

Libérez, délivrez... votre *trapped cash* !

■ Trapped cash: several situations and not just one definition

- Overall, trapped cash is the unavailability of one's own resources due to some restrictions; What are they?
- Root cause may vary depending on whether it lies within the company's own organization due to inefficient processes from the start or within its geographical footprint as a result of local capital control regulations or international sanctions (such as OFAC).
- It can be easily visible on a bank account and more hidden in the balance sheet.

■ Diverging currents: capital controls loosen while cash traps deepen

- A few countries are easing their local regulations to facilitate international trade with foreign companies (China, India).
- But trapped cash is not exclusive to so-called "exotic" countries – it can occur anywhere and emerge anytime with new geopolitical conflicts (Ukraine, Liberation Day, etc.).
- Moreover, with current growing uncertainty, counterparty risk is heightened leading to tighter terms and conditions (cash collaterals for instance).
- Keep up with such evolutions to anticipate and act at the right time.

■ Trapped cash playbook

- How to work on trapped cash? Avoid it from the start by acting as a whistleblower !
- Prepare a ROI analysis based on costs / term / compliance of the solution : there is always a solution but is it suitable to the company ?
- Brainstorm internally (legal & tax departments) as well as share and query externally (with peers and banks).

Pour en savoir plus sur la formation en lien avec cette thématique, flashez le QRCode



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