Tackling Global Treasury Challenges:
3 Big Ideas for Better Cash and Foreign Exchange Management

Technology. It’s a metamorphic force, running at full tilt, that keeps corporate treasurers on their toes.

Today, it is more important than ever for treasurers to stay plugged in to emerging innovations, such as AI- and machine learning-based tools and real-time payment networks, that are redefining the world of cash and Foreign Exchange (FX) management.

So, as treasurers look beyond the drum of day-to-day operating demands, what are the big ideas emerging on today’s technology-driven and increasingly borderless cash management landscape?

Idea 1: Integrating liquidity and FX management, globally

Liquidity management is entering a new era of simplicity and efficiency, whether it be managing and aggregating funds dispersed across non-functional currencies, physically moving FX and cash, or achieving visibility into global cash positions.

For instance, cross-currency sweeps utilize same-day rates when automatically converting non-functional currencies into functional currencies on an intra-day basis – a stark contrast from what has traditionally been a two-day spot process – and therefore making it easier to manage liquidity and cash funding deployment across a company’s global currency footprint.

Such intra-day capabilities, along with new digital tools, are boosting the prominence of liquidity management in moving from a behind-the-scenes activity to an up-front decision making driver.

A case in point is a new tool from Citi that allows treasurers to manage their cash concentration structures in real time. Treasurers that use CitiDirect BE® Cash Concentration can automatically update various parameters that help them control their operating cash and ensure funding is available at the right place, at the right time. In addition to that, it also helps manage adjacent and pertinent cash management activities like transfer pricing and inter-company lending.
**Idea 2: Redefining cross-border receivables**

Cross-border receivables is another area where technology is driving big changes and promises to provide treasurers with welcome relief to traditional pain points.

An organization’s trading and treasury model will determine how acute its receivables challenges are. Generally speaking, the top challenges associated with cross-border receivables fall into three broad areas: reconciliation, currency-related complexities and suboptimal payment terms.

**Accelerating Reconciliation with AI and ML**

Two of the largest inhibitors to fast and efficient reconciliation are payment delays and lack of information transmitted with payments. This gets further complicated when cross-border/currency-implications are introduced. Now, banks are creating solutions based on new-age technologies that dramatically increase straight-through reconciliation, even in instances where there is missing or decoupled payment information.

Citi® Smart Match is one such solution. It reduces cumbersome manual matching processes by bringing together disparate pieces of payment data and applying artificial intelligence (AI)– and machine learning (ML)–enabled logic to match payments received with expected receipts. AI technology scans emails or attachments for key remittance details, and ML technology learns from payment patterns and behaviors, continually improving matching rates over time and speeding up cash application processing.

**Simplifying Currency Complexities**

Whether payers are invoiced in the biller’s currency of choice or their own, there is an inherent complexity and FX risk implication for both the billing company and their payers.

Banks are responding with solutions that simplify currency-related complexities in the receivables space. Citi specifically is leveraging its market-leading in-house FX capabilities to enable billers with a more flexible invoicing model to offer its payers, while removing FX risk for both counterparties. Citi is also streamlining and accelerating the account opening process across domestic and foreign currencies and markets, making it easier for companies to respond to and fulfill their operating needs.

**Optimizing Payment Options**

Billers typically prefer the simplicity of international payment options over local offerings, which unfortunately brings complexity into the lives of the payers, causing delays in payment and therefore receipt of funds. Offering local payment methods that simplify life for the payers can alleviate the friction inherent in cross-border receivables and increase certainty that the payment will be settled in full and on time. Citi is creating a solution that allows payers to pay in the currency, instrument and market of their choice, while at the same time providing billers receiving funds globally with better FX risk management and straight-through reconciliation solutions.

“Banks like Citi are streamlining and accelerating the account opening process across all currencies and markets, making it easier for companies to respond to their operating needs.”
Managing payments is a more easily controlled activity from a corporate’s perspective than managing receivables. Nevertheless, persistent challenges do exist, such as those associated with legacy systems, beneficiary information gathering and exception handling, especially when it pertains to cross-border payments.

Fortunately, newer and faster payment and settlement systems have evolved, along with alternative payment methods such as mobile wallets. These systems overcome traditional pain points, responding to the emergence of new business models, leading to the trend of payment miniaturization and the demand for payments to be delivered faster, with more certainty and with end-to-end visibility.

Citi is leading the charge, joining forces with other major institutions, regulators, industry bodies and fintechs, rolling out instant payment schemes in markets around the world that respond to the changing demands of both buyers and sellers.

Within Citi, a major effort is also underway to create a single point of entry and consistent connectivity to all key local instant payment schemes via the company’s global corporate banking platform. This initiative includes incorporating cross-border capabilities that pair instant foreign exchange with instant payments, where possible, in addition to features such as tokenization of beneficiaries and digitization of document exchanges among many additional enhancements.

The goal is to remove the friction associated with cross-border payments so that companies can make them as though there are no border, limits, currencies or constraints.

Idea 3: Creating frictionless cross-border payments


Innovation in treasury management has picked up pace and the trend will continue, given the large-scale momentum behind this business. One of the key drivers is the rise of Fintechs and a realization in the industry that banks and fintechs can have a symbiotic relationship. These relationships are starting to bear fruit and are creating an accelerated path to commercial innovation for Citi. Companies looking to have a leading treasury management practice have a tremendous opportunity to understand the many swiftly moving pieces and engage the right partners for their treasury transformation journey.