

THE EFFICIENT TREASURY

We have polled a broad range of treasury specialists worldwide, including:



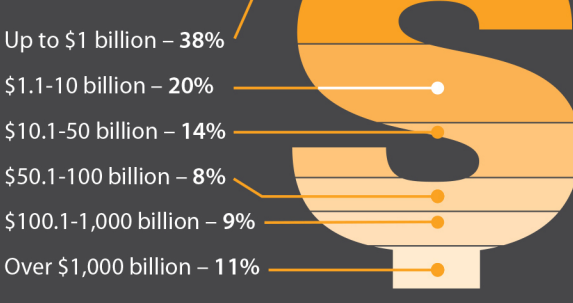
On a day-to-day basis, they oversee:



So what are treasurers currently focusing on?



Organisation assets size:



Treasury teams size:

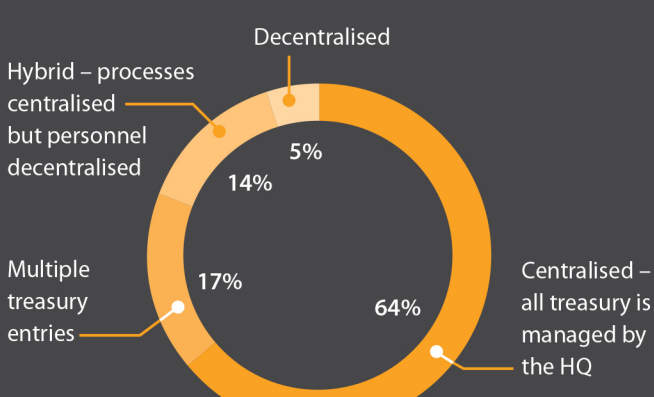


Regions treasury teams oversee:



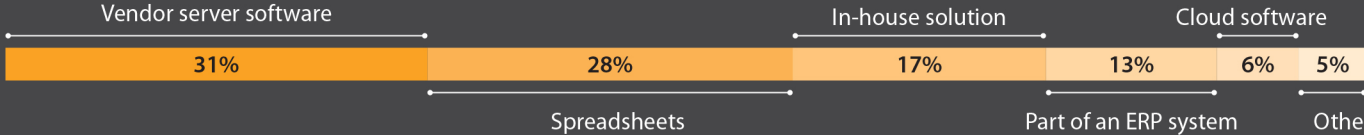
Centralisation

Treasury function centralisation levels:



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Technology currently in place



We asked: to which extent can you currently perform the following workflows with your treasury system automatically without the use of spreadsheets? Here are the answers:

Intra-day analysis of the full balance sheet:



Accurate gap analysis with aggregation from the contract level up without approximation or assumptions:



Aggregation to any business level/department:



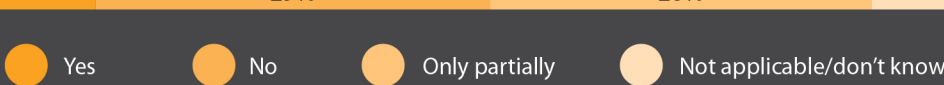
Liquidity Coverage Ratio not only used for monthly reporting, but impact can be seen intraday on the balance sheet on all regulatory parameters:



Dynamic forecasting and simulations:

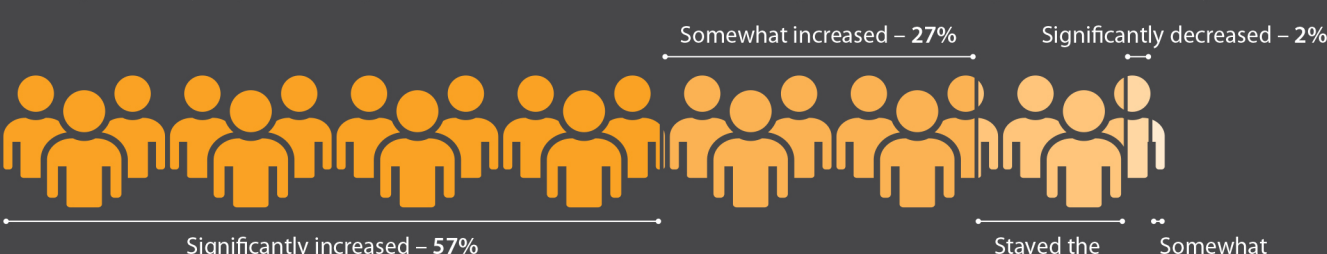


Proactive analysis of profitability:



Regulation pains

Changes in responsibility to provide regulator compliance of behalf of the organisation changed over the last 3 years:



Regulations that put the greatest compliance pressure:



Wishlist

If I could improve my current treasury system, this is the area I would focus on:



If there were one thing that I could wish for that would help us achieve our treasury department's vision for the future, it would be:



54% are thinking of transforming their treasury system to meet future demands

Top priorities in the coming year



The efficient treasury

The treasury function plays a pivotal role within a bank, and with great power comes great responsibility... and the need for automation.

Misys and Banking Technology conducted a survey to find out about the changing role of the banks' treasury and the degree of support received from current systems. How can technology help treasurers cope with the multitude of regulations, business transformation and industry demands?

Over half of surveyed financial institutions (FIs) – 54% – are thinking of transforming their treasury systems to meet future needs. It is no secret that corporates and SMEs are demanding increasingly global and sophisticated financing solutions. But whilst it is encouraging to know there is a desire for technology transformation, there is a big step between thinking of doing it and actually taking the plunge.

"For many it is still difficult to get their head around that IT should be seen as a driver for growth and revenue," observes Peter Farley, senior marketing strategist, capital markets at Misys. "It is still seen as an overhead and a cost, and that is part of the business and IT's problem not making the case."

Perhaps Banking Technology can raise the level of understanding and debate?

"Everyone accepts that the treasury role is changing quite dramatically and is becoming more complex," Farley states. "Treasurers are now increasingly being looked at as sources of generating profit, from being seen as having just book-balancing and reconciliation functions. Whilst they are not set profit targets, they are expected to contribute to the bank's overall profitability."

Treasurers' time is taken up by focusing on more accuracy across treasury operations, tighter hedges and reduced cost, he observes. They now hold control over proactive regulatory compliance and the access to transaction data for granular reporting. On the execution side, there is anticipation of seamless operations, diversification and informed decisions, Farley adds.

As the complexity is growing, so does the volume of the manual processes – over a third of the respondents (34% – the largest group) said they spend 30-50% of their week on manual/operational tasks. They are closely followed by another third of the respondents

(32%) who spend 11-30% of their time on these tasks.

Regulation is also seen as a key contributor to treasurers' pains: over half of the survey participants (57%) stated that changes in responsibility to provide regulatory compliance on behalf of the organisation significantly increased over the last three years.

There are new demands on reporting, risk management, capital and liquidity – with treasurers now being more involved in strategic activities. And yet...

"So many treasury departments are still doing a lot of assessment based on the end-of-day pricing reporting because of the siloed nature of where the data is kept," Farley observes. "But the regulatory change is coming. The challenge will be to extract real-time data from multiple cumbersome systems."

"New regulations, such as IFRS9 and FRTB, require far more dynamic demonstrations to regulators – close to real-time – that you understand your commitments and implications of doing business. So you have to run masses of computations using all sorts of sets of data and that could take you days to do under a lot of present structures. Technology can help you bring it down to minutes and also ensure back and front offices are using the same data across the enterprise for consistency."

And comforting comment for those shuddering at the thought of costs involved: "The cost of data storage has dropped dramatically – so it is not that it is as inaccessible as it used to be."

The penny is finally starting to drop, he says. It takes regulatory prodding and debate, but we are on the right track.

Education is also key, Farley states. "Treasurers within FIs have come out of a pretty narrow focus historically and yes, they have been asked to do more things, but they have not been taught how to do their job better."

That includes learning about technology capabilities, so the treasurers can discuss technology requirements.

Could it be that in many cases the tools' functionalities to make their jobs easier and reduce manual tasks are actually already there, but the treasurers simply don't know about them? Awareness is paramount, Farley states.

Tanya Andreasyan, Editor, Banking Technology