

EUROMONEY

TREASURY NON-STOP:

EXCITEMENT BUILDS
FOR REAL-TIME

JULY 2018

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METHODOLOGY

Euromoney in partnership with Deutsche Bank created this survey to find out how treasurers are responding to the arrival of APIs and real-time systems. The survey was conducted between March 26 and May 4 2018. In total, we received 233 responses from global treasurers. The regional breakdown of responses were Asia (49%); Europe (26.6%); Americas (12.2%) and Middle East & Africa (12.2%). Respondents were recruited via email marketing, social media promotion and display advertising on euromoney.com. The survey was an online questionnaire made up of multiple choice questions split into three sections: payments & automation; technology, data & risk Management and real-time liquidity management. The survey results and analysis can be found below.

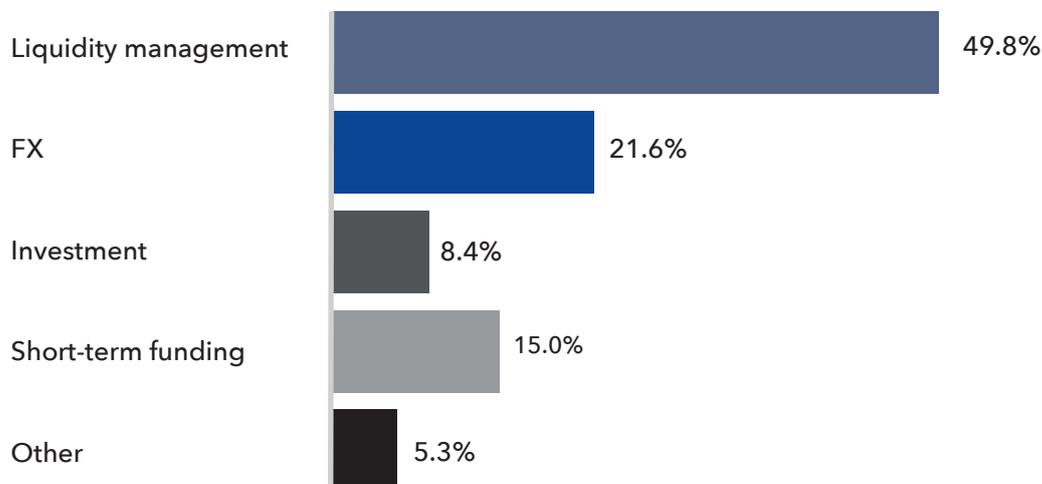
The influx of new technology is touted as having the possibility of revolutionising how the payments industry operates. Money can move round the clock, and cash flows can be more accurately forecast with a wider overview.

While there is much promise, the reality of what treasurers want and need has to be taken into consideration. In 'The impact of real time and APIs on treasury' survey supported by Deutsche Bank, the aim was to find out if it was going to be the technological revolution it was made out to be. Consulting with corporate treasurers and treasury professionals, the aim

of the survey was to test the appetite in the market for the arrival of real-time transactions, and how those surveyed foresee this impacting their business. Treasurers were asked about their plans to adopt the new technologies, and how they would find the best use of them in their daily operations.

Considering the areas of their business that most need to have automated operations, the greatest call for automation by far fell on liquidity management, with 50% of the vote. FX saw the second biggest response, with 22% considering it in need of automation.

WHERE DO YOU SEE THE GREATEST NEED TO AUTOMATE FUNCTIONS?



The results from the rest of the survey show how developing these two areas could be a significant benefit to treasury operations.

When asked about the effect real-time payments would have on treasury, it was seen as having a high impact by 47% of respondents. Just 6% believe there will be no change at all to their business from the onset of real-time.

This arrival of 24/7 instant payments is also predicted to change how treasurers run their operations. Asked how it would affect liquidity planning, forecasting and placement, 87% of all respondents stated it would have a positive impact. For those who are eagerly anticipating the arrival of real-time transactions, there are clearly high expectations for what it could achieve.

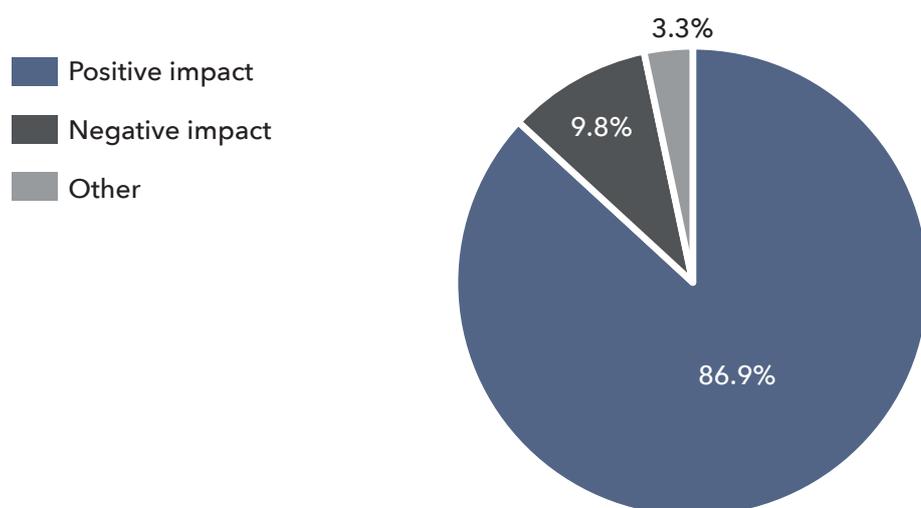
Having the ability to move cash 24/7 may also have a big impact on how well treasurers can manage their funds. Asked if having this ability would be of value to them and if they can manage their liquidity more effectively, such as through investing surplus cash balances, a resounding 85% stated it would be beneficial.

The arrival of open banking may well come as an easy win to the treasurers, who are able to operate more complex treasury management structures without having to make significant changes to their day-to-day operations.

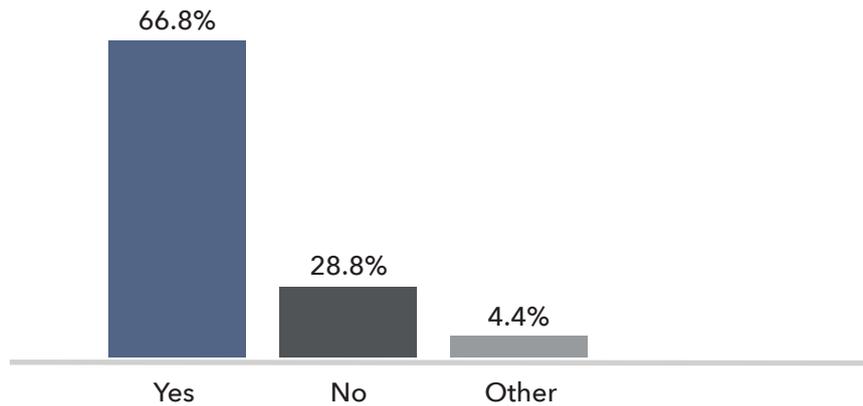
The implementation of APIs into the payments space is also opening up the opportunities treasurers have to operate more sophisticated cash management structures, and with little additional effort. A combined 57% stated they plan to use APIs to support cash concentration and forecasting across multiple banking partners. Interestingly, the result was slightly higher in just the corporate treasury response, with 61% planning to adapt their cash strategies.

The opportunities afforded by real-time extends beyond the ability to move funds. Should the ability to access an FX solution that provided fully-automated, 24/7 conversions become available, treasurers responded favourably towards utilising it. A total of 67% stated they would use the service for both inbound and outbound payments if they could access it.

HOW DO YOU THINK 24/7 INSTANT PAYMENTS WILL IMPACT LIQUIDITY PLANNING, FORECASTING AND PLACEMENT?



IF AVAILABLE, WOULD YOU IMPLEMENT AN FX SOLUTION THAT OFFERED AUTOMATED 24/7 CONVERSION, BASED ON REAL-TIME FX RATES, FOR BOTH INBOUND AND OUTBOUND FX PAYMENTS?



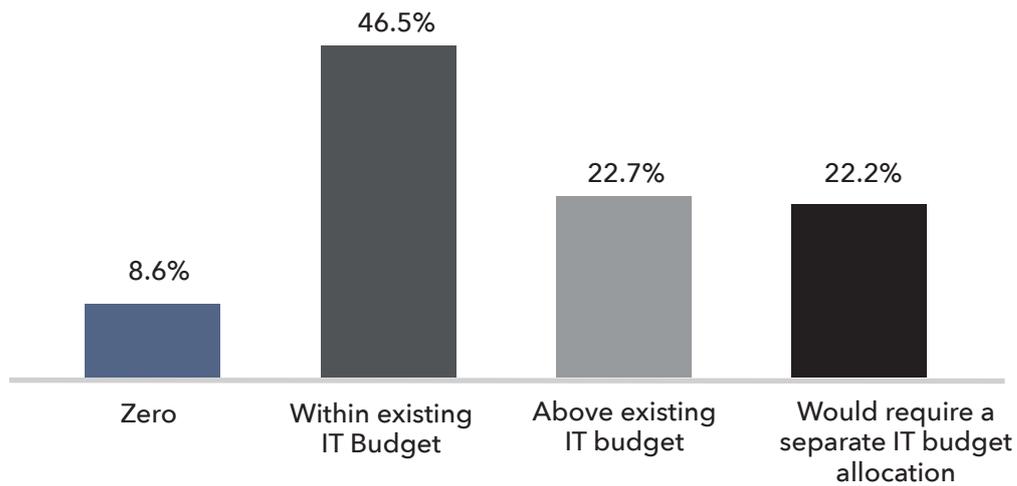
Even if there are worries about the possible cost, implementing real-time could be something treasurers may be able to do sooner rather than later. With the move to digital, updating IT has become a larger part of treasury spend, but one they have been able to prove to the C-suite is in need of increased investment. The combined results of the survey found 47% of treasurers think moving their technology to support real-time will come within their existing IT budgets. And a further 9% believe that it will require no additional spend at all.

Those looking for increased funds to invest may find some cost-savings measures open them if they are willing to innovate in other areas of their business.

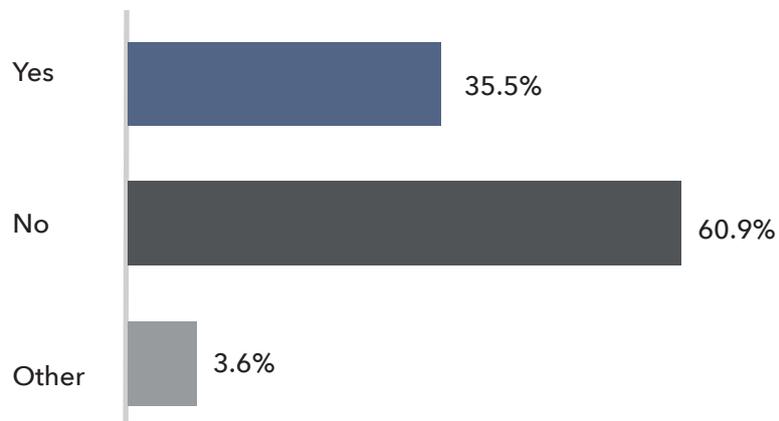
Questioned about whether they are working on a cloud/API integration strategy with their ERP or TMS provider, just 35% responded positively. While this may involve additional outlay in IT spend, the use of cloud systems can reduce costs. Although cloud adoption is only recently picking up pace, it represents an area which could be utilised to create internal efficiencies.

As instant payment systems continue to roll-out across the world, treasury is going real-time, and those that are prepared will be the ones to profit. For global treasurers covering multiple geographies and time-zones, it opens up a new world of opportunity in how they can oversee and manage their cash flows.

WHAT LEVEL OF INVESTMENT IN IT RESOURCE DO YOU THINK MIGHT BE REQUIRED TO MANAGE THE IMPACT OF REAL-TIME PAYMENTS ON YOUR TREASURY PROCESSES?



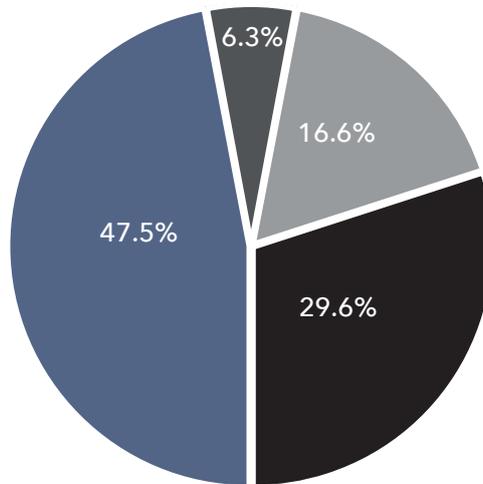
ARE YOU WORKING ON A CLOUD/API INTEGRATION STRATEGY WITH YOUR ERP/TMS PROVIDER?



ADDITIONAL SURVEY RESULTS

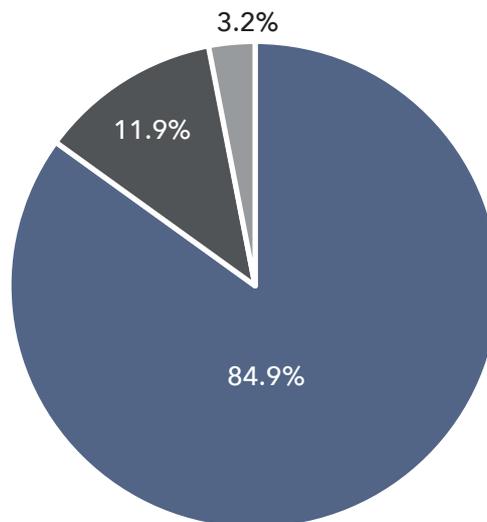
WHAT DO YOU THINK THE IMPACT WILL BE OF REAL-TIME PAYMENTS ON YOUR TREASURY DEPARTMENT?

- High impact
- Medium impact
- Low impact
- No impact

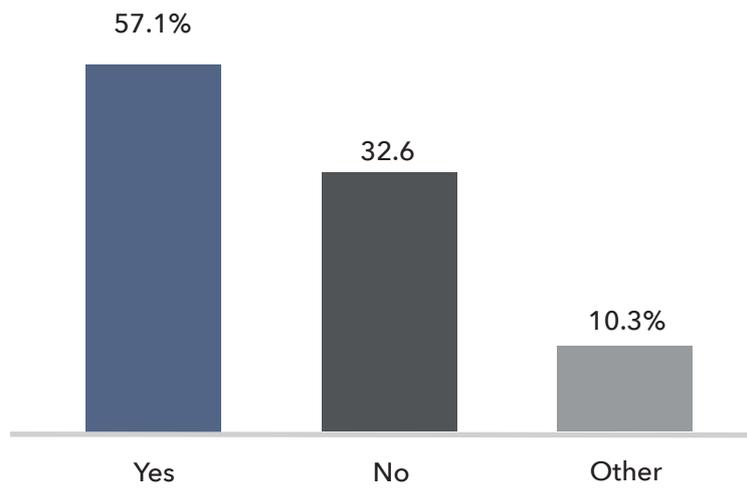


WOULD YOU VALUE THE ABILITY TO MOVE CASH/LIQUIDITY IN REAL-TIME 24/7 AND DO YOU THINK THIS WOULD HELP YOU MANAGE YOUR LIQUIDITY MORE EFFICIENTLY, E.G. THROUGH INVESTING SURPLUS CASH BALANCES?

- Yes
- No
- Other



DO YOU PLAN TO USE APIS TO SUPPORT CASH CONCENTRATION AND FORECASTING PROCESSES ACROSS MULTIPLE BANKING PARTNERS?



EUROMONEY

Corporates operating globally have to cope with economic complexity, shifting regulatory landscapes, as well as unfamiliar markets and currencies. To thrive, the treasury of tomorrow needs to have greater transparency over cashflows and payments, digital capabilities and the ability to marry flexibility with control.

Find out more at <http://www.db.com/cm>

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