



Ministry of Finance of Georgia State Treasury



CASH MANAGEMENT FUNCTION IN GEORGIA

2025



BRIEF BACKGROUND



- **Permanent excess liquidity on TSA**
- **Idea of active cash management**
- Monitoring and forecasting of cash flows (controlling minimal balances)
- **Establishing of Cash Flow Forecasting and Management Department**
- Cash Management Investment Draft Strategy together with international experts having relevant experience
- Discussions with National Bank and commercial banks
- Capacity building
- Bloomberg, GSSS (former CSD), e-Treasury - Systems integrated
- Regulations approved by Government of Georgia
- Launch of first deposit auction



CASH MANAGEMENT EVOLUTION

PREPARATORY STAGE 1



GOAL: Increase the efficiency of the Treasury cash management system

- 2015 - Cash Forecasting and Management Department established

- Adoption of Government decree regulating money auctions:
 - ✓ Type
 - ✓ Duration
 - ✓ Amount
 - ✓ Collateral



AUCTION PROCESS



- Defining of amount, date and type of auction – Monday afternoon
- Announcing of auction – Monday afternoon-evening
- Trade – Tuesday 12:00-12:15
- Final allocation and announcing of results – Tuesday 12:20
- Pledging collateral – Wednesday approximately 14:00
- Transfer of funds – Wednesday afternoon after pledging of collaterals
- Settlement – till end of the day

ON MATURITY:

- Getting back principal and interest amounts - Wednesday
- Releasing collateral – when amounts are paid
- Settlement – till end of the day



CASH MANAGEMENT EVOLUTION

PREPARATORY STAGE 2



Cash forecasting models developed in two Sub-Stages:

➤ Sub-Stage 1:

- ✓ Budget execution data
- ✓ Annual budget Law
- ✓ Close cooperation of Treasury with: Budget, Debt & Fiscal Forecasting Departments of the Ministry of Finance

➤ Sub-Stage 2:

- ✓ Building regular pattern:

Analyze historical time series



Remove past one-off transactions to get cleaned trends



Come up with specific ratios and metrics showing interdependence of various variables



Apply those estimates to projected budget data and derive short-term cash flow plan based on clean past trends



Add future one-off items revealed as a means of discussion with spending entities



CASH MANAGEMENT EVOLUTION

PREPARATORY STAGE 3



➤ **Technical tools adopted**

- ✓ Bloomberg
- ✓ GSSS (Georgian Securities Settlement System - former CSD)
- ✓ eTreasury

➤ **July, 2017 - Treasury launched first deposit auction successfully**



CASH MANAGEMENT AUCTION

SAMPLE



< > | No Security Loaded ▾ | AUPD ▾ | Related Functions Menu ▾ | Message ☆ ▾ □ ▾ ?

90) Workflow ▾ | Auctions System: Tender

MFGE: State Treasury Collateralized Deposit 192 | Date 09/08/20 | Status Allocated | Announce 13:10

31) Alloc | 32) Ticket | 33) Blotter | 34) Setup

1) Update | 4) Terminate | 5) Save Template

Auction Name State Treasury Collateralized Deposit | **Phone/Email Info**

Auction Admin TSMFGE OPERATION MFGE

Algorithm Type Multiple Price | **Split Type** Round Exact

Auction Type Deposit | **Free Format Text** Collateralized Time Deposit Auction

Bid Type Rate

Competitive Yes ▾ | **Amount Unit** UNIT ▾

Dec. Places 4 ▾

Sector

Template

Test Auction | Reopening

Send Invitation

Competitive Open Time	07-Sep-2020	17:00
Competitive Close Time	08-Sep-2020	12:00
Announcement Time	08-Sep-2020	12:15
	08-Sep-2020	13:10

Direction	Amount	CCY	Start Tenor	End Tenor	Account	Edit
1) MFGE Deposits ▾	500,000,000.00	GEL ▾	SPOT ▾	09-Sep-2020 ▾	07-Oct-2020 ▾	Edit ⊗
2) ▾			DD-MON-YYYY ▾	DD-MON-YYYY ▾		Edit ⊗



CASH MANAGEMENT BENEFITS



Active Cash Management:

- ✓ Effective management of excess resources
- ✓ Additional revenue to central budget
- ✓ Additional source of GEL liquidity with different terms
- ✓ Institutional development

Brief Summary:

2017-2025

Total Number of Auctions: 537

Total Interest Income > 290 Mln USD

Current Portfolio: 550 Mln USD



DEMONSTRATION



Live demonstration of Cash Forecasting Portal





Thank you for your attention!

www.mof.ge

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