

# AASBO

## Trends in Cash Management

February 7, 2023

---

**Disclaimer:**

The opinions expressed in the presentation are statements of the speaker's opinion, are intended only for informational purposes, and are not formal opinions of, nor binding on Regions Bank, its parent company, Regions Financial Corporation and their subsidiaries, and any representation to the contrary is expressly disclaimed.

## Agenda

- Monetary Policy
- Defining Cash Management
- Cash Bifurcation to Maximize Return
- Cash Optimization
- Fraud Prevention Best Practices
- Trends in Cash Management Technology
- Questions

## Fed Funds: Meeting Outcome Probability

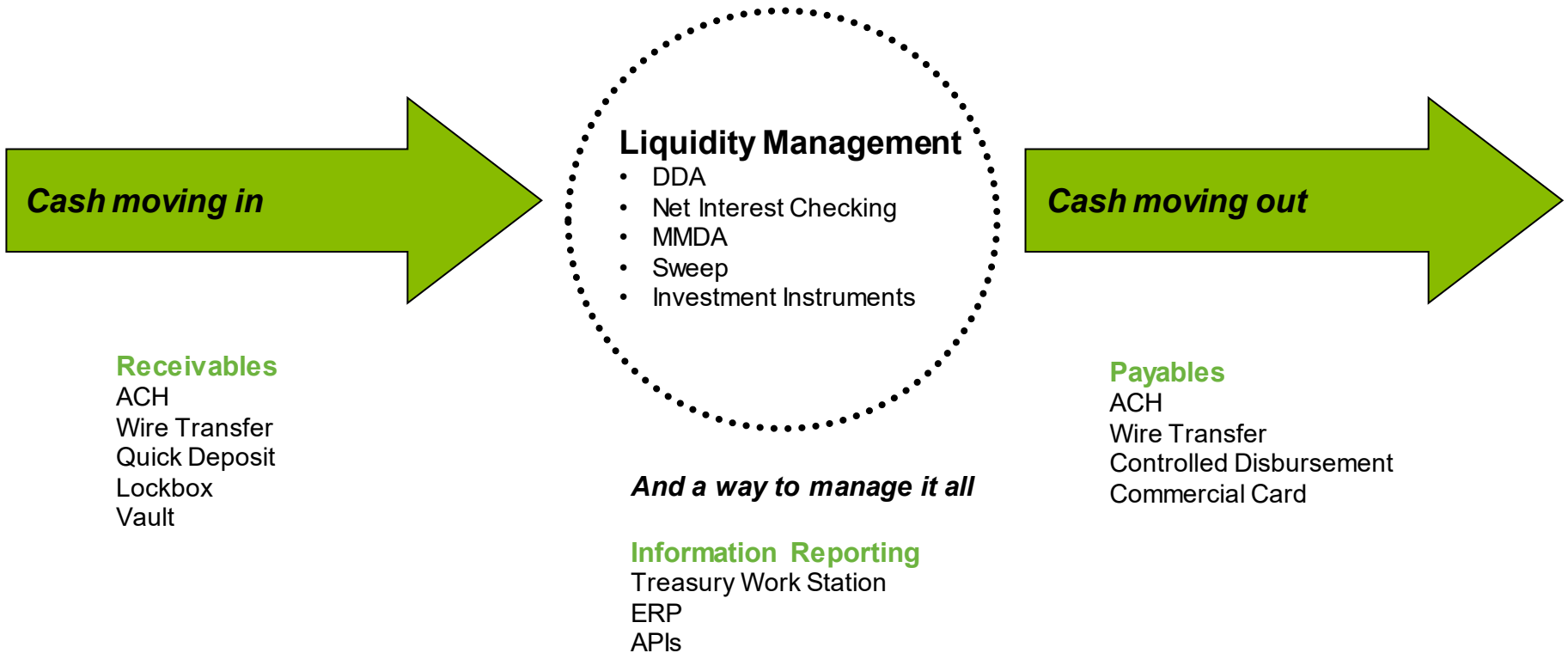
MEETING PROBABILITIES								
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
2/1/2023	0.0%	0.0%	0.0%	0.0%	98.2%	1.8%	0.0%	0.0%
3/22/2023	0.0%	0.0%	0.0%	0.0%	17.0%	81.5%	1.5%	0.0%
5/3/2023	0.0%	0.0%	0.0%	0.0%	10.0%	55.1%	34.3%	0.6%
6/14/2023	0.0%	0.0%	0.0%	0.0%	9.2%	51.1%	36.1%	3.6%
7/26/2023	0.0%	0.0%	0.0%	1.8%	17.5%	48.1%	29.7%	2.9%
9/20/2023	0.0%	0.0%	0.6%	7.3%	28.2%	41.7%	20.3%	1.9%
11/1/2023	0.0%	0.3%	3.3%	15.6%	33.6%	33.1%	13.0%	1.2%
12/13/2023	0.2%	2.7%	13.2%	30.0%	33.2%	17.0%	3.5%	0.2%

- › Record levels of liquidity remain in economy that was issued during pandemic
- › 2022 saw a record Fed Funds increase from 0% - 4.50%
- › 2023 inflationary pressures continue to drive rate increases
- › Yield curve driving abnormal liquidity optimization strategies

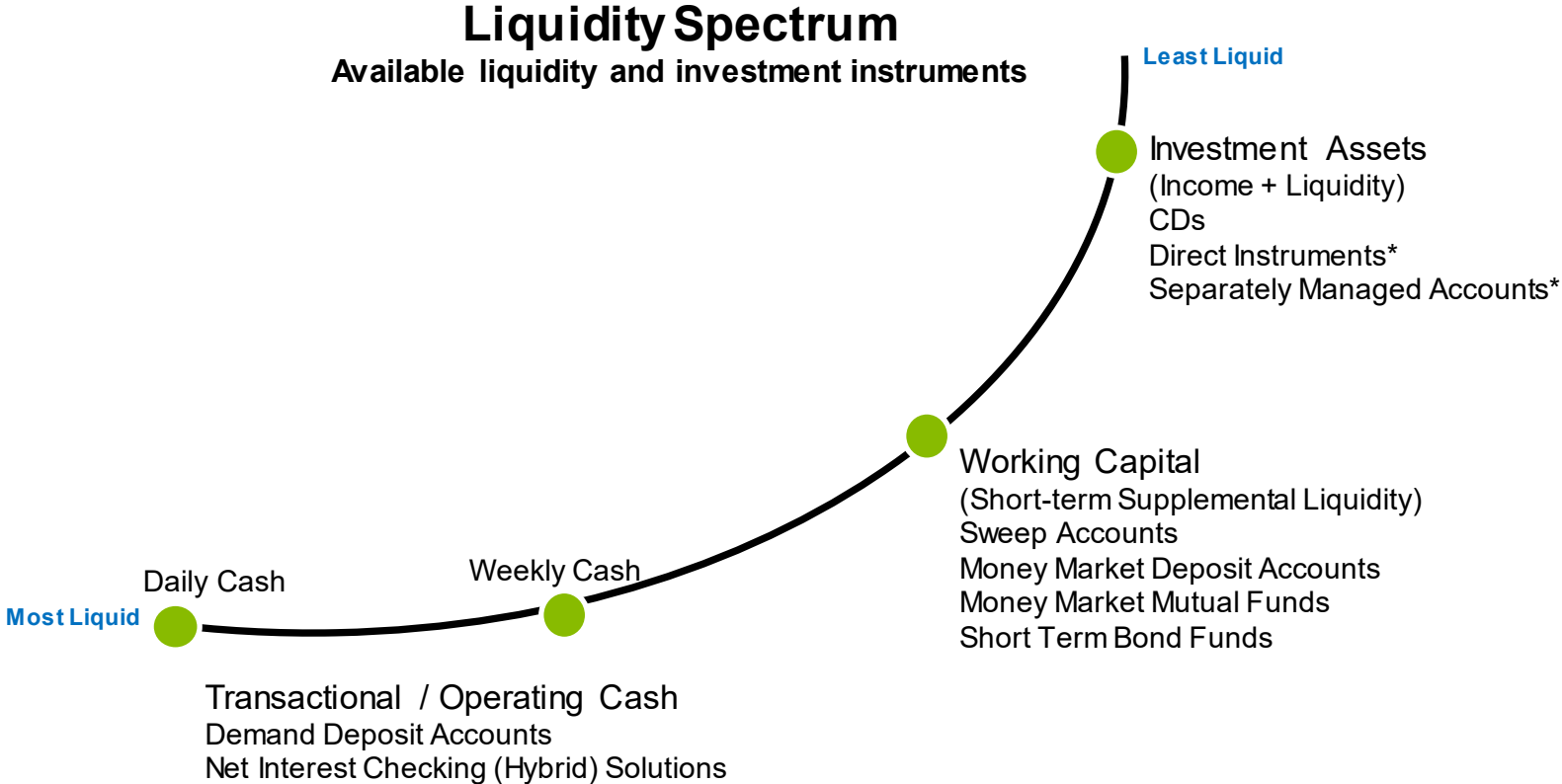
# Defining Cash Management



Corporate cash management is continuously evolving. It is important to evaluate the shifting environment impacting liquidity management and the tools available to maximize liquidity.



Instruments that support the cash flow cycle can be thought of as a liquidity spectrum. Three main categories contain individual solutions which, when combined, serve as a foundation to a successful liquidity management approach



\* Securities sold through Regions Trust are not insured by the FDIC or any other government agency, are not deposits or guarantees of Regions Bank or its affiliates and may lose value.

## Market Liquidity Products

R  
a  
t  
e



Direct Securities, Separate Accounts, Bond Funds, etc...

Certificate of Deposit (CD)

Money Market Funds

Money Market Account

Earnings Credit Rate, Interest Checking

- ECR rates have historically lagged Fed Funds 1.50% to 2.00% but are lagging much more during this rate upcycle.
- Money market rates have been more closely aligned with the Fed Funds rate but still lag when compared to previous rate upcycles.

# Structure of the Investment Policy Statement



## Executive Overview

- Brief overview of your organization covering the purpose of the funds along with a summary covering why the Investment Policy exists

## Scope

- Outlines which funds or pool of assets are covered by the Investment Policy

## Objective

- Outlines goals for the funds
  - Preservation or Safety of Principal
  - Maintain a good liquidity position to meet demands
  - Obtain fair market rate of return

## Investment Guidelines

- Must be unique to the organizational situation and cash flow needs
- Clearly outline the organization's risk tolerances

## Responsibility & Control

- Define who has control of what functions on a day-to-day basis
- Diversification of internal controls

## Performance Measurement & Benchmarking

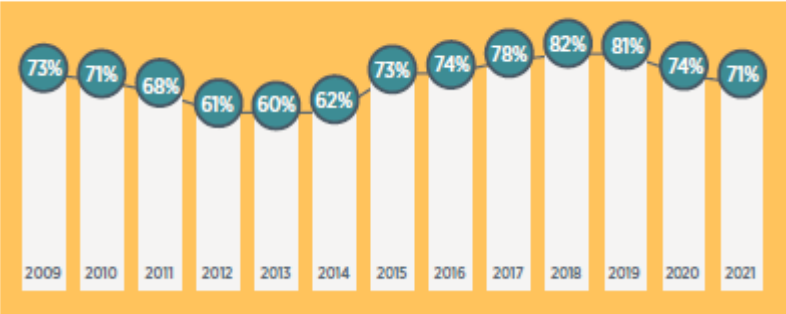
- Benchmarking which will allow performance comparison with peers



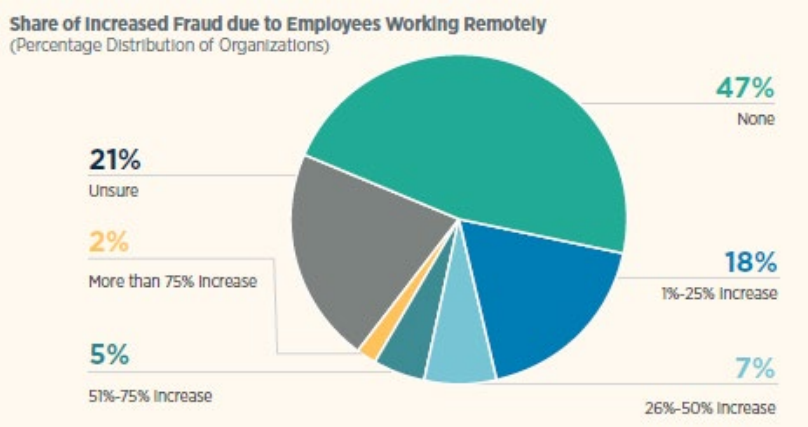
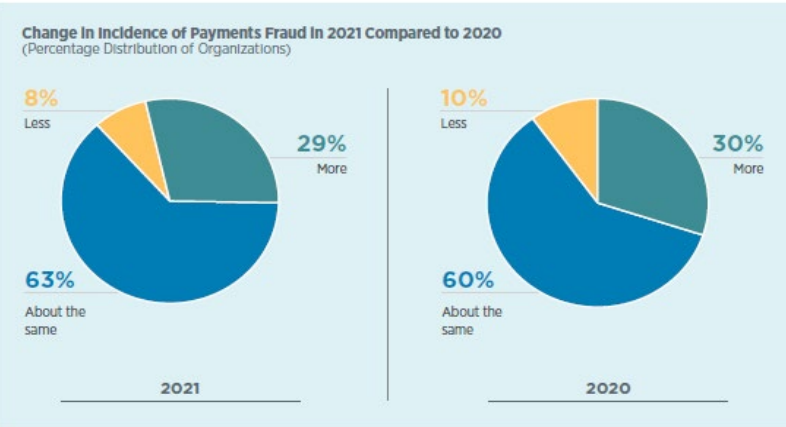
# Payment Fraud and Control Survey Highlights



**Percent of Organizations That Are Victims of Payments Fraud Attacks/Attempts**



- Overall attacks have decreased
- Steady decline since 2018, but remains an issue
- 63% report “About the Same”
- 29% report “More”
- Remote work considered a factor for 32%



## 1 Reconcile to spot abnormal activity

- Reconcile your accounts in a timely manner.
- Segregate your accounts by purpose, type, and/or payment method.



## 2 Place stop payments on any checks that have been lost or stolen

## 3 Convert paper payments to electronic payments



### For Employees

- Use Automated Clearing House (ACH).
- If an employee does not have a bank account, offer to deposit their pay directly to a payroll card that allows them to use it like a bank debit card.

### For Vendors

- Pay via ACH or purchasing card.
- Use wire transfers for high-value or time sensitive payments as well.

## 4 Securely store check stock, deposit slips and bank statements, then destroy securely



## 5 Use Positive Pay

This powerful tool allows you to send information to your bank about the checks you've written so that when checks come in to pay, they are matched to what you've told them. Positive Pay is also available for ACH. If you've authorized a supplier or other partner to draft money from your account you can pre-approve these transactions.



- › Record levels of liquidity released into economy during the pandemic
- › Banks moving to “Real Time” deposit core systems
- › Virtual Account Management
- › Treasury Workstations / ERP
- › API (Application Programming Interface)
- › Embedded Finance / Open Banking



# QUESTIONS

## **Jason Sweatt**

Senior Vice President

Head of Liquidity and Deposit Management

205-264-7419

[jason.sweatt@regions.com](mailto:jason.sweatt@regions.com)

© 2019 Regions Bank. Member FDIC. Regions and the Regions logo are registered trademarks of Regions Bank. The LifeGreen color is a trademark of Regions Bank.

### **Disclaimer:**

The opinions expressed in the presentation are statements of the speaker's opinion, are intended only for informational purposes, and are not formal opinions of, nor binding on Regions Bank, its parent company, Regions Financial Corporation and their subsidiaries, and any representation to the contrary is expressly disclaimed.

The information presented is general in nature. Presentation material sourced from the Association for Financial Professionals, and the Department of Homeland Security are noted. Regions reminds its customers to be vigilant about fraud and security, and they are responsible for taking action to protect their computer systems. Fraud prevention requires a continuous review of your policies and practices, as the threat evolves daily. There is no guarantee all fraudulent transactions will be prevented or that related financial losses will not occur.