

Case Study: Transforming CARE's Treasury with SWIFT and Bank Rationalisation

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This case study, which is based upon an entry that won the Emerging Markets category at the gtnews Awards 2013, shows how the global humanitarian and poverty-alleviation charity CARE International, which operates in many emerging markets around the world, has utilised the power of SWIFT to facilitate its global cross-border payments and treasury operations. The on-going adoption of SWIFT by CARE USA, which runs the charity's treasury, is being rolled out alongside an internal treasury transformation project, supported by Barclays and a new cash pool, which is designed to cut the number of bank accounts it has worldwide, while promoting efficiency and maintaining transparency for donors.

The continuing treasury transformation project at the CARE International humanitarian charity has already achieved significant results since starting up last year - not the least of which is a bank account rationalisation drive designed to increase efficiency and reporting lines for donations and the adoption of SWIFT for cross-border payments and connectivity across emerging markets. Both aspects of the transformation effort, which is being led by CARE USA as the home for the charity's treasury, have been supported by Barclays Bank and the SWIFT Service Bureau (SSB) **Expertus**.

The aid organisation is present in 84 countries around the world reaching 83 million people, so it is essential to ensure the reliability and efficiency of its cross-border payments and banking arrangements, making SWIFT and Barclays - which is strong in many of the African countries in which CARE operates - natural partners.

Future plans include an exploration of the feasibility of using mobile m-banking and payments to make CARE International's payroll and accounts payable (A/P) operations more efficient and relevant to people in emerging markets. Much of Africa, for example, already uses mobile money schemes such as M-Pesa in Kenya, which allow payments to be made and monies retrieved via the mobile channel and authorised retail agents. If this set-up can be harnessed for CARE's payroll and A/P in developing countries then the expense and security problems associated with handling cash can be reduced and more money can be kept for the organisation's core charitable purposes. That is for the future, however, and this case study will focus on what has already been achieved by the treasury transformation project.

Key Project Objectives: Bank Rationalisation and Cash Pooling

CARE has a central treasury function in Atlanta, Georgia in the US, but many cash related activities had developed organically in the 84 countries where it operates, with bank relationships often being managed locally. It was recognised by the central treasury that this approach had limitations in terms of counterparty, foreign exchange (FX) and liquidity risk - not to mention leaving cash idle that could be put to work elsewhere. Consequently, a centralisation of bank relationships and accounts was launched last year and in 2013 the charity now has several

banking partners covering each region, instead of the hundreds previously in place.

Some regions present more barriers in terms of pursuing a regional banking strategy than others because the humanitarian work CARE is involved in is often in the least developed (and least accessible) parts of the world. It may therefore have several banking partners within just one country if this helps to get aid to where it is needed, which can be challenging for the treasury to oversee. As a further example of the problems it encounters in far-flung corners of the globe, some of the small local banks that it deals with may not have electronic banking capabilities, making it difficult to automate payment processes and obtain account information easily. With its international reach and hundreds of banking members the SWIFT collective can help negotiate these geographical difficulties.

Bank account rationalisation via regional groupings was the first stage effort in the treasury transformation project, however, before moving to SWIFT, as the need to get better centralisation and efficiency was paramount. One complication in the drive to cut the number of banks CARE International deals with was the desire of some donors to keep accounts open so that they could monitor them for transparency purposes. To overcome this obstacle, while still satisfying the crucial needs of donors, the treasury team demonstrated that detailed reporting was still possible via the new regional banking infrastructure. A policy of no new bank accounts being allowed to be opened could then safely be enforced and a rationalisation undertaken.

Simultaneously, a cash pooling structure was implemented with key project partner Barclays setting up a header account in London, UK, which acts as a centralised pool to ensure CARE's cash can be 'sweated' and invested to achieve the maximum return for its charitable purposes. The cash pool also helps with the treasury's efforts to improve oversight, transparency and reporting.

Moving to SWIFT and Project Benefits

Having achieved a streamlined account infrastructure, the CARE treasury can now integrate bank accounts around the world more easily using its PeopleSoft enterprise resource planning (ERP) system. The reorganisation is already delivering enhanced straight-through processing (STP) gains for both account information and payments or transfer transactions because the next stage of the project - moving towards SWIFT - has also been enacted.

CARE selected an external SWIFT service bureau, **Expertus**, and worked closely with them and its primary banking partner Barclays to handle the on-boarding process during its move on to the SWIFT platform. The partners looked after all the legal, technical, testing and logistical processes necessary before the go live was achieved this year. The experience of the partners was crucial in ensuring a smooth implementation. CARE is also now a SWIFT member, so is using SWIFT Corporate Access to achieve its centralisation and integration aims.

The advantage of this approach is that it can now leverage a single channel to access multiple banks and the reporting and financial control requirements of its donors are more easily met. Efficiency gains have accrued via a reduction in manual tasking and exception-only account reconciliation. Automated workflow-driven transaction authorisations are also delivering productivity benefits.

Conclusions

The benefits that CARE International is already getting from rationalising the number of bank accounts it maintains, centralising its treasury operations and moving towards SWIFT have been considerable, but it is not done yet. As mentioned previously, the treasury is exploring the possibility of using the mobile money channel in Africa to aid its payroll and A/P procedures in

future, with Barclays once more providing technical, IT and consultative support, while the organisation is also going to enforce a requirement that any future banking partners must be a member of SWIFT's Standardised Corporate Environment (SCORE) platform. This is expected to be a key deciding factor in who CARE decides to bank with in the future.

The treasury transformation project is an on-going process and CARE is still learning how best to optimise its new structure and supporting SWIFT and technology architecture. It expects to accrue benefits and to launch supplementary additions to its working practices for the next year or two as its reorganisation continues apace.

As an organisation, CARE is proud to now be able to say that it has an efficient approach to cash and treasury management that is the equal of many global multinational corporations (MNC). CARE as a charity has adopted the same approach as an MNC in terms of driving the maximum use of its available funds via cash pooling and delivering centralisation and STP to cut operational costs as much as possible, while still ensuring its financial and counterparty risk procedures are top notch. The charity is deploying this expertise for charitable ends, but is a firm believer that by maximising its internal efficiency it can deliver more money and aid to the frontline fighting poverty around the world.

CARE is committed to achieving the highest possible standards of accountability, responsibility and cost-efficiency in the way that it fulfils its humanitarian objectives and thinks its treasury transformation is a key aspect of this on-going effort to serve emerging markets and some of the world's most vulnerable regions in the best possible manner. [Back to top](#)

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