EMPOWERING A DIGITAL TREASURY

8 Steps

to a Modernized, Digital Treasury

Get Started

Digital Treasury Defined

What is a Digital Treasury?

A digital treasury means achieving a best-in-class, modernized treasury function through the most secure, technologically advanced and cost-efficient means. The next generation of treasurers will utilize a more powerful, scalable means of accomplishing traditional treasury tasks such as cash management, but also newer treasury responsibilities, such as cyber-fraud mitigation and systems security optimization.

1 Streamline Bank Connectivity

Historical Approach:

An often decentralized combination of online banking portals and disjointed host-to-host connections are used to communicate with global banking partners. Connectivity is often manually intensive and insecure, leading to higher costs for maintenance.

Digital Approach:

Standardized, bank-neutral, multi-bank connectivity technology which automates bank communication in the most secure, scalable and cost-efficient manner possible.

Digital Enabler: API Technology

- Real-time bank connectivity
- Simplified and accelerated implementation
- Cost-efficient bank communication options
- Enhanced security

2 Standardize Payments

Historical Approach:

Payments are processed from multiple disparate systems such as online banking portals, ERPs and specialized treasury technology. Lowest-cost, fastest and most secure payment types are not used consistently across regions and business units.

Digital Approach:

Centralized payment factory technology is used in conjunction with new protocols to simplify and standardize payments across regions. Artificial intelligence (AI) capabilities enhance payment security and payment repair.

Digital Enablers: SWIFT Global Payments Initiative, Blockchain and API Technology

- Faster settlement
- Reduced international transaction banking costs
- Consistent content and format validation
- Reduced credit and liquidity risk

3 Optimize Cash Visibility

Historical Approach:

Treasurers rely on sporadic balance reporting from large global banking partners for decision-making. Automated pooling and concentration structures are established, where feasible. Cash balances from secondary banking partners and decentralized business units are often unknown.

Digital Approach:

A standardized, secure and automated communication retrieval mechanism is utilized to obtain bank data, which is automatically populated into treasury technology. This simplifies and accelerates liquidity decision-making.

Digital Enabler: Robotic Process Optimization

- Automated daily cash reconciliation and exception identification
- Cash management compliance enforcement
- Automated balance reporting by bank, region and business unit
- Cash flows from financial transactions automatically generated and accounted for

4 Reconcile Data

Historical Approach:

Treasurers depend on fragmented payment, billing, ledger and ERP systems for reconciling/validating the efficiency and accuracy of cash flowing into and out of multiple bank accounts and cost centers. Organizations approach via a piecemeal combination of basic matching tools and spreadsheet-supported manual processes, which increases operational risk.

Digital Approach:

Automation and centralization of each reconciliation requirement/process through a single solution enables corporations to improve efficiency, transparency and control at line-of-business level, creating a framework to deliver group-wide cash visibility.

Digital Enabler: Robotic Process Optimization

- AI technology has improved the painstaking task of adding new reconciliation types and/or banking relationships, accelerating efforts to automate cash validation processes.
- AI expedites resource-draining onboarding activities by allowing for quick data and relationship analysis, while suggesting match rules and weighing quality
- Automatically capture design efforts with clear, auditable documentation

5 Evaluate and Manage Risk

Historical Approach:

Partially dedicated staff and disjointed technology are used to manage key areas of risk, with highly manual exposure collection and hedging processes. New, developing areas of risk, such as cyber risk are not fully understood or managed within treasury.

Digital Approach:

Specialized risk management technology for key areas of risk, such as foreign exchange risk, is in place, and automated and integrated with core treasury technology. Emerging areas of risk, such as cyber risk are managed by a combination of dedicated treasury and IT leads, who are charged specifically with understanding new threats and protecting company assets.

Digital Enabler: Artificial Intelligence

- Machine learning technology stores payment history to more accurately identify fraudulent transactions
- Historical cash flow data can be analyzed to make more accurate cash forecasting predictions
- Treasury technology payment systems can be configured to identify lowest-cost, most secure, "smartest" payment type by region

6 Optimize Bank Account Administration

Historical Approach:

Bank account administration functions, including bank selection, structure, signatory and mandate management, are decentralized, with limited proactive analysis of global bank fees across banking partners, leading to higher overall banking costs and increased risk of fraud.

Digital Approach:

Bank account administration responsibilities, including global account structure, account tracking, bank selection and fee analysis, are centralized and automated using specialized technology. This optimizes the number of bank accounts and cost of services, while minimizing the risk of fraud.

Digital Enabler: Specialized eBAM Technology

- Centralized repository for global account information
- Digital workflow engine for internal and external account opening/modification/change
- Automated global bank fee comparison and analysis
- Automated regulatory reporting, such as FBAR

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Navigate the Regulatory Landscape

Historical Approach:

Lack of attention and partial dedication of staff to regulatory changes can positively or negatively impact treasury. This creates missed opportunities and/or penalties related to new regulations.

Digital Approach:

Technological investments aid in regulatory compliance, allowing for improved and automated compliance monitoring, as well as the freeing up of treasury resources to focus on strategic initiatives related to regulatory changes.

Digital Enabler: Treasury Management System

- Automated regulatory reporting and compliance in areas such FBAR, FATCA, EMIR and IFRS 9
- Internal and external (regulatory) policy configuration for non-compliance flagging and notification
- Full audit trail management and reporting capability

8 Simplify Technology Consumption

Historical Approach:

There is reliance on installed, or non-cloud-based treasury management systems, as well as online banking portals, for the collection of data, and manual manipulation of that data for decision-making purposes.

Digital Approach:

The use of cloud-based treasury technology has increased, with all upgrades and system maintenance managed by the vendor, and where data is collected automatically and translated by systems for decision-making purposes.

Digital Enabler: The Cloud

- Simplified technology consumption
- Lower total cost of ownership
- Less need for treasury personnel to be programming or IT experts
- Immediate access to new functionality available in the cloud

Are You Ready?

Let's Have a Conversation.

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