

A photograph of a man and a woman in business attire sitting at a desk, looking at a laptop. The man is on the left, pointing at the screen, and the woman is on the right, looking at the screen. They are in a modern office setting with large windows in the background. A dark green diagonal overlay covers the bottom half of the image.

2019 Treasury Modernization Survey: Corporate Treasury at a Crossroads

Introduction

FIS surveyed more than 100 treasury professionals across a range of industries around the world to understand current challenges and future opportunities.

In particular, we looked at treasury technology adoption, including the impact of recent innovations in areas such as cloud, robotic process automation (RPA) and artificial intelligence (AI).

The survey also analyzed trending liquidity management, risk management and payments processing practices, as well as cyber-risk and regulatory compliance.



Executive Summary

Corporate treasury departments find themselves at a technological crossroads.

Treasurers struggle to leverage and optimize technology at a time when the consequences of technology lapses have never been greater.

The expanding role of the treasury function, accelerated pace of innovation and emergence of new risks from unexpected sources place more pressure on treasurers than ever before.

In 2019 and beyond, treasurers will turn to new technologies to improve controls, achieve greater efficiency and strengthen decision-making.

Key Takeaways

- Operational efficiency, global liquidity optimization and foreign-exchange risk management are the biggest challenges for treasurers.
- Less than one-third of treasury departments consider themselves very effective at managing risk. Cyber-risk is especially challenging.
- Use of cloud and AI in key functions such as cash forecasting are among the most important technological developments.
- Treasurers see global payments centralization, standardization and increased speed as the greatest improvement opportunities in the payments function.
- Three-quarters of organizations have initiatives for treasury technology adoption, replacement or enhancement in 2019.

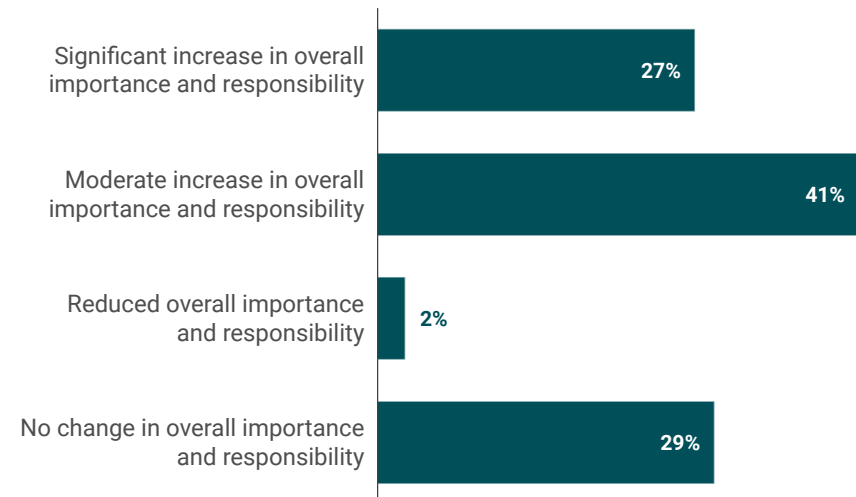
Treasury's Growing Scope of Influence

More than two-thirds of respondents said their treasury department's scope of responsibility and influence is expanding in 2019.

Key takeaway:

The roles and responsibilities of the treasurer have expanded in a short period of time, shifting in focus from operational to strategic. Greater expectations for improved strategic decision-making and support from treasury have led to greater investments in initiatives related to process improvement, centralization, automation, and technology adoption and optimization.

How would you characterize the treasury department's overall importance and scope of responsibility in 2019?



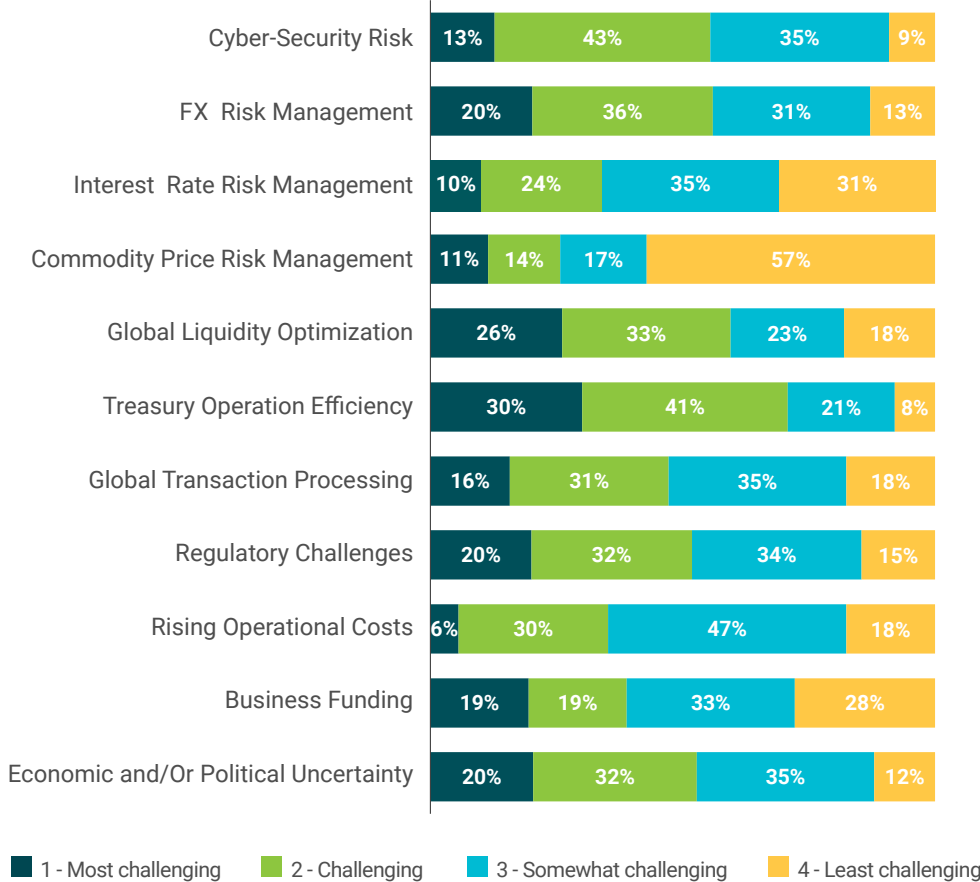
Next-Generation Treasury Challenges

Treasury operational efficiency, global liquidity optimization and foreign-exchange risk management were noted as the biggest challenges for treasurers. Cybersecurity risk is an important emerging challenge.

Key takeaway:

Treasurers are seeking new solutions to old problems. The next generation of treasurers will find more powerful, scalable ways to perform traditional treasury tasks such as cash management and newer treasury tasks such as cyberfraud mitigation and systems security optimization. “Digital treasurers” will receive information in ways that minimize manual manipulation and automate decision-making.

What are your biggest challenges or what keeps you up at night?



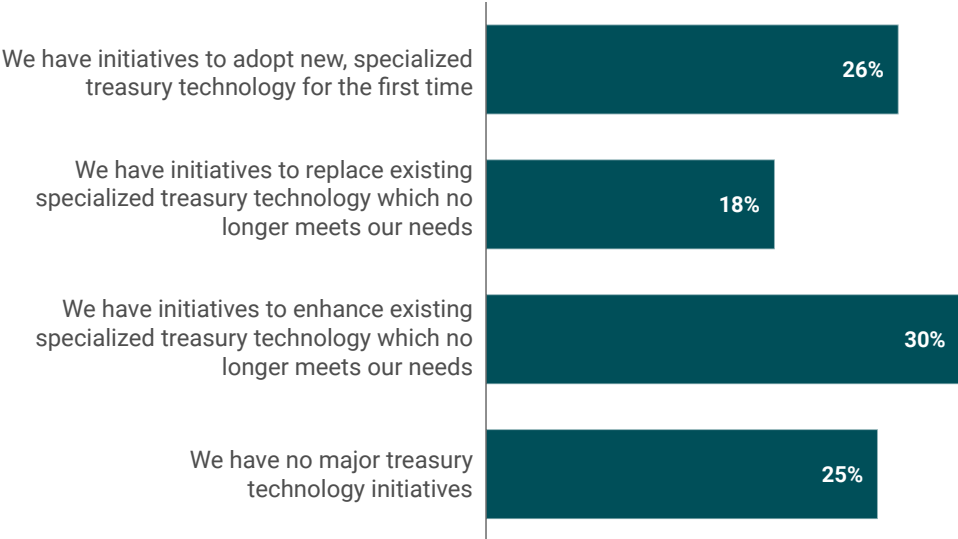
Treasury Technology Adoption and Enhancement a Top Priority

Three-quarters of respondents said they had a treasury technological adoption, replacement or enhancement initiative in 2019.

Key takeaway:

Treasurers are seeking new technology solutions to address expanding responsibilities. While many corporates globally have adopted treasury management technology, often that technology remains absent or underused for complex treasury functions such as cash forecasting, risk quantification, and limit setting and monitoring. There is an opportunity for corporates to optimize existing technology. In addition, some companies may be using antiquated or outdated technologies that require replacement.

How would you describe your global treasury technology initiatives in 2019 and beyond?



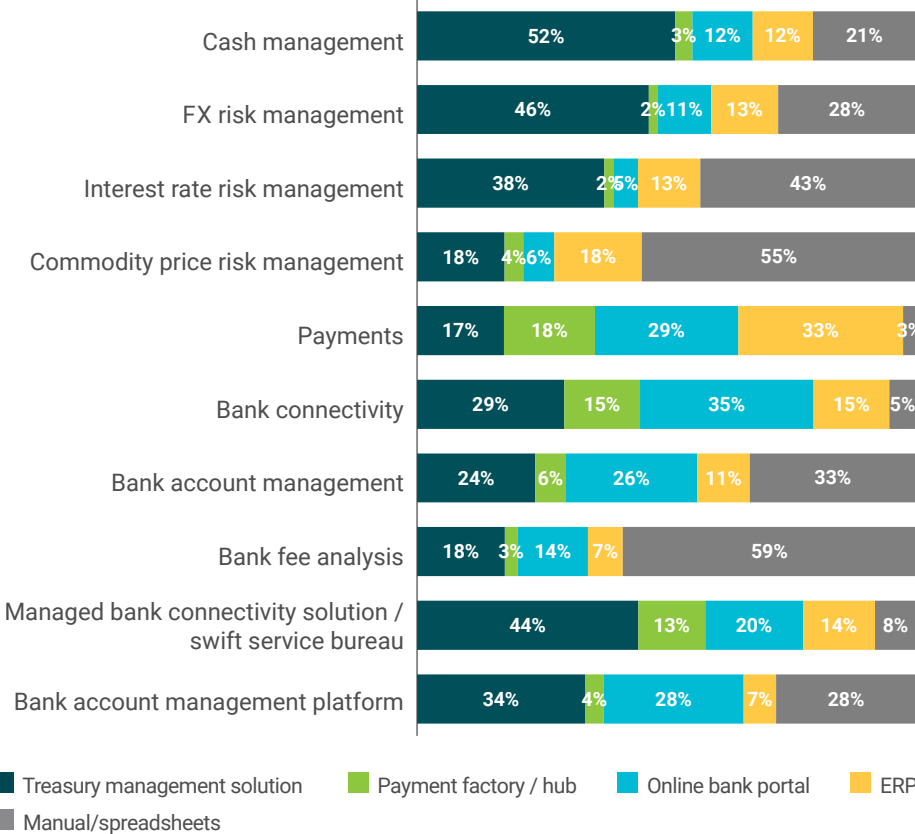
Treasury Technology Use Varies Greatly by Function

The technology tools treasury uses vary considerably by function. Functions such as cash management and payments are often managed using best-of-breed treasury management technology. Functions such as bank account administration and bank fee analysis are still managed using manual or office-based technology.

Key takeaway:

There is an opportunity for corporates to adopt new treasury technology or expand their use of existing technology. This will help improve efficiency, and automate and centralize key functions such as liquidity management and foreign-exchange risk management. Treasurers without specialized technology face higher operating costs and greater risk across functions.

What primary tool does your company use to manage key functions?



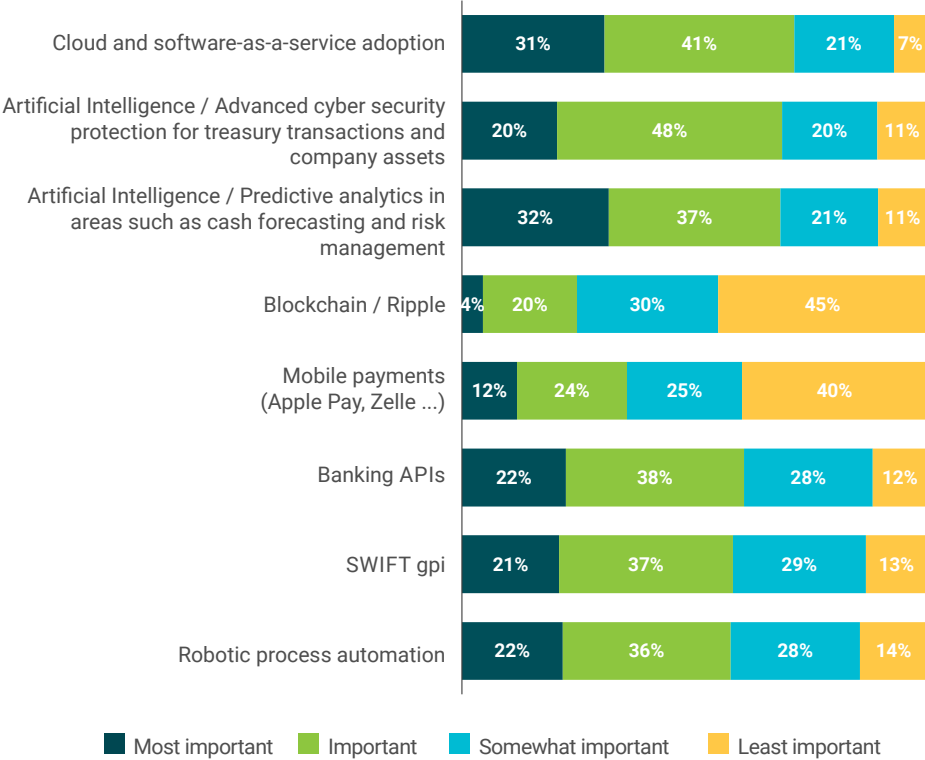
The Most Important Technological Developments

Cloud and AI in key functions such as cash forecasting are among the most important technology developments for corporates.

Key takeaway:

Corporates will seek to work more closely with technology providers that can proactively offer new solutions to simplify the management of complex treasury functions and mitigate cyber-risk. Adoption of cyber-risk technology will grow in conjunction with cloud solutions. Organizations seeking cloud solutions will expect cloud providers to package cyber-risk prevention technology within solutions.

Which treasury and payments technology developments will be most important in 2019 and beyond?



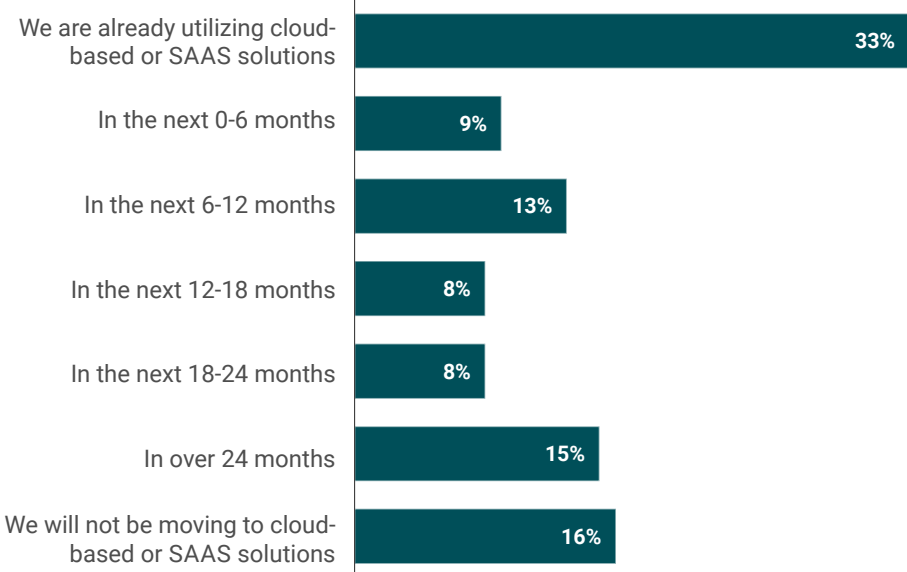
Cloud Adoption Rates Continue to Rise

While only 33 percent of respondents use cloud or software-as-a-service (SaaS) solutions today, 84 percent are likely to use them in their treasury organization within the next few years.

Key takeaway:

Cloud solutions have become the preferred method of technology deployment for treasury departments. Many treasurers prefer SaaS for its simpler implementation, lower total cost of ownership and easier system maintenance. The greater availability of SaaS solutions from technology providers will lead to greater adoption among corporates in the coming years.

Are you planning to use cloud-based or SaaS solutions within your treasury organization over the next few years?



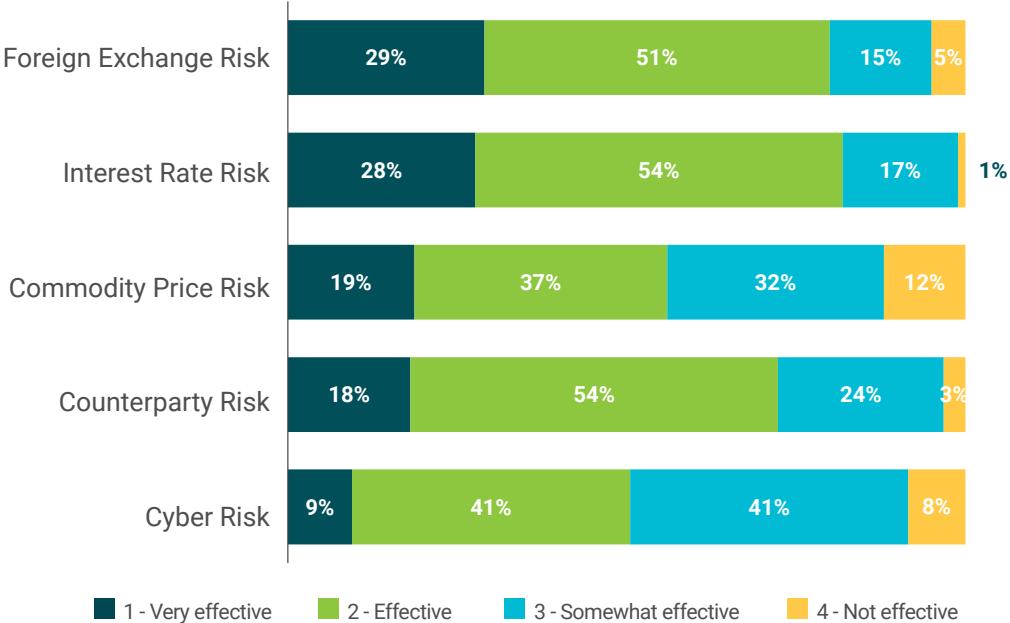
The Risk Management Challenge

Less than one-third of treasury departments consider themselves very effective at managing risk. Cyber-risk is especially challenging for treasurers.

Key takeaway:

Best-of-breed treasury and risk technology is underused across most risk management functions. The scope of the treasurer’s responsibility has expanded significantly in a short period of time to include a much greater focus on all areas of risk management, including cyber-risk management. Treasurers continue to be challenged in managing these new responsibilities. There is an opportunity for treasurers to better leverage technology to improve the management of risk.

How effective are you at identifying and managing the following financial risks across your organization?



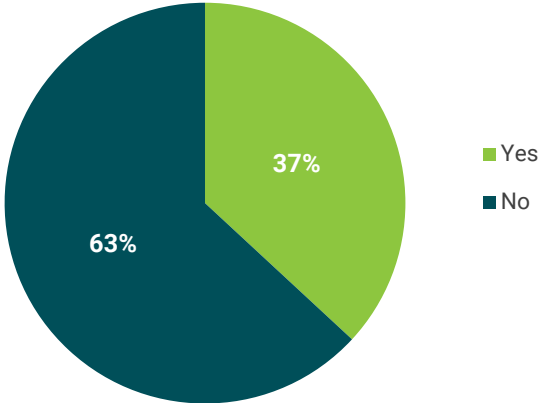
Bulletproofing Treasury

Most companies will be subject to fraud in the next year. As a result, treasurers are reviewing internal processes, security and systems in an effort to bulletproof their departments.

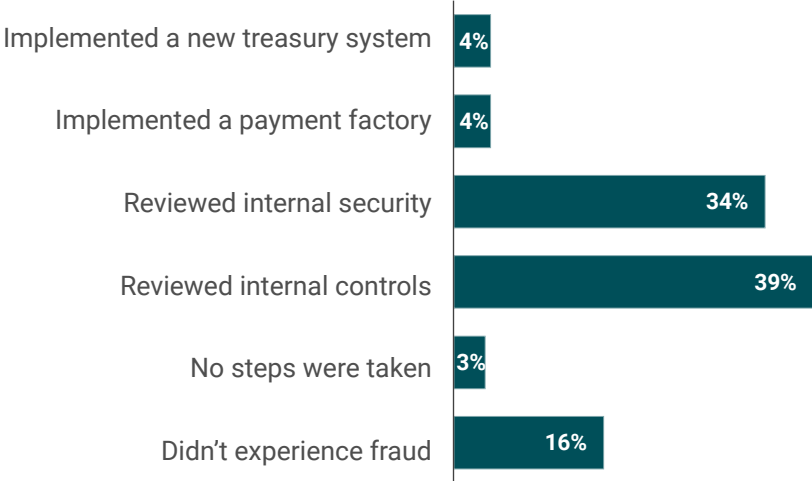
Key takeaway:

Treasurers have been challenged by their expanded scope of responsibility, which includes cyber-risk management. The best-protected treasury departments have educational programs for employees, processes for mitigating fraud and technology from reliable providers with strong security offerings. Because of the significant increase in targeted phishing attacks, companies must ensure their employees are properly trained in phishing tactics.

Has your company been subject to fraud in the past 12 months?



What steps were taken to prevent future fraud?



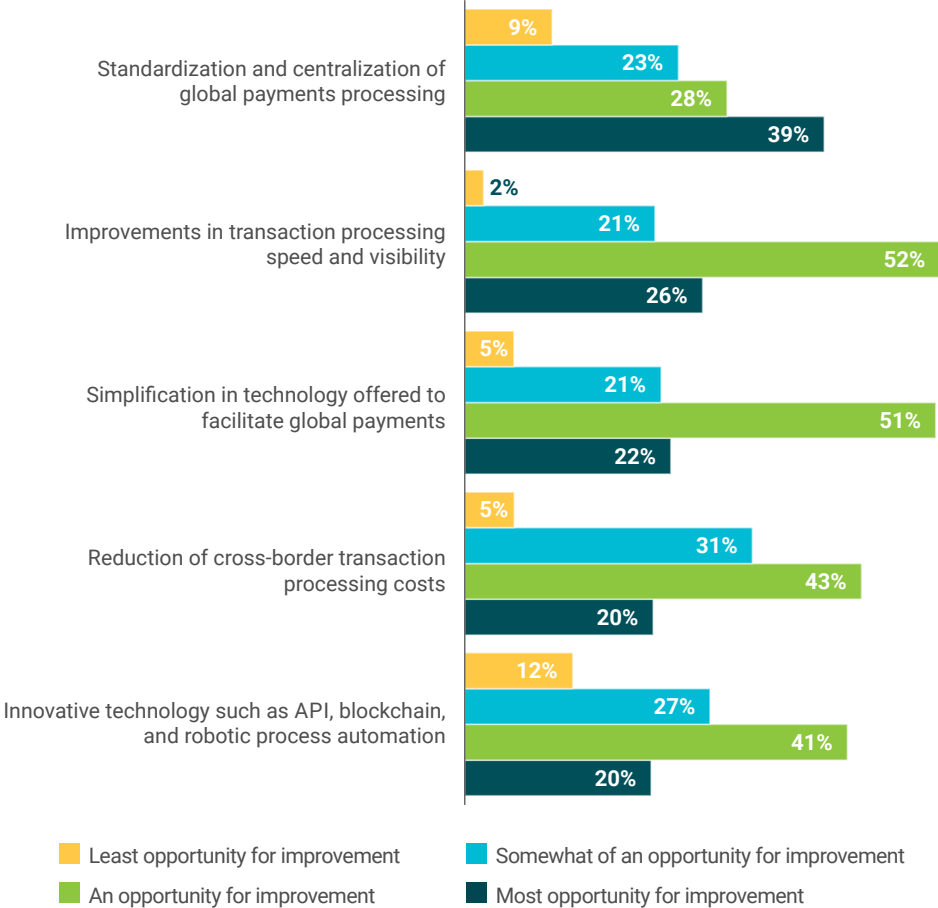
Global Payments Opportunities Abound

Treasurers see global payments centralization, standardization, and increased speed as the greatest opportunities for improvement in the payments function.

Key takeaway:

The prevalence of departmentally and geographically decentralized payment structures, coupled with dependence on banking platforms for bank communication and payments, hampers treasury’s ability to achieve a secure, automated and low-cost payments environment. With the wider availability of open API technology in 2019, options for bank communication continue to expand globally, bringing real-time payment options closer to reality.

Where are your greatest opportunities for improvement in global payments processing?



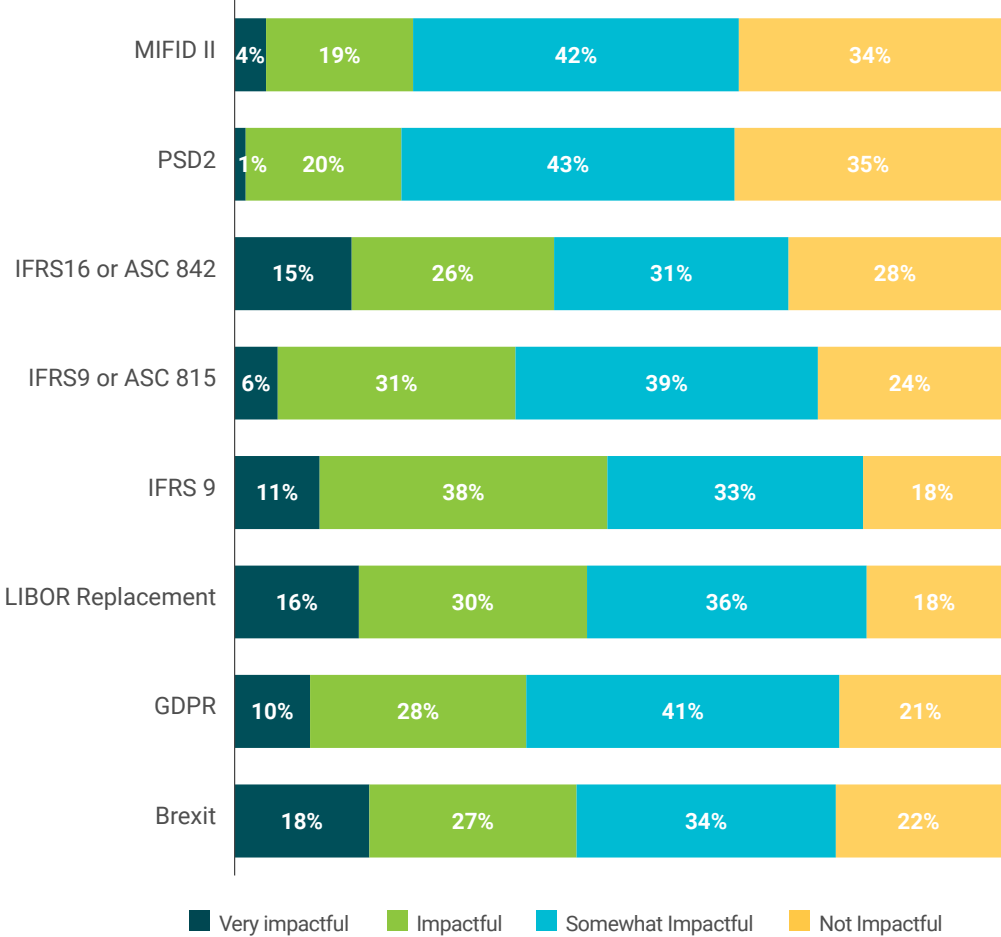
Navigating the Regulatory Landscape

The regulatory changes with the greatest impact on treasury operations in 2019 are Brexit, LIBOR replacement, and IFRS 16 and 9.

Key takeaway:

Regulatory navigation remains challenging. Brexit immediately affected foreign-exchange markets and will continue to concern treasurers as legal issues related to leaving the EU are finalized. LIBOR replacement has treasurers evaluating financial instruments to understand the impact on risk and liquidity structures. IFRS 9 will create practical challenges, primarily in reevaluating the impact of the accounting standard on their own financial instruments. Treasurers remain challenged in staffing for regulatory changes. Those with best-in-class treasury technology tend to have greater flexibility in managing changes.

How impactful are these regulatory changes on your organization?



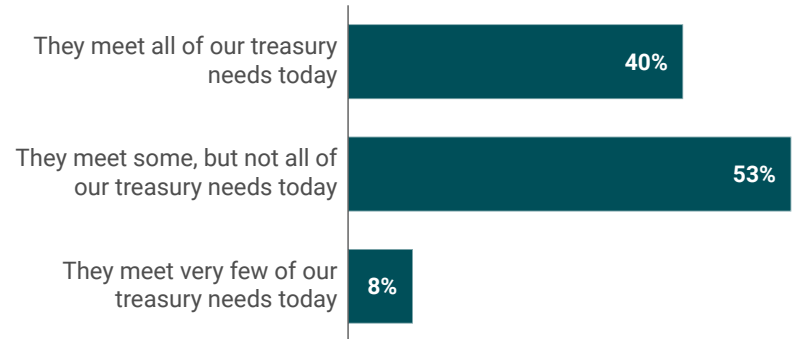
Simplifying Treasury Technology Adoption

Fewer than one-half of treasurers said treasury technology providers meet all their needs. Simplifying technology delivery and setup was the top opportunity for technology providers to improve the customer experience.

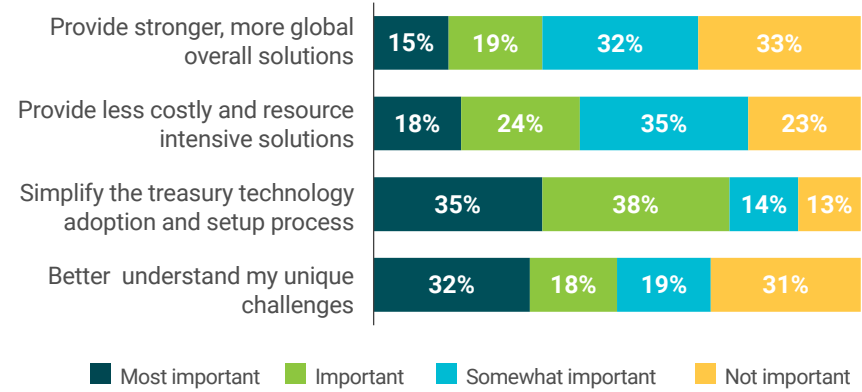
Key takeaway:

Treasurers are seeking powerful yet easy-to-deploy treasury technology. Technology providers that can improve the customer experience through lower-cost, lower-effort and faster implementations will be best positioned for success in 2019 and beyond.

How well do providers of treasury technology meet your treasury needs today?



What can providers of treasury technology do better in 2019 and beyond?



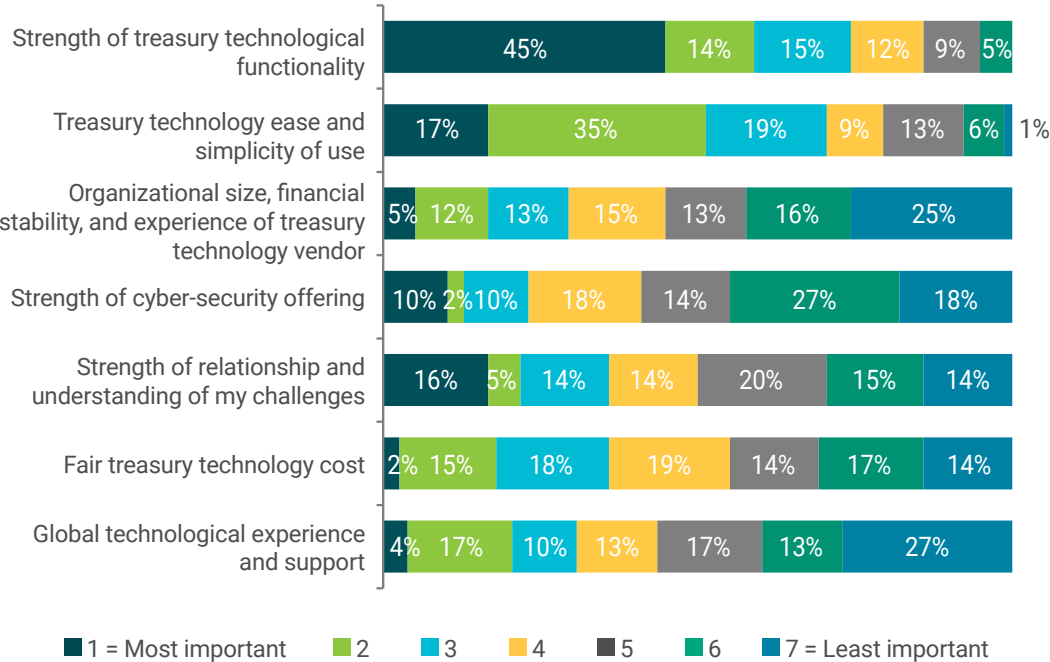
Treasury Technology Partnership Considerations

Functionality and ease of use are the top characteristics respondents look for in treasury technology providers.

Key takeaway:

Treasury departments are selecting technology partners by considering factors such as the product’s functional capabilities, vendor stability, market presence, transparency in financial statements, predictable pricing structures, and the ability to meet complex treasury needs. Vendors that can demonstrate a long-term commitment to product investment coupled with stable ownership structures will have the greatest success.

What are you looking for in a treasury technology partner?



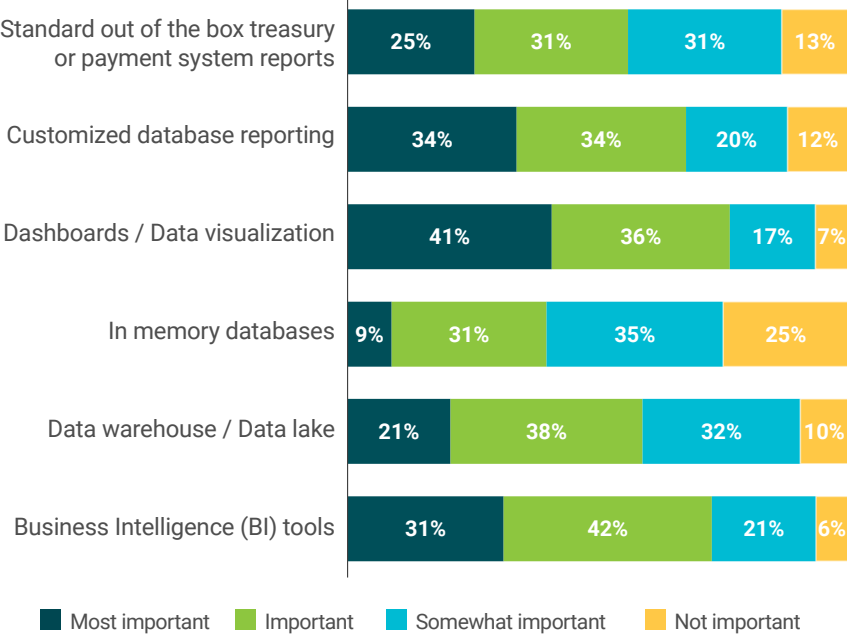
Treasury Reporting Requirements Evolve

The most important reporting technologies of 2019 are dashboards and data visualization, customized database reporting and business intelligence (BI) tools.

Key takeaway:

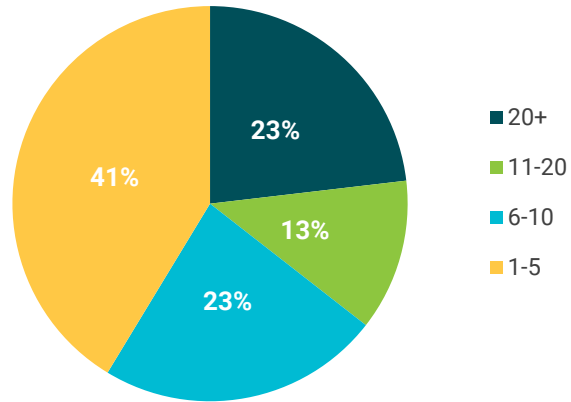
Treasury is increasingly focused on adding strategic value to the organization and on becoming the financial helm of the business. Raw data and information in spreadsheets are no longer sufficient to meet the demands of internal decision-makers and key external stakeholders. Treasurers are looking for treasury technology providers to offer intelligent reporting to more effectively optimize liquidity and mitigate risk.

How important will the following reporting technologies be in the next 12 months?

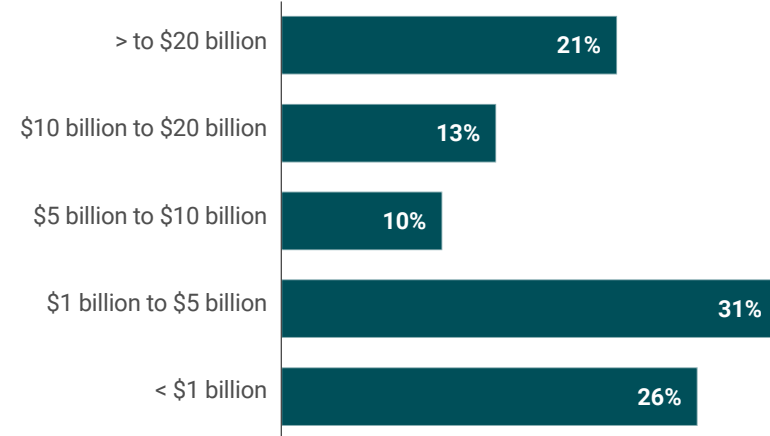


Appendix

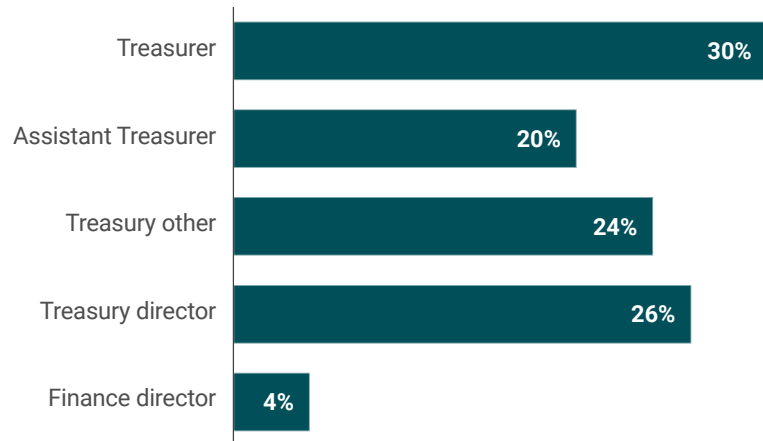
What is the size of your treasury team?



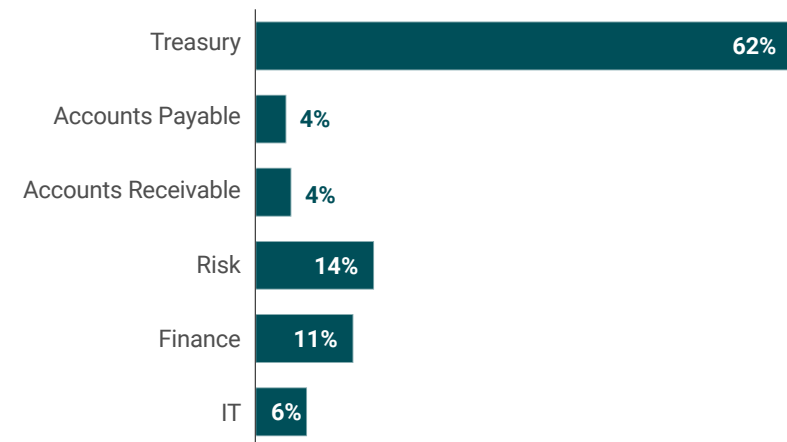
What is your company's annual revenue?



What is your job title?

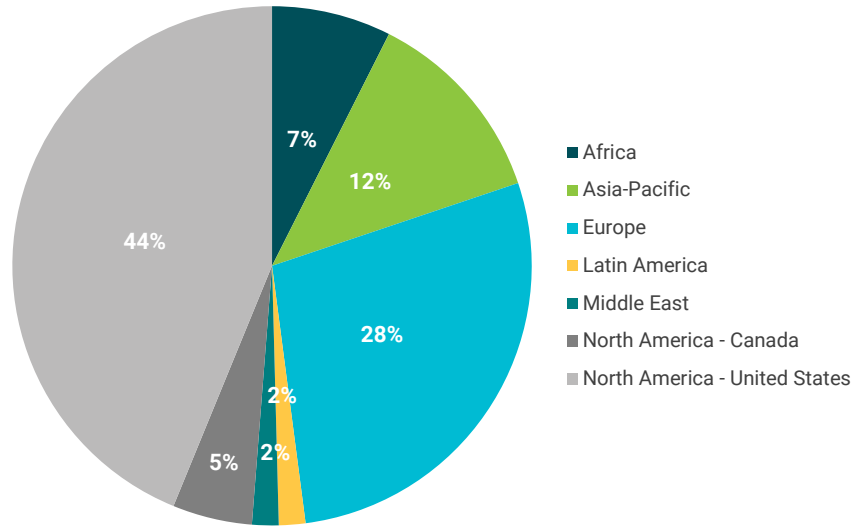


What is the scope of your responsibility?

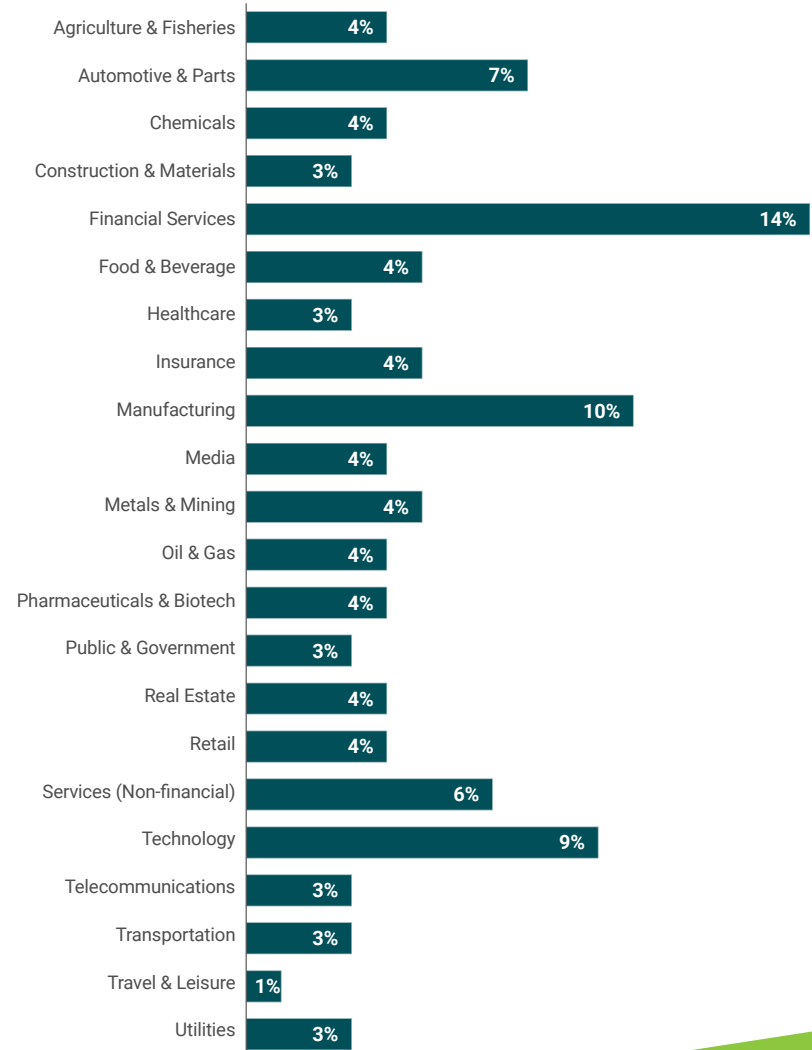


Appendix

Where is your company headquartered?



What is your industry classification



About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting, and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Fla., FIS employs more than 53,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index.

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