New technologies will enable treasurers to reinvent how they manage capital, liquidity and risk – and solidify their role as strategic business partners – if they plan accordingly.

The emergence of real time transactions, the growing complexity of cross-border flows, and automation of treasury processes promise to profoundly change how corporate treasurers do their jobs. The burning question, though, is: How and when will emerging technologies fostering these trends permeate treasury operations and impact treasurers’ daily lives?

To address operational challenges, treasurers need to understand which technologies will solve specific treasury problems – and where various treasury innovations are on a commercialization trajectory. This means stepping back and aligning current and imminent developments on the technology front, with a treasury roadmap for the future.

Technologies that are tackling emerging innovations and marketplace trends might see adoptions in the next three to five years, while others will not deliver enterprise-wide benefits for at least five years.

Next three years: Consolidate control and gain efficiency

In the short term, most corporate treasuries should remain focused on consolidating control and improving efficiency – using standard technology, such as enterprise resource planning (ERP) or treasury management systems (TMS) and electronic banking, to optimize processes.
Treasury and Trade Solutions

For companies in a mature state of optimization, the biggest immediate opportunities reside in the automation of operating processes and of low-value transactions. That said, according to a recent report published by Citi and Zanders titled, *The Future of Corporate Treasury*, only 10% to 15% of large corporations operate in an advanced state of optimization. These companies are well-positioned to look at new technologies, such as application programming interfaces (APIs) and robotic process automation, for example, that can take their treasuries to the next level.

For companies that have not yet embarked on the control and efficiency journey, now is the time to start – or risk being left behind. These companies should accelerate their efforts with an eye toward getting the technology right, gaining cash visibility enterprise-wide, and simplifying and centralizing treasury structures. Given the close collaboration among banks and treasury technology providers, implementing treasury technology that is connected to an ERP and financial service providers will ready these companies for the next steps.

No matter where companies are on the optimization curve, financial service providers can offer easy-to-implement solutions that require no additional technology infrastructure investment. Citi, for example, recently launched two online services that streamline and digitize the maintenance of bank accounts and liquidity structures, respectively.

The CitiDirect BE® digital account opening service replaces cumbersome paper and courier-based account opening processes with technology, collapsing account opening turnaround times to as few as two days. This breakthrough service leverages the CitiDirect BE online banking platform, digital signatures, and company data already in Citi systems. It automates and accelerates the account opening process, while giving companies more direct control over it.

Similarly, a new CitiDirect BE Cash Concentration portal sets a new standard for managing cash concentration structures, enabling actions to be conducted in minutes that once took several days. Automating the movement of funds between accounts in target balancing structures, even cross-border structures, is nothing new. However, making changes to liquidity and pooling structures themselves has remained primarily an offline activity – until now. CitiDirect BE Cash Concentration users can perform a wide range of adjustments immediately and on their own, including: modifying target balancing parameters, suspending or reactivating sweep pairs, and amending interest reallocation rates, to name a few.

Banks are also rolling out automated solutions for managing FX challenges that are associated with growing cross-border flows and more extensive and complex currency mixes. Citi’s multi-currency notional pooling offering, which allows companies to offset balances in different currencies, is one such solution. It can even be combined with a virtual account construct to segregate account balances under a single physical account to also support goals associated with centralizing payments, receivables and liquidity management.

Treasuries that embrace the changes being brought about by fast-moving technological developments will both excel and play a more strategic role in their businesses.
In three to five years: Taking data to a new level

In the medium term, treasuries will see the use of data change dramatically, bringing greater accuracy in forecasting and rules-based decision-making.

Today, forecasting remains people intensive. In fact, more than 70 percent of corporate treasuries rely on manual inputs as part of their forecasting processes, according to a recent Citi Treasury Diagnostics survey. This situation reflects the shortcomings of fractured data and technology infrastructures.

Big changes are in store, however. With the maturing of AI-driven technology, algorithmic forecasting is emerging. The forecasting technology of tomorrow will not simply search and analyze patterns in historical data, it will leverage big data analytics to predict cash flows and, eventually, to provide suggestions on actions to be taken next.

Over the next five years, treasurers that put in place the proper big data strategy, plus processes and technology for consolidating lots of data in an integrated system, will see their data being aggregated automatically and transformed into a coherent view of cash forecasts, allowing for optimized deployment of liquidity.

Five years and beyond: Real time is ubiquitous

In the long term, or at least “long” in technology-centric timeframes, real time will become a reality.

Real-time, around-the-clock clearing and settlement systems will reach critical mass worldwide over the next five years. Instant payments and receivables, instant FX, and instant trade settlements will demand new approaches to managing liquidity and mitigating risks.

In a world where the economy is always on and “instant” is the new norm, end-of-day cash management will be gone, cutoff times will not exist, transaction values will be received in real time, and surplus cash can be invested automatically for optimum risk and return based on trusted data feed.

Treasurers looking out five years and beyond must be prepared to manage liquidity 24/7 and to automate more of their decision-making. Machine-powered forecasting and prescriptive analytics, plus AI-enabled decision-making and deal-making, will all be part of the treasurer’s toolbox of the future.

“We are seeing a truly generational shift in liquidity management. The traditional view of end-of-day balances, daily interest payments, and currency cutoff times, will disappear as we transition into the exciting arena of real-time, instant liquidity, bringing ever more efficient working capital and liquidity management to our clients across our (and their) full global network,” says Mark Smith, Global Head, Liquidity Management Services, Citi.

Partnering for the future

The shift to a fully-automated treasury and real-time liquidity and risk management will progress differently across industries and enterprises. Treasuries that embrace the changes being brought about by fast-moving technological developments will both excel and play a more strategic role in their businesses.

What’s more, the evolution of treasury systems and tools will be boosted by deeper linkages between ERP and TMS providers with major financial service providers.

As treasurers adapt to a quickly changing treasury ecosystem, they can look to trusted banking partners and treasury platform vendors to help them plot a sound course for the future.