Treasury information

"For the treasury function, information is key. With the constant evolution of technology and the rise of big data, have there been any notable changes in the way that treasury departments obtain their information? Also, how can treasurers manage enhanced data and turn it into tangible business information?"

Martin Bellin, Managing Director, BELLIN:

If we turn the clock back ten years or so, traditional treasury functions typically operated with a standard approach: centralising everything at their headquarters and forcing subsidiaries to provide Excel-based reports. But it was gradually becoming obvious to more and more corporates that the centralised approach was no longer serving companies as well as they would have hoped. A new way of thinking – a new concept – was required.

At BELLIN, we call this concept 'Load Balanced Treasury'. It is built on the idea that a central treasury application is provided to all group companies to support their local day-to-day work in the best possible way. The benefit is that both account statements and payments can be automatically uploaded into the system at the local level, allowing for all subsidiaries to have access to data in real-time. The results are tremendous. The platform contains complete, real-time data, important in running all global treasury operations. Furthermore, hedging and funding and an optimised distribution of cash have become much easier.

The implementation of the 'Load Balanced Treasury' concept does require certain technology, however. Only full web-based systems can serve this purpose well. It does not matter whether they are cloud-based or installed at any of the company's data centres, but it matters a great deal that the chosen system can be provided on any device. It must be available on desktop computers, laptops and all kinds of handheld devices or smartphones without installation. Only then can the group companies and distributed users in different divisions all over the world start using the application simultaneously. The result is the availability of real-time information to the central treasury at any time.

SWIFT's initiative to modify Alliance Lite2 for use in hosted- or cloud-based business applications has been a significant boost to this new model. Circa 30 different companies have already signed up for BELLIN's SWIFT service – which embraces Lite2 – in order to reduce the amount of work in data collection and to optimise the concept of 'Load Balanced Treasury'. This clearly illustrates how important changes in technology are to the treasury's ability to collect up-to-date, accurate data.

And as technology continues to develop, the TMS landscape will be very different in five years' time compared with today's standard set-up. The secret is to embrace change, not fight it.

Markus Hofstaetter, Senior Manager, Financial Management, Head of Treasury Services, KPMG:

Today, treasury performance is not only judged on managing complex cash and liquidity processes, financing, and financial risks, successfully and in an efficient manner. Treasurers are also judged on the accuracy, speed, consequence and accessibility of their reporting.

Due to the trend towards enhanced centralisation and automation in treasury over the last few years, treasury-related know-how, significant financial processes (and thus data) have been pooled in centralised treasury functions with the help of professional treasury management systems (TMS). By doing so, financial control, transparency and efficiency have increased significantly, relieving operational business units from many treasury-related activities. At the same time, this has also enlarged the demand to act as an internal business partner and information provider – not just a data provider.

Access to such information places treasurers in the privileged position of having both control of the information with the unique bigger picture view, and the empowerment to act on it internally and externally. A group-wide view over cash positions, liquidity forecasts, debt service schedules, payments, financial risk exposures, hedging positions, risk simulations and treasury accounting are just a few of the key topics a treasurer should centrally manage and report on.

A considerable amount of the required information can be derived from a modern TMS – and this should therefore qualify as the ultimate reporting and analysis tool, even for smaller treasury units using SaaS-versions. However, reporting is still a critical element for all systems, from entry to high-end solutions, as system standard reports rarely meet the treasurer's requirements beyond transactional information and thus, have to be tailored to a treasurer's needs. This causes either high costs for system