

The Benefits

The savings in a [Multilateral Netting](#) System are large and understated. There are 2 main areas of savings:

1) Savings in the Banking System

- Payment costs are reduced because fewer payments are made
- Float. Concentration of payments and reduction in number of banks used leads to a reduction in float
- FX. Centralised and netting off. Remaining FX is dealt centrally at significantly better rates.

We estimate you will save at least 1% on all (unhedged) International payments made through the netting i.e. \$10,000 on every \$ Million. Please run the [Netting Savings Calculator](#) to see what savings you might expect to make.

Some examples of Savings

Corporate	No. of Entities	No. Currencies	No. Invoices per Month	Gross Vol. per Month	Saving per Annum
Group A	352	24	43,000	\$ 320M	\$ 3,700K
Group B	100	22	2,700	\$ 60M	\$ 1,200K
Group C	40	13	26,000	\$ 25M	\$ 800K
Group D	12	3	800	\$ 6M	\$ 240K

We estimate the saving from a corporate group between 0.1% and 0.4% of gross volume of intercompany.

2) Savings in Time and Effort

Simplified payment procedures across group

- One payment per month, simplifies in-house financing
- Brings structure and discipline to Intercompany
 - Impacts on collection, cash flow, liquidity
 - Visibility of Intercompany across group
 - Internal payments are settled in due time
 - Good forecasting of internal receivables
 - Improvement of communication between units
 - Disagreements between units are discussed and solved
 - Huge reduction in internal mismatches at group level

A properly implemented and run multilateral netting system can be the most profitable corporate treasury vehicle.

Who Can Benefit from [Multilateral Netting](#)?

- Any corporate group or collective body with
 - Reasonable cross border Intercompany flows > \$10M per month
- Or Any corporate group where the Intercompany is a mess

Coprocess conducted a poll amongst users who attended the [Coprocess User Group Meeting](#) and these are the results

How important is netting to your company?

- Important - 34
- Very Important - 62

```
var data = { labels: ['Important - 34', 'Very Important - 62'], series: [34, 62] }; var options = { donut: true, donutWidth: 35, startAngle: 270, labelDirection: 'explode', total: 192, showLabel: false }; var responsiveOptions = [ ['screen and (min-width: 992px)', { labelOffset: 45, donutWidth: 60, chartPadding: 50, labelDirection: 'explode', showLabel: true } ] ]; new Chartist.Pie('.ct-chart-benefits-1', data, options, responsiveOptions);
```

Do you think the benefits of multilateral netting are well known?

- Not at all - 14
- Somewhat - 14
- Yes to some extent - 41
- Yes to large extent - 28

```
var data = { labels: ['Not at all - 14', 'Somewhat - 14', 'Yes to some extent - 41', 'Yes to large extent - 28'], series: [14, 14, 41, 28] }; var options = { donut: true, donutWidth: 35, startAngle: 270, labelDirection: 'explode', total: 194, showLabel: false }; var responsiveOptions = [ ['screen and (min-width: 992px)', { labelOffset: 45, donutWidth: 60, chartPadding: 50, labelDirection: 'explode', showLabel: true } ] ]; new Chartist.Pie('.ct-chart-benefits-2', data, options, responsiveOptions);
```

Do you think the benefits of multilateral netting are understated?

- Not at all - 3
- Somewhat - 20
- Yes to some extent - 48
- Yes to large extent - 21

```
var data = { labels: ['Not at all - 3', 'Somewhat - 20', 'Yes to some extent - 48', 'Yes to large extent - 21'], series: [3, 20, 48, 21] }; var options = { donut: true, donutWidth: 35, startAngle: 270, labelDirection: 'explode', total: 184, showLabel: false }; var responsiveOptions = [ ['screen and (min-width: 992px)', { labelOffset: 45, donutWidth: 60, chartPadding: 50, labelDirection: 'explode', showLabel: true } ] ]; new Chartist.Pie('.ct-chart-benefits-3', data, options, responsiveOptions);
```

The Benefits

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'explode', showLabel: true }}]; new Chartist.Pie('.ct-chart-benefits-3', data, options, responsiveOptions);
```

In the Corporate Treasury environment, do you think multilateral netting is underused?

- Not at all - 3
- Somewhat - 21
- Yes to some extent - 48
- Yes to large extent - 21

```
var data = { labels: ['Not at all - 3', 'Somewhat - 21', 'Yes to some extent - 48', 'Yes to large extent - 21'], series: [3, 21, 48, 21] }; var options = { donut: true, donutWidth: 35, startAngle: 270, labelDirection: 'explode', total: 186, showLabel: false }; var responsiveOptions = [ ['screen and (min-width: 992px)', { labelOffset: 45, donutWidth: 60, chartPadding: 50, labelDirection: 'explode', showLabel: true }}]; new Chartist.Pie('.ct-chart-benefits-4', data, options, responsiveOptions);
```

We asked our clients what is the single most important feature of intercompany netting?

```
new Chartist.Bar('.ct-chart-benefits-5', { labels: ['Communication', 'Planning/Forecasting', 'FX Risk Management', 'Cash Management', 'Visibility', 'Matching/Reconciliation', 'Settlement Efficiency', 'Process Improvement (uniformity)', 'Savings (Cost, Staff, Admin)', 'Confidence', 'Automation'], series: [ [7, 7, 7, 6, 5, 5, 4, 2, 2, 1, 1] ] }, { horizontalBars: true, axisY: { offset: 140 }, axisX: { onlyInteger: true } });
```