

CASE STUDY

Harnessing the Power of Emerging Technology:

The Government of Sharjah embraces HSBC's digital transaction banking solutions and Kyriba's cloud-based Treasury Management System.

In recognition of implementing the solution, Sharjah Finance Department Head, Sean De Silva, was awarded a Best in Class Treasury Solution in the Middle East award, at the 2018 Adam Smith awards ceremony.



Together we thrive

Background

The Government of Sharjah's relationship with HSBC in the United Arab Emirates (UAE) goes back more than 40 years. As the third largest of the Emirates, Sharjah contributes more than 7% to the overall GDP of the country.

Sharjah Finance Department (SFD) is the Government entity responsible for most of the country's public sector finances. SFD wanted to strengthen the financial controls of the Government through the migration of payment and cash management activities from various departments into a centralised treasury team.

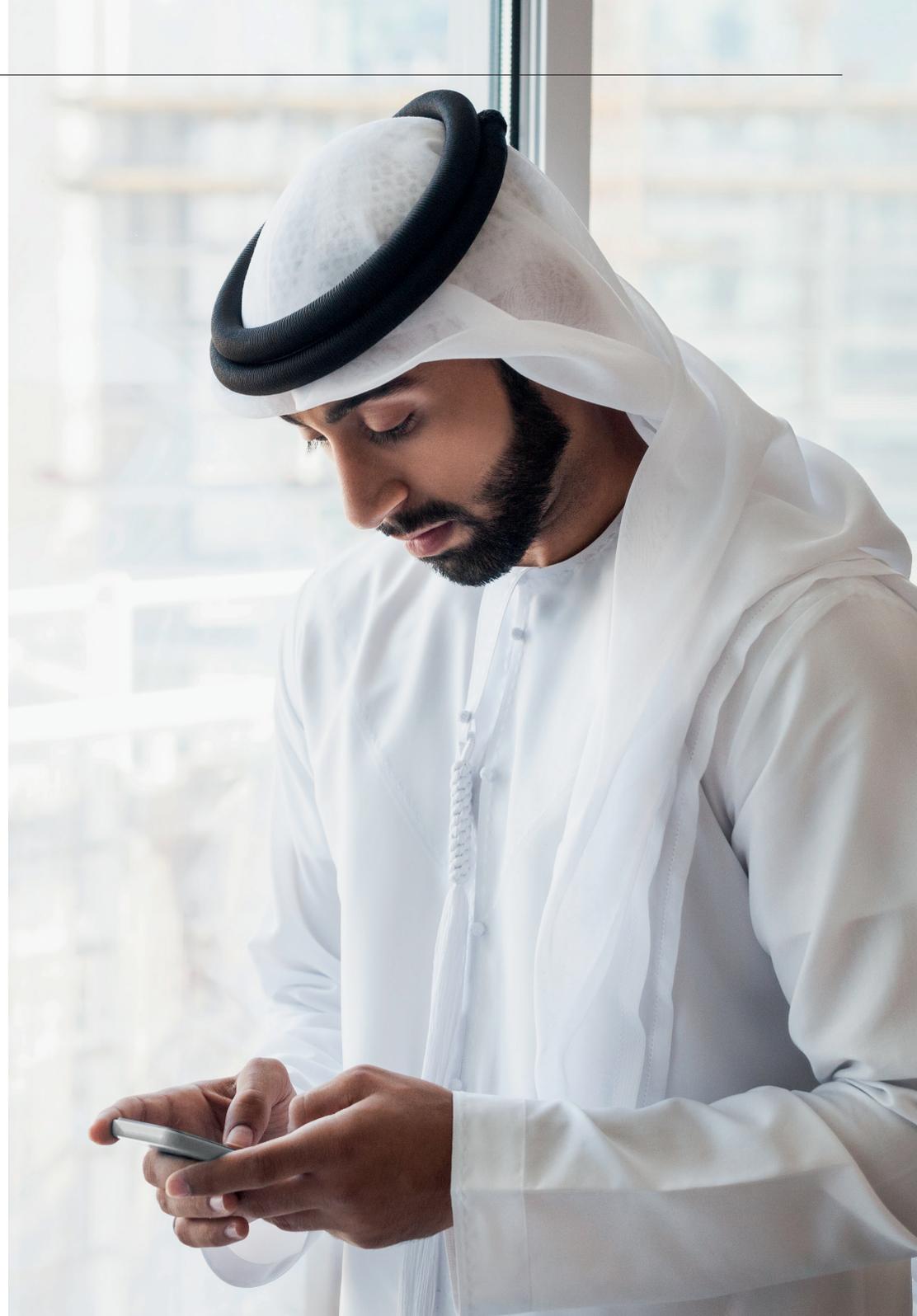
HSBC, in partnership with Kyriba, has helped SFD to automate its processes by using digital transaction products and a cloud-based treasury management system.

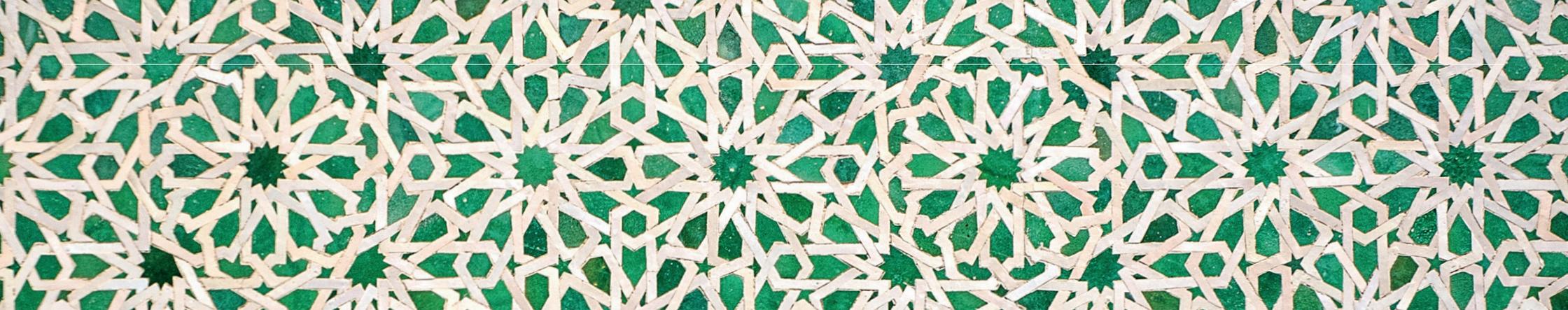
Requirements

SFD's primary requirements were to obtain visibility over its cash positions across 250+ accounts with 16 banks; enhance financial controls; optimise liquidity management and control financial risk. The ultimate aim: to become more efficient and reduce the net cost of borrowing.

It became clear that SFD needed to leverage technology to significantly automate operations and minimise reliance on the various manual processes that were in place to make payments and reconcile transactions in the General Ledger. In line with best practice suggested by the World Bank, SFD decided to implement a Single Treasury Account (STA) to manage cash in the most optimal manner.

The project started with an exercise to gather requirements, map the various manual processes being undertaken and collate an inventory of all of the bank accounts held by the various departments and other entities. HSBC stepped in to work with SFD on a request for a proposal to choose a vendor that would provide a solution to meet its current and future requirements alongside HSBC's digital banking products. After reviewing a number of Treasury Management System providers, SFD chose to work with Kyriba, a leading fintech company which supplies cloud-based treasury management tools.





The solution

Given the complexity of the requirements and the aim to achieve full automation, HSBC provided business process analysis as well as technical consulting to build a comprehensive, bespoke solution in partnership with Kyriba. Extensive collaboration with the project team from SFD, HSBC and Kyriba resulted in an innovative solution combining many products and services utilising cutting-edge technology.

SFD has so far implemented HSBC's digital banking platforms: HSBC*net* for viewing its balances across banks and HSBC Connect, a host-to-host platform that provides secure connectivity between the bank, Kyriba and SFD. This has enabled SFD to receive consolidated electronic statements (MT940) from all of their banks and straight-through transaction processing capability fully integrated with the Kyriba platform.

Justain Bateman, Regional Head of Client Integration at HSBC Middle East Ltd commented that "The lack of bilateral agreements between banks in the UAE necessitated an innovative

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solution to enable SFD to concentrate all of its funds from various banks into the STA at HSBC. In agreement with the Central Bank of the UAE we devised a solution using the recently implemented UAE Direct Debit system.

"This now enables SFD to generate a same-day direct debit instruction

to pull funds from accounts held at its other banks to HSBC."

In collaboration with Kyriba, the direct debit and wire transfer file formats (XML ISO2022) were quickly developed and integrated into SFD's payment module. Kyriba also developed a unique process to automatically generate payment and collection instructions based on previous end-of-day balances from the MT940s and cash-flow forecasts minimising reliance on overdraft facilities and manual intervention.

SFD's Cash Management Section Head, Sean De Silva commented that "Around 70% of transactions are now processed electronically and we have gained full visibility over our cash and financial transactions. Our processing times are significantly reduced and we have made significant operational cost savings, which have more than

offset the implementation costs".

Future enhancements include full integration with SFD's ERP to complete the automation of the reconciliation process, enhancements to the liquidity structure, automated cash-flow forecasting as well as the roll-out of the solution to other entities within the public sector of the Emirate.

Through harnessing the power of emerging technology, SFD's processes are now simpler, better and faster.



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