time and reducing operator error.

Key benefits of File Mapper:

- Fast and efficient opening of client accounts
- No re-keying of data
- Data can be mapped from multiple back office systems
- Increased confidence in the accuracy of imported data
- Installed on the same PC as CMS, so no need for new equipment.

For more information about File Mapper and the CMS service, please contact your relationship manager, or visit www.rbs.co.uk/corporate



we know that customers need improved visibility, balance optimisation and control to improve your management of risk, liquidity and returns. Our services will help mobilise the cash available in your organisation as a whole and gain greater control over liquidity. Greater centralisation of liquidity and investment management makes this a lot easier to achieve.

Maximising yields

Netting cash balances against debts both removes the cost of bank interest margins and improves a company's balance sheet. Deficits across the organisation can be self-funded in a timely way through access to global surplus working capital. Meanwhile, the yield on short-term excess cash can be maximised and the core funding positions for increased-term investments can be built up.

In addition, our experience indicates that customers are increasing their focus on risk and compliance. This in turn drives further centralisation of balances in order to improve control and oversight, as well as driving the development of global liquidity and investment solutions. These global solutions enable companies to sweep cash to strong, well-rated institutions and to take advantage of investment vehicles that minimise risk and generate attractive returns.

Delivering innovation

At RBS our world-class solutions are designed to optimise your working capital, enabling you to generate more profit using less capital while reducing risk.

To achieve improved control over working capital for your organisation, contact your relationship manager.

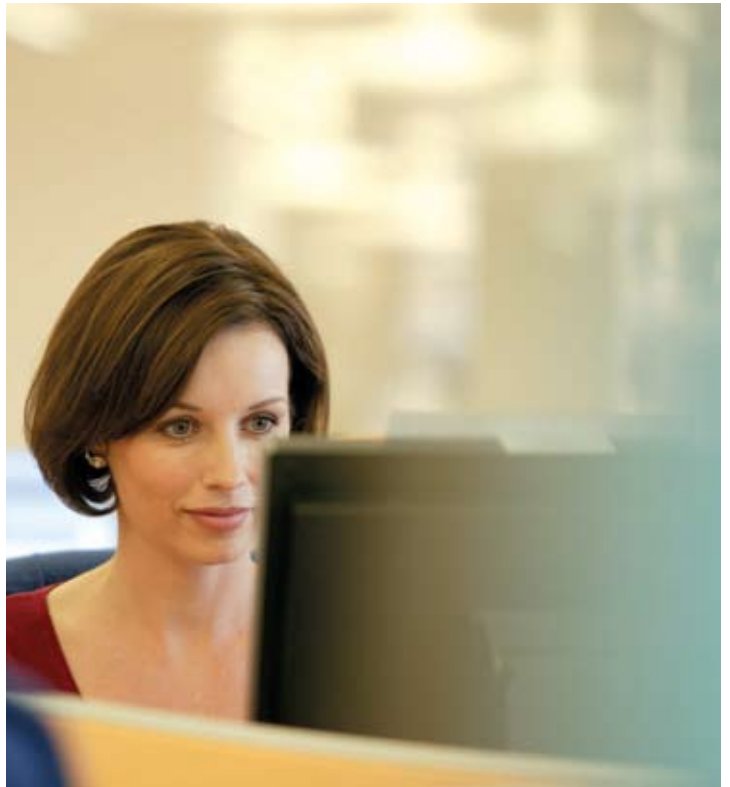
Payments to your business

The benefits Bankline brings you:

- Manage payments any time of the day or night
- Amend or change future dated payments closer to the point of payment
- Funds remain in your account right up to the point the payment is sent, optimising your balances
- Opportunity to make payments at short notice e.g. taking advantage of a supplier's early payment discount, or paying a new staff member's first salary while they are being added to the normal Bacs run.

For more information on Bankline and Faster Payments contact your relationship manager or visit www.rbs.co.uk/bankline

e-invoicing comes of age



This autumn we launched our new e-invoicing service, combining ease of use and rapid implementation with rich functionality and great benefits for all participants in the supply chain.

Simply put, e-invoicing facilitates the exchange of information between buyers and sellers. Invoices and related documents can be issued, received and reconciled electronically within either an accounts payable or accounts receivable function.

RBS e-invoicing is designed to be easy to deploy across the complete supply chain, from the largest to the smallest participant. There are no costs or technology barriers to be overcome by your trading partners and adoption brings significant cost reductions and increased efficiencies to both trade receivables and procurement activities.

In fact 2008 is proving a pivotal year for e-invoicing. Take-up is on the rise and e-invoicing, as an accepted channel, is now very much becoming part of the mainstream. Not only does it help companies to get paid faster, but it also enables them to 'green up' the payments process by replacing paper with straight-through-processing.

The strength of RBS e-invoicing

Companies have been able to buy e-invoicing services from IT vendors for a number of years, but the service has encountered operational difficulties. Proprietary data standards, high set-up costs, and the imposition of cumbersome practices on supply chain partners all worked against its take-up, even where companies could see that real benefits would result. Today, however, our e-invoicing service uses the latest technology to overcome these obstacles and to simplify e-invoicing for all parties.

To realise the benefits of e-invoicing for your business, talk to your relationship manager or for further information, call 0800 085 1699 or visit www.rbs.co.uk/e-invoicing

The benefits to you

- Reduced costs
 - eliminate the need for paper and the re-keying of data
- Real time data delivery
 - take advantage of fast payment discounts and improve key financial metrics such as days sales outstanding
- Reduced risk
 - digital signature technology confirms the sender's identity and guarantees that the content has not been altered
 - eliminate errors and bottlenecks
 - realise the benefits of straight-through-processing and automatic validation checks
- VAT compliance
 - RBS e-invoicing is VAT compliant in the UK and in those European countries where the service is currently live. The service will maintain compatibility as legislative changes are introduced
- Environmentally responsible
 - no more printing, sending and destroying paper so e-invoicing can help reduce your carbon footprint
- Global reach
 - include trading partners in multiple territories



Freedom to trade

Whether you're a multinational corporate or you're just starting to explore the benefits of international trade, you need a bank that gives you the freedom to trade with confidence.

The Royal Bank of Scotland offers a huge range of international banking services around the world. We're consistently ranked among the top foreign exchange banks worldwide, because we understand that even the most complex global deals depend on personal relationships.

To find out how we can help your business, contact your relationship manager or visit www.rbs.co.uk/international

www.rbs.co.uk/international

Make it happen™


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