

Overall Winner

Treasury Today Asia's Top Treasury Team 2021

Shell Treasury Centre East (Pte) Ltd

Teo Yian Ping, Regional Treasurer – Asia Pacific



With more than 80,000 employees in more than 70 countries, Shell is an international energy company headquartered in Europe with its Group Treasury in the UK and its Regional Treasury Centre for APAC based in Singapore.

Shell's APAC treasury centre becomes a true centre of excellence



Shell Treasury Team

Regional treasurer APAC leads from the front

Teo Yian Ping, Regional Treasurer for Shell Asia Pacific (APAC), is based in Singapore and leads Shell treasury's activities across the region. She manages a team of 14 people providing liquidity management, FX, cash management, funding and treasury advice to Shell's APAC businesses.

The team is supported by Shell Business Operations (SBO) staff across the globe. Yian Ping has been in this leadership position for four years and treasury is leading the way in treasury and finance strategy across APAC and into other emerging markets. Under her leadership, treasury has demonstrated an ongoing focus on efficiency, further optimising

treasury and finance processes as part of a global transformation initiative to extract more value from banking services.

At the same time, the team has established a strong focus on business partnering and has embedded itself within the business to understand their priorities and challenges and identify macro risks that could affect the continuity of the businesses. In addition, the team constantly monitors market developments and connects with its banks to explore possible solutions. Lastly, the team works in close coordination with the Group treasury teams in London to share business needs, challenges and opportunities and tap into their insights of global best practices and vice versa, transferring best practices in APAC to other regions.

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The journey to excellence

There are two points of treasury excellence to highlight which were sponsored by Teo Yian Ping and supported by Shell's regional treasury team in strong alignment with the Group Treasury teams in London and its banking partners.

Liquidity management excellence: domestic and cross-border sweeping with an interest optimisation overlay, Shell operates a unique and highly efficient liquidity structure that not only ensures efficient centralisation of local liquidity but also significantly enhances returns on local currencies. This liquidity management excellence is underpinned by the following pillars:

- Adopting highly efficient cash management practices leading to a rationalised account structure which eliminates inefficiencies and paves the way for streamlined liquidity structures.
- Domestic multi-entity local currency sweeps established in most markets, namely Singapore, Malaysia, Indonesia, Thailand, Philippines, Hong Kong, China, Japan, Korea, Pakistan and Australia, leading to centralisation of local liquidity.
- Cross-border RMB and USD sweeps between China and Singapore as well as cross-border sweeps from Malaysia are established to centralise RMB and USD positions into Group's central cash, improving liquidity management efficiency and reducing financial cost by tapping intra-group liquidity.
- Regional interest optimisation structure to enhance returns on domestically centralised local currencies on Shell accounts held with the bank across their footprint with scope to easily add new entities and markets in the future.

Process excellence: Teo Yian Ping and her regional treasury team, in conjunction with the SBO teams, have also pushed the envelope of developing process excellence and best practices within Shell and the SBOs in Kuala Lumpur, Chennai, Manila, and Krakow.

- **Accounts payables** – payments are made electronically, with most payment transactions routed via direct host-to-host (H2H) connectivity. This is impressive considering the extent of Shell's operations, having to navigate through tough and restrictive markets.

- **Accounts receivables and reporting** – collections are reconciled efficiently through the implementation of electronic collection methods (eg direct debit and electronic funds transfer) leveraging BAI codes and unique transaction identifiers in CAMT prior-day and intra-day reports in Malaysia. Virtual accounts are also deployed in Pakistan for additional payer identification. In Malaysia, Shell has also shown thought leadership in the digitalisation of collection efforts by rolling out electronic direct debit authorisation (eDDA), in a bid to replace manual DDA forms.

Shell responds to the COVID-19 pandemic

Many of the APAC countries faced lockdowns during the COVID-19 pandemic. Teo Yian Ping's team had to rethink the processes to manage cash flow forecasting and the execution of FX deals to ensure robust treasury operations during this crisis. Where possible, some of the cash forecasting activities were brought forward by a day to allow some FX executions to be done early on the following day. The team also revised the tolerance limits to accept greater volatility and created higher cash and borrowing buffers.

The team overcame pandemic lockdown constraints on wet-ink signatures and documentation, working with its banks to quickly accept e-signing and even leveraged the opportunity to permanently entrench e-filing or e-signing across the region wherever possible. In addition, they worked with core banks to ensure sufficient backup liquidity and adopted digital payment and receipt solutions. They extended the short-term borrowing to longer tenures, built in higher buffers and safety margins to pre-empt any liquidity surprises, and regularly tested the unsecured facilities to ensure they are available and converted some of the uncommitted facilities to committed facilities. This ensured the businesses could continue to operate seamlessly even during the pandemic crunch.

Challenging times for Shell in the Philippines

2020 was supposed to be a banner year for Pilipinas Shell Petroleum Corporation (PSPC), coming from its previous year milestone of 105 years in the country. But 2020 proved to be a perfect storm for the local energy industry. This started with the Taal Volcano eruption, followed by the OPEC and Russia price war, and then

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the COVID-19 pandemic which culminated with the longest running government-imposed quarantine in the world. All these factors posed a significant strain in treasury operations.

Logistics were affected, as banking hours and manual cash management activities (cheque movements) were severely curtailed threatening cash conversion. But the bigger responsibility came from the need to carefully manage cash pressures to meet the demands of suppliers, tax authorities, banks and shareholders against a backdrop of a significant drop in revenues, delayed trade collections and very tight market liquidity. For Shell, non-payment of obligations to stakeholders meant not only a disruption of operations but would have also had an adverse impact on their license to operate.

It was therefore critical for PSPC to maintain a reliable handle on the cash conversion cycle by aligning and coordinating the full ecosystem of its cash and treasury activities.

Shell nimbly adapted to the new reality, where the organisation reinforced its financial resilience by managing cash and liquidity. Some of the key innovations undertaken include:

- Establishing a two-tiered cash governance framework: treasury manager-led daily Treasury Working Group calls to quickly respond to operational challenges and a CFO-led weekly Management Cash Committee meetings with business leaders to steer cash preservation strategies.
- Mapping of end-to-end cash ecosystem, identification of stakeholders, cashflow elements, key stressors and impact to PSPC.
- Expanding loan pricing discovery and actively changing liquidity management and borrowing strategy in response to dynamic price curve movements, lower refinancing risks and financing costs.
- Establishing medium-term cash forecast capability and scenario planning to pre-empt any liquidity surprises.
- Rethinking the process to manage the execution of FX deals to ensure robust treasury operations during the crisis, particularly during the period wherein FX trading hours were reduced.

- Increasing banking counterparts, regularly testing the facilities and adoption of e-signatures with some of the banks to support extended working from home measures.
- Leveraging opportunities to permanently entrench e-filing or e-signing, in particular deployment of new bank onboarding solutions with its primary banks, eliminating the need for physical document exchange and leapfrog account opening turnaround time.
- Implementing new processes that embedded opportunistic USD-PHP short-term swap strategies to increase deposit yields and increased liquidity management efficiency.
- Shifting vendors from cheque payment to electronic funds transfer (EFT) payment modes.
- Incentivising customers to change behaviours to pay via EFT modes by providing bill rebates and implementing online bill payment arrangements with local Philippine banks to allow customers to make online book transfers that are commission free.
- Resolving credit collection challenges, balancing value-risk trade-offs to reach mutually beneficial arrangements.

The implementation of a highly innovative cash and liquidity strategy allowed PSPC to demonstrate its agility and financial resilience as a publicly listed company.

"Enabled by multi-functional collaboration, PSPC has turned the challenges posed by the pandemic into opportunities to evolve our processes and systems to thrive in a changed economy," says Rey Abilo, CFO, PSPC.

The regional team in Singapore worked with their Philippines colleagues to manage the challenging year in the Philippines. It's a true collaboration and close business partnering that involved many people.

Centre of excellence realised in just four years

In the four years that Teo Yian Ping has been leading regional treasury, the treasury centre has become a true centre of excellence where the treasury team has been actively pursuing new initiatives to improve liquidity management, adopt new collection and payment solutions, proactively manage the risks in the APAC

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markets and getting the banking partners to provide better solutions and stronger support.

Shell's high performing and professional treasury team successfully navigates the complexity and restrictive nature in most markets across APAC. They have been preceptive and proactive in partnering with the business to identify possible gaps and opportunities

and then working across internal and external teams to deliver the solutions. The team stands out by actively managing treasury risks during the COVID-19 pandemic and ensuring business continuity in the region. This has enabled Shell not only to extract more value from their banking relationships, but to also to future proof the business for growth and innovation going forward.

Achieved through close and systematic coordination between Shell APAC and Shell HQ, Yian Ping and the APAC Shell Treasury Team have created a model of treasury excellence worthy for other corporates to follow. This award is a testament to their innovation and hard work. We are ecstatic for Shell and would like to congratulate them in winning this significant award. Standard Chartered Bank takes immense pride in our partnership with Royal Dutch Shell, which extends over decades. We look forward to continuing as their trusted advisor on their journey to achieve many more such milestones.

Adil Kazi, Executive Director & Regional Account Manager, Standard Chartered

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Citi and Shell have a longstanding relationship in Philippines. Shell sees Citi as a partner that enables it to achieve its various strategic and operational priorities. Eight Shell entities maintain bank accounts with Citi Philippines, and Citi Philippines is the main USD bank for these entities. Citi has executed H2H integration along with a multi entity/multi geography USD pooling set up. This has enabled Shell to achieve optimal liquidity management, business continuity and a strong digital banking ecosystem, all of which were extremely critical during the pandemic. Shell and Citi have also worked together to navigate potential credit challenges over the last 18 months as Shell's main operating entity went through a strategic business reorganisation. Congratulations to the Shell team on this remarkable achievement and we look forward to strengthening our partnership.

Ajay Paul, Country Business Head, Global Subsidiaries Group, Citibank N.A., Philippines

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NB: Our judges awarded Shell Treasury Today Asia's Top Treasury Team 2021 based on two submissions. One was entered in the Top Treasury Team category itself, the other was submitted in the Best Crisis Management Solution category and highlights the efforts of how the treasury team in Singapore work with the business team based in the Philippines, and our judges wanted to recognise this nomination too, as it was nominated by Teo Yian Ping, Regional Treasurer for Shell APAC, based in Singapore, who leads Shell treasury activities across the APAC region.