

J.P.Morgan

Neptune Energy achieves automated in-house banking



Adam Smith Awards

Winner - Best in Class Regional/Global Treasury Solution



Neptune Energy prepares for continued growth with increased automation and innovative bank solutions from J.P. Morgan.

About

Neptune Energy is an independent global E&P company with operations across Europe, North Africa and Asia Pacific. With investments and operations across eight countries, Neptune Energy employs more than 1,300 people and aims to store more carbon than is emitted from its operations and the use of its sold products by 2030.

The business focuses on achieving sustainable growth by optimizing operational efficiency, increasing productive capacity and growing its international presence.

Neptune Energy routinely benchmarks its treasury function, with the mission to be in the top quartile across all dimensions of best practice treasury operations. To achieve this goal, Neptune Energy seeks continuous improvement in areas such as cash visibility, cash forecasting, funding efficiency, hedging effectiveness, [liquidity management](#), investment performance and [payment processing](#), among others.

The challenge

To increase benchmark rankings Neptune focused on improving operational efficiencies, but faced two key hurdles:

1. **Simplifying accounts payable:** Neptune Energy's payment execution for accounts payable and intercompany settlements was spread across nearly one hundred bank accounts, which lead to variations in payment and reporting formats across different banks.
2. **Reducing risk and cost:** With over 100 payment accounts across 5 regional banks, Neptune Energy incurred significant administrative and bank fees. But minimizing costs and reducing the number of accounts required centralized execution via significant investment in payment factory software infrastructure.

The solution

The solution implemented by J.P. Morgan for Neptune Energy leveraged both traditional and innovative bank products to enhance the treasury operations of its in-house bank. It represents a [best-in-class treasury solution](#) that combined real-time cash pooling through on-behalf-of cash operations, an automated multi-bank cash concentration structure for entities and markets outside the in-house bank, and a single-entity multi-currency notional pool that optimized short-term cross-currency working capital.

- **Virtual Accounts:** Multi-entity [virtual account](#) structure for cashless intercompany settlements across funding and commercial trade activity. This allowed Neptune Energy to avoid the transaction costs and cut-off times associated with clearing settlements.
- **Notional Pooling:** Single entity, multi-currency notional pool for 5 currencies on a single booking location. This enabled automated funding, reduced FX swapping and improved cash visibility.
- **Cash Consolidation:** Cash concentration through cross-border zero-balancing sweeps to the notional pooling center from booking locations that offered local clearing access.
- **Payment Centralization:** Fewer physical bank accounts through virtual account structures, supporting on-behalf-of payment execution without impacting reconciliation and bookkeeping.

The results

Neptune Energy's project achievements have been recognized with a [2022 Adam Smith Award for the Best-in-Class Regional/Global Treasury Solution](#) by Treasury Today. The solution, delivered by J.P. Morgan, led to impressive results across several areas of the business



Strategic: By centralizing group payments, Neptune Energy reduced bank account fees and rationalized its bank account landscape by over 90%. The business reduced operational risk of fraud by centralizing payment activity through significantly fewer bank accounts.



Financial: Neptune Energy achieved centralized cash management operations without capital expenditure on vendor software solutions. As a result, the number of treasury funding movements executed through traditional bank clearing channels was reduced by over 80%, leading to reduced transaction fees and cashless intercompany settlements instead of cross-border wires.



Operational: By leveraging automation, Neptune Energy relieved several hours of manual effort per week, allowing resources to be reallocated to more strategic functions. The solution also increased internal efficiency through simplified transaction monitoring and standardization of the account payables process.

VISIT US AT [JPMORGAN.COM](https://www.jpmorgan.com)

To learn more about how we can support your business,
please contact your J.P. Morgan representative.

© 2023 JPMorgan Chase & Co. Member FDIC. Deposits held in non-U.S. branches are not FDIC insured. All rights reserved. The statements herein are confidential and proprietary and not intended to be legally binding. Not all products and services are available in all geographical areas. Visit [jpmorgan.com/paymentsdisclosure](https://www.jpmorgan.com/paymentsdisclosure) for further disclosures and disclaimers related to this content.

The views and opinions expressed herein are those of the author and do not necessarily reflect the views of J.P. Morgan, its affiliates, or its employees. The information set forth herein has been obtained or derived from sources believed to be reliable. Neither the author nor J.P. Morgan makes any representations or warranties as to the information's accuracy or completeness. The information contained herein has been provided solely for informational purposes and does not constitute an offer, solicitation, advice or recommendation, to make any investment decisions or purchase any financial instruments, and may not be construed as such.

Future capabilities, timelines, and features are subject to change at the Bank's sole discretion.