

## Daily Cash Management Tips

Historical practices for daily cash management are normally inherited and often passed down without formal technical training. Successful cash management is sometimes difficult to measure. If your daily practices are top-tier, then chances are you already manage your cash in an optimum manner.

For the rest of us, awareness drives ongoing improvements resulting in savings to your credit union. Here are a few areas for exploration:

1. Limit non-earning assets in cash.
2. Review overnight investing
  - a) How and where daily cash is invested.
  - b) Settlement and transaction account flows and timing to maximize overnight investment transfers.
  - c) Explore partners with automatic sweep functions. (Watch out for those with fees associated with the sweep.)
  - d) Value along with IPS and EPS pricing for total solution value.
3. Review soft-dollar relationships.
4. Explore opportunities to improve overnight yields by centralizing services.

Limiting non-earning assets includes:

- Factoring in the cost of holding deposits with other financial institutions earning zero or sub-market returns into the total cost of utilizing their services.
- Utilizing your credit union's corporate credit union daily cash deposits to fulfill the reserve requirements rather than cash at the Fed.
- Analyze whether cash on hand can be reduced and converted to overnight deposits at your corporate credit union.
- Understand the value of float and explore opportunities to leverage image technology to improve funds availability. A great resource for cash managers is the Association for Financial Professionals (AFP). Its web site ([www.afponline.org](http://www.afponline.org)) contains a wealth of information regarding every aspect of cash management. They also offer a professional certification called the Certified Treasury Professional (CTP) program, previously known as the Certified Cash Manager (CCM). The entire program takes about 20 hours of study. The computer-based exam required for certification is facilitated by Pearson Vue at [www.vue.com/afp/](http://www.vue.com/afp/).

If you found these tips useful and would like to learn more, please call WesCorp t (800) 442-4366 and ask for the Small to Mid Markets Team.

