

Highly Commended Winner Best Treasury Transformation Project

BP

Mr Foong Ling Kit, Head of Cash & Banking, Asia Pacific

BP changes treasury and cash management as it transforms from IOC to IEC

The challenge

By 2030, BP aim to be a different kind of energy company transforming the way these services support their transition from an international oil company (IOC) to an international energy company (IEC). The changing role of the corporate treasury itself, is a driver of transformation to:

- Rationalise existing banking relationships and accounts to a single strategic banking partner.
- Become more agile, make faster decisions, and become more digitally enabled.
- Maximise concentration of cash into the group treasury's in-house bank and efficiently fund its local businesses.
- Drive standardisation and automation of cash and banking processes in supporting BP business, through integration with BP's cash and banking hub technology solution, leveraging on SAP investments.

The solution

The solution developed with Standard Chartered Bank incorporates the following:

Liquidity management – multi-layered, multi-geography and multi-currency liquidity management structure that allows full access and visibility to cash in the region. This tailored regional structure comprises:

- Regional interest optimisation pool for restricted countries and currencies – yield enhancement.
- Multi-bank sweeping from local third-party accounts into Standard Chartered – to concentrate cash.
- Automated end-of-day cross-border sweeps – to centralise liquidity to cash pool in Singapore.
- Multi-currency notional pool in Singapore to manage regional funding and facilitate drawdown in required currencies – this is a first for BP globally.
- Access to surplus USD – back to global treasury.

See diagram opposite.

Foreign exchange – advisory around specific FX market opportunities and centralise FX execution process are critical across Asia. Digital documentation handling and aggressive and transparent pricing.



Nicole Wong, Standard Chartered, Chow Sem Lee and Mr Foong Ling Kit, BP

Payments and collections – payments and collections solutions that focus on technology innovation, process streamlining and faster turnaround times as a catalyst for better client experiences.

Channels – standardised bank connectivity using SWIFT FileAct and standardised bank communications using the ISO 20022 XML file formats. API-based solutions embedded in payments, collections and reporting processes.

Implementation and service support – a core team comprising dedicated regional and local teams – relationship managers, transaction bankers, product managers, implementation managers, documentation specialists and service managers have been assigned for BP.

Market approach – BP leveraged the bank's competitive strength in complex markets such as India, Indonesia, and China and terms and conditions have been globally negotiated.

Best practice and innovation

BP has successfully concluded US and EU Transaction Banking RFPs. Asia markets being heavily regulated, complex, and inconsistent, required thorough deep-dive and evaluation – 13 markets, >50 banks, >40 entities across upstream/downstream businesses, and a combination of major and exotic currencies in scope.

The regional cash management RFP was launched against a challenging backdrop and macro uncertainties – COVID-19, supply chain disruptions, change in personnel in the treasury team, organisational restructuring with the new Group CEO and BP transitioning from an IOC to an IEC.

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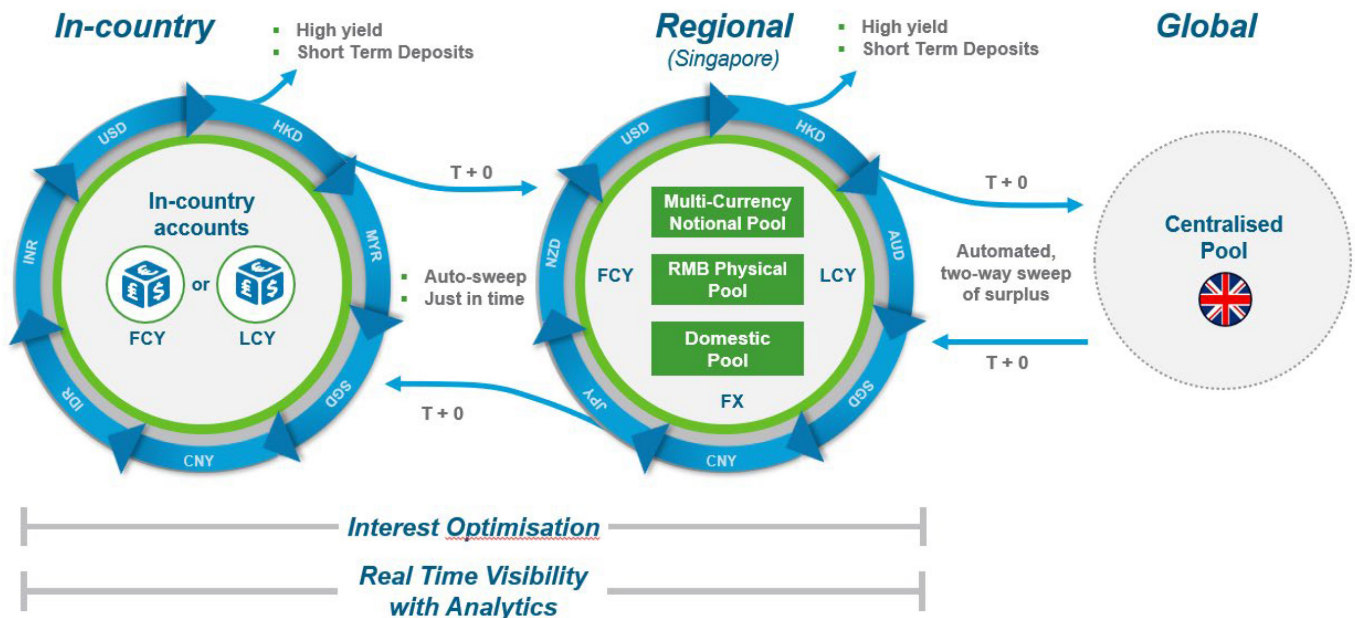
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Key benefits

- Cost savings.
- Headcount savings.
- Process efficiencies.
- Return on investment (ROI).
- Increased automation.
- Risk mitigated.
- Improved visibility.
- Errors reduced.
- Number of banking partners/bank accounts reduced.
- Manual intervention reduced.
- Increased system connectivity.
- Future proof solution.
- Exceptional implementation (budget/time).

*Support the seamless flow of liquidity from source to destination (country/currency), operating within a **tightly controlled but highly automated** framework of pipes and channels, and with locks/gates to monitor and control liquidity flow within policy and limit constraints.*



BP-Customised Liquidity Management Structure



BP is a global energy company headquartered in UK. It operates through Gas and Low Carbon Energy, Oil Production and Operations and Customers and Products.