

# Introduction to *SKYIHB*<sup>TM</sup>

*Radically improving effectiveness in managing your global corporate payments*

Our innovative service *SKYIHB*<sup>TM</sup> helps mid-size companies to achieve **substantial savings on their banking costs** and provides better risk management.

## Characteristics of businesses that benefit from *SKYIHB*<sup>TM</sup> service

Our *SKYIHB*<sup>TM</sup> service has been optimized to support multinational mid-size corporations that operate business globally, with global revenues between \$10M and \$2B. Such corporates usually face huge supply chain costs of conducting business internationally.

The most common **Supply Chain Finance (SCF) pain points** corporates are facing when running business internationally:

- **High banking fees:** for international payments, currency exchange (FX), short-term lending, account maintenance.
- **Additional costs due to non-optimal SCF management:** interest expenses for over-borrowing due to inaccurate cash flow forecasting, no proper hedging, cost of fraud, liquidity not managed adequately within the group, cash needlessly moves through tax-heavy regions.
- **Operational inefficiencies:** non-reachability or delay in reaching beneficiaries, no proper E2E payment monitoring, labour intensive treasury management, cumbersome onboarding with new banks especially when expanding globally, regulatory and compliance challenges.

## *SKYIHB*<sup>TM</sup> offer

As every company is unique, there are no off-the-shelf IHB solutions. **Your success requires customization to your company's unique requirements to optimize your Supply Chain Finance. Our *SKYIHB*<sup>TM</sup> comprehensive and customizable service is analogous to the Private Wealth Management approach rather than to conventional Corporate Banking**, helping you to achieving your challenging payment goals.

*SKYIHB*<sup>TM</sup> brings effective solutions to deal with your business need and pain points by:

- Identifying optimal banking relationships to address your specific needs and integrating them into your overall Supply Chain Finance solution.
- Setting-up an outsourced In-House Bank (IHB) tailor made to your company, giving you access to advanced IHB services, using the advanced *SKYIHB*<sup>TM</sup> platform to easily connect your company to all the required services and agreed partners.

Also, *SKYIHB*<sup>TM</sup> does not require your team to have expertise in payments or SCF. Your only focus is to define your business needs and pain points; our expert advisory team will define the optimal solution for your business. As a part of *SKYIHB*<sup>TM</sup> service, we will also take full care of the complex regulatory, compliance, operational and IT issues for the specialised operations of the corporate IHB.

Using *SKYIHB*<sup>TM</sup>, mid-size businesses could now compete with top multinational corporations by ensuring efficient and cost-effective international payment management solutions.

# General aspects of In-House Bank services

## Concept of In-House Bank

The term *In-House Bank (IHB)* is used when a special corporate division provides complex financial services to the subsidiaries of the business group, such as cash management, payments and collections, FX, loans and deposits, factoring. All corporate subsidiaries get IHB managed virtual multi-currency accounts linked to the physical bank accounts owned by the HQ's IHB.

## Main benefits of an IHB

### Improved liquidity management

- Cash stored in a centralized core currency pools managed by corporate HQs, thus ensuring real time availability of liquidity.
- Centralized currency pools make possible lower cost intercompany loans.
- Virtual accounts for subsidiaries eliminate the need of physical sweeps for intercompany loans.

### Payment optimisation and improved transactional cost

- Consolidation of Foreign Exchange (Forex) for cross-currency payments and improved hedging reduces banking spreads for the corporate global supply chain.
- Rationalization of bank relations and accounts reduces bank account maintenance costs.
- Facilitation of company's ability to shop globally for the best cost of payment transactions among the best banks.
- Reduction of excessive overhead costs for intercompany and external payment transactions, especially in the high banking cost jurisdictions.

### Improved corporate financial controls and visibility

- Improved HQ's visibility of global controls, transactions, currency positions and forecasting.
- Centralised corporate activities improve security, fraud controls and payment processes.

## Challenges of the IHB model

As IHB grows in support of corporate worldwide expansion, it might be compelled by financial authorities to obtain banking or payment licences and be regulated as a Financial Institution. New payment regulations are placing much compliance pressure on corporations that run an IHB to operate as transparently regulated financial entities.

Consequently, running an IHB with the huge upfront technology, human and regulatory investments might be attractive for top multinationals, but are not as cost effective for mid-size corporations.

With our advanced *SKYIHB™* solution, **corporates benefits from the sophisticated IHB services without the need to create and run an IHB financial entity**, which is expensive and cumbersome to setup and manage.

