



# Treasury of the Future

A dream or reality?

March  
2019

# Treasury of Today

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## A mixed bag

- Some treasury functions already embrace:
  - Straight through technology
  - Full integration with ERP
  - Swift connectivity
  - Dashboard reporting (Apps)
  - In House Banking solutions
  - Virtual bank accounts
  - Multi-currency pooling and sweeping
- And then there is the rest of us







# Increasing Challenges

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## Regulations around the world

- ASIC (Banking Commission etc.)
- MiFID III
- ATO (Transfer Pricing)
- KYC / AML / PEP
- Modern Slavery reporting
- IFRS 9 & 16



# Increasing Challenges

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## Other - external

- Fraud risk – increasing sophistication
- Technology developments – real time payments
- Geo-political risk (Trump effect / Brexit)
- Negative interest rates

## Other - internal

- Increased demand for information (CFO)
- More sophisticated hedge strategies
- Better use of cash / working capital

# Defining the treasury function

## Treasury is in the liquidity and risk business - what else?

- How sophisticated is the CFO looking for treasury to become – are they looking for:
  - Portfolio hedging?
  - Optimising return on cash?
  - Optionality in tender process on major contracts?
  - Balance sheet and gearing optimization?
  - Minimising cost of capital?
  - Enterprise risk managers?
  - Insurance and pension specialists?
- All the above

# Routes we can take as a treasury

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For those starting on the journey there are 2 paths

## Outsource model

- Banks take on increase day to day functions
  - Sweeping, Netting and Pooling
  - Auto conversion of currency balances
- Utilize outsource providers to bring in skills (ASPs) and technology in support of your business
  - Hedging & valuations
  - Local treasury function for region

## Embrace technology

- Integrated TMS with banks and ERP
- Near real time reporting of global positions
- Solutions minimizing manual tasks and processes
  - Robotic Process Automation
  - Predictive learning



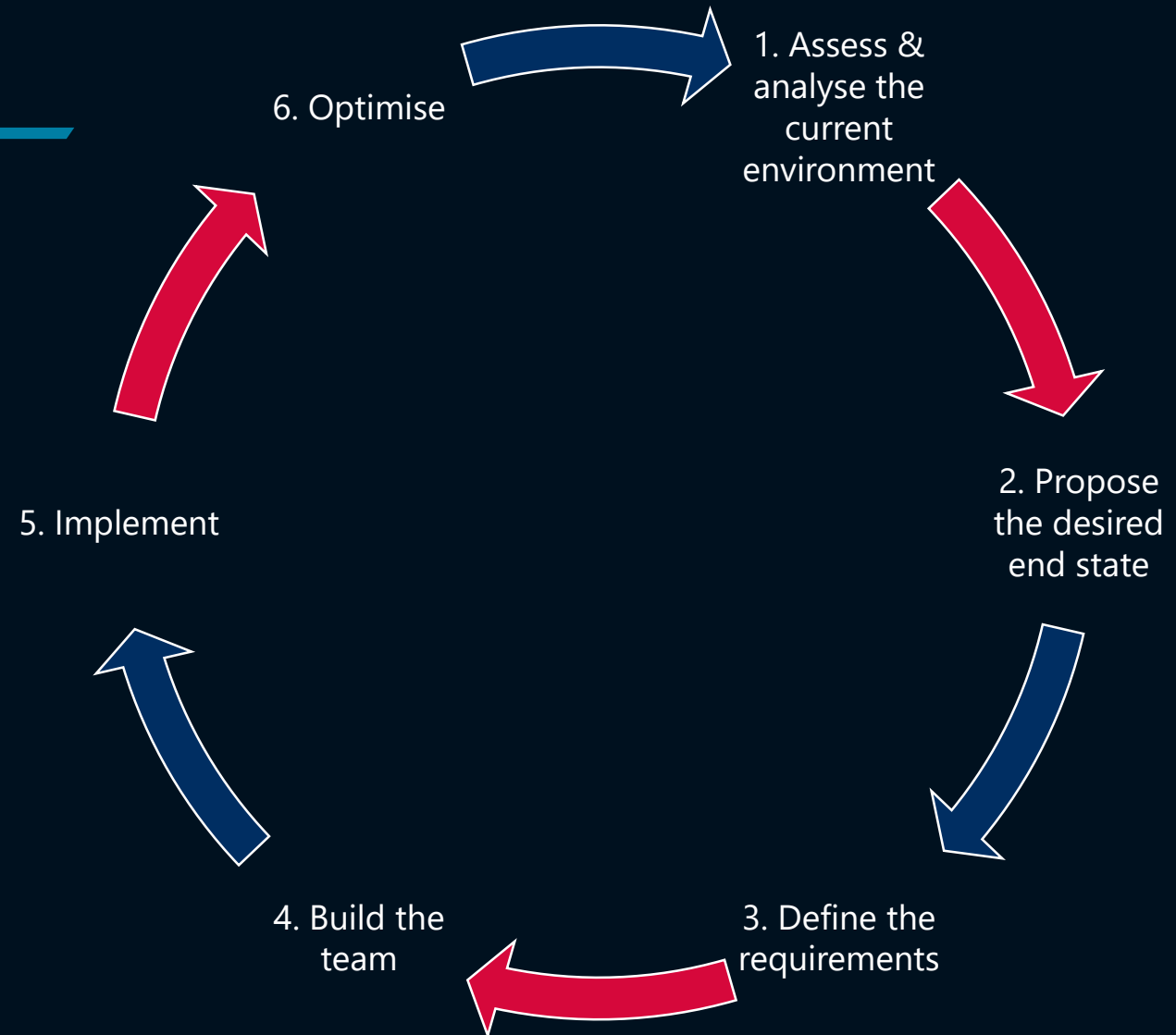
# The Journey

(assuming you wish to keep treasury in house)

# The first step

## 1. Understand the function

- Very manual and labour intensive processes using many own built solutions
  - Causing high staff turnover
- Poor use of cash
- Problems with paying bills on time
- Massive amount of paper being generated every month



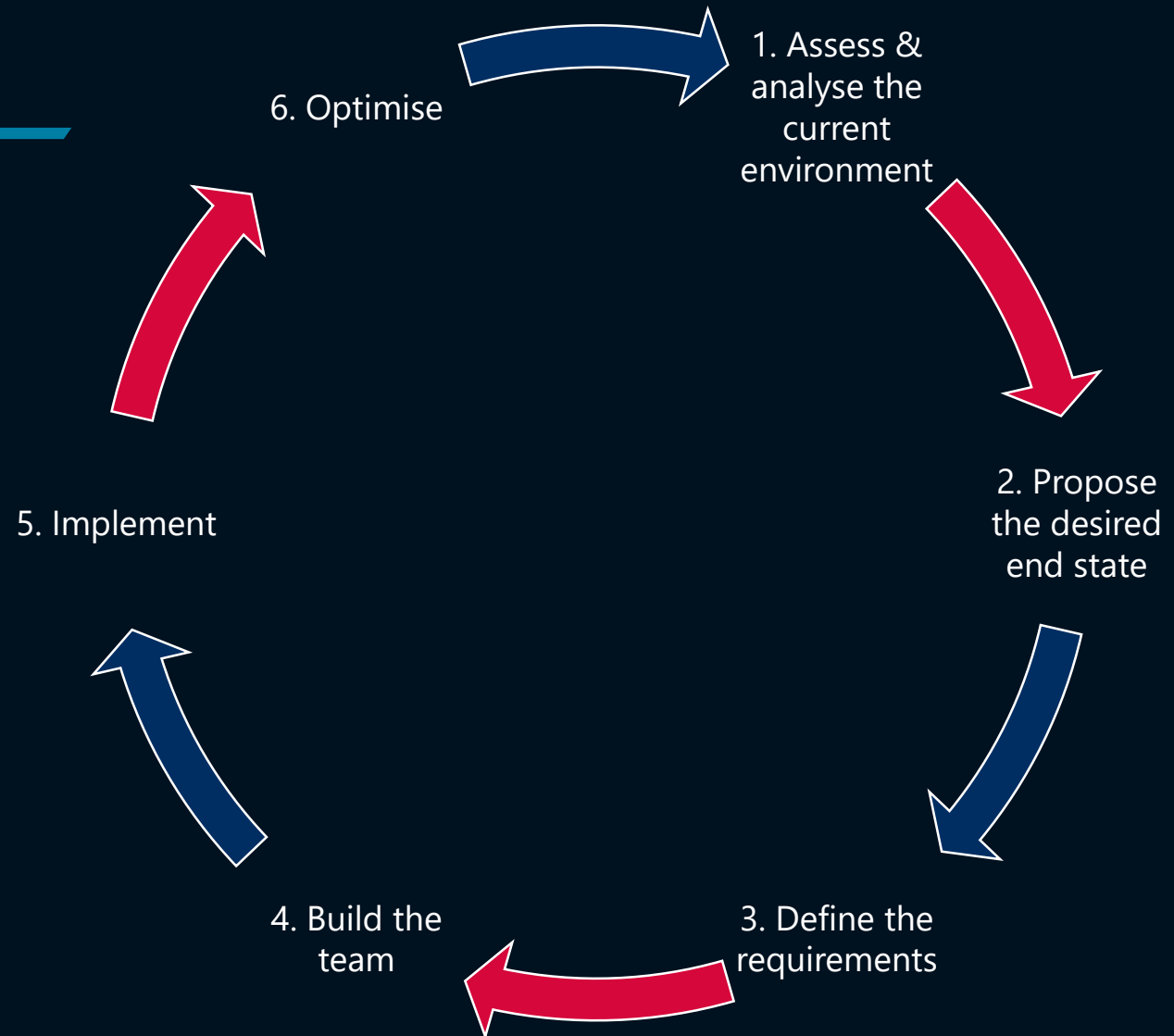


# Plan

- 2. Get buy in on end state
- 3. Define requirements

- Measured deliverables integrated in to an technological design
- Consider integration points
  - Banks
  - Finance & AP/AR (ERP)
- Reporting requirements

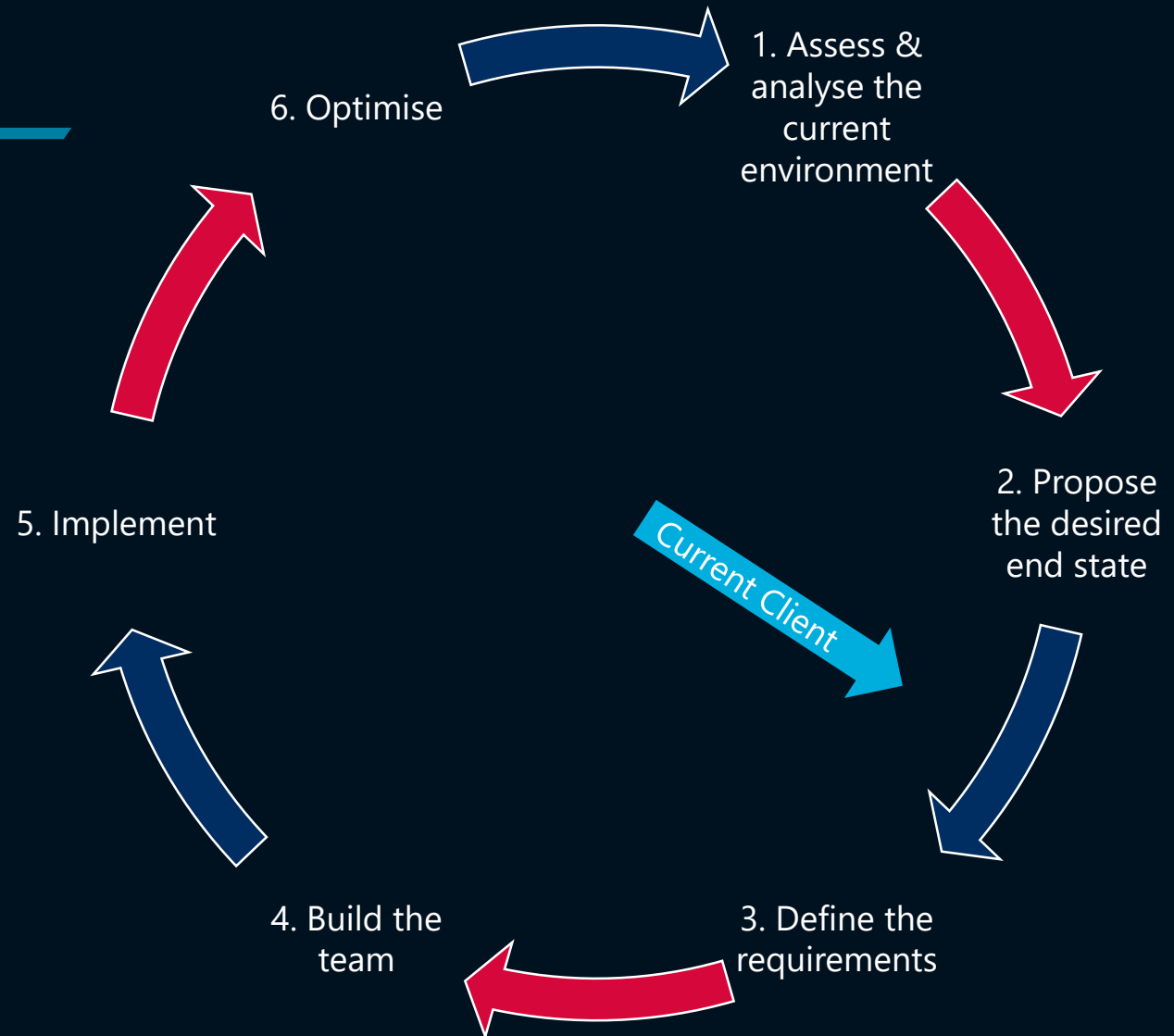
Don't forget the roadmap



# Start walking

## Remember it isn't a sprint

- Even Implementation doesn't have to be a big bang approach
- Get some quick wins on the board
  - Bank sweeps
  - Better interest rates on existing accounts
  - Simplify existing processes



# Treasury of the Future

Moving up the value chain



# Technology

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Ultimately technology will drive many of the changes

- TMS and ERP seamlessly integrated with your iPhone or Tablet
- Manual processes fully automated – leaving just the decision making in your hands
- Real time reporting and feedback on decisions
- Adopting AI to support liquidity and risk management (forecasting, scenario analysis, portfolio hedging)
  
- But will need management buy in to make a reality





# THANK YOU

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