



# A New Level of Treasury

BANK OF AMERICA 

## INTRODUCTION

# A New Level of Treasury

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**The treasury department has long since evolved from its origins as an isolated back-room function to being acknowledged as a respected partner in the business, but Bank of America recognises that the time has now come for a move to a new level.**

In this series of articles, senior experts from the bank give in-depth explanations of the structure and benefits of what they have termed the treasury-as-a-business (TaaB) model and its relationship with on-time treasury, in itself a development of real-time treasury.

In the article headlined Above and Beyond, Venkat ES and Aziz Parvez explain how the TaaB model enables treasury to become an influential business unit in its own right – an active planning partner across a wide range of activities. The main focus of TaaB is on managing liquidity and mitigating P&L volatility while delivering value-added services to internal business partners and other key stakeholders.

It can be seen as an operating model that reaches beyond traditional transactional and operating functionality and into the realm of strategy. Its role has developed into providing direction to the business units.

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*Whether reducing cost of capital and costs in general, or increasing process efficiency, these all play to the strength of on-time treasury.*

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The authors acknowledge that one of the main barriers to swift adoption of TaaB is the presence of legacy ERP systems. These may need updating, or perhaps multiple ERPs could be consolidated. It is also vital that all stakeholders, including external partners such as banks and vendors, are made aware of the concept. As a key partner, Bank of America is equipped with a strong advisory team that can guide treasurers through all the necessary steps during the move to TaaB.

On-time treasury is the subject of the article headlined *Marching to Your Own Beat* by Babu Vaidyanathan, Serina Hourican, and Sunil Bhatia. Real-time treasury, offering 24/7/365 operations, has significant benefits, but the authors query whether it is suited to the needs of every treasury function, and consider on-time treasury as a useful alternative.

On-time treasury provides the appropriate information to those who need it, when it is needed, and enables treasury to adjust the level and speed of data collection to suit its individual needs – the basis, in fact, of TaaB. On-time is easily deliverable in a phased approach, so that the corporate can pick the elements and timeline that exactly suit its requirements, and on-time offers the latest available information across all accounts, leading to accurate and timely decision-making.

One of the key technologies underpinning on-time treasury is the API, and companies need to be in a position to use these to integrate their own core systems into those of their banks, so that API calls can be triggered automatically when, for example, account balances across multiple banks and entities are needed.

Determining whether this latest treasury concept is right for one's organisation is aided by an invaluable summary included in the article, which identifies the critical steps towards its adoption. Data is knowledge and knowledge is power, the authors conclude, and when power is on tap "the whole organisation and its stakeholders benefit".

*We Want Information* is the title of the article by Connie Lyu, Geetika Vats and Narendra Parhi, who combine

their experience to examine the drivers, approaches, opportunities, and possible outcomes of the on-time function that "truly opens the door of treasury as a business".

They acknowledge that real-time, on-time periodically, and batch processing serve different treasury needs, and that there is no one-size-fits-all solution. The corporate should take a holistic view and give careful consideration to real business use cases in the commercial context.

The strength of on-time data is its ability to help treasurers rapidly identify changes in patterns, which ultimately enables a business to respond quickly to market events, new client payment behaviours, and supply chain challenges. Technology has a key role to play, and automation, from front to back office, is vital if the organisation is to reap the full benefits of transition.

Bank of America is fully committed to supporting the TaaB model and updating clients on the current position in the industry, ensuring that they are aware of the technological developments in payments systems. And as a global bank, it can offer a high degree of standardisation and flexibility. Bank of America has a consistent product, service and technology offering that complements the infrastructure required by clients to install effective TaaB operations.

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*TaaB is about managing liquidity and mitigating P&L volatility while delivering value-added services to internal business partners and other key stakeholders.*

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# Above and Beyond Introducing Treasury as a Business (TaaB)



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**Treasury has already moved from being an isolated back-office function to being a well-respected business partner. Now it's time for the next level. Bank of America's Venkat ES, Head of Treasury Products, Asia Pacific, Global Payments Solutions, and Aziz Parvez, Head of Corporate Treasury Sales, Asia Pacific, Global Payments Solutions, explain how adoption of the TaaB model will see the department become an influential business unit in its own right.**

During the pandemic and its aftermath, there were certain commercial functions that rose to the top of the pile out of sheer necessity. Indeed, with many businesses facing a cash crisis, and others on the brink, it often fell to the treasurer to bring cash and liquidity back on track.

Now, propelled by huge pent-up post-pandemic demand, growth may have been relaunched onto the agenda for many companies, but a strong riptide of global economic uncertainty continues to push the unsuspecting off course, not least with the ratings agencies. As a result, treasurers are stepping up once again to help steer their organisations in the right direction.

Despite (or perhaps because of) the challenges treasurers have had to manage over the past few years, a positive note is emerging. The treasury function has reached a stage in its evolution where the rest of the business knows what it is and does, and has seen first-hand the value it brings in times of need. So now it is time to take matters to the next phase, and for the role to push far beyond its original operational and

transactional duties to become an active planning partner across a wider range of commercial activities. In other words, says Aziz, it is time to realise the notion of TaaB.

Managing market volatility and ensuring liquidity has and always will be fundamental to treasury. But having stamped its authority over the most testing of periods, the emergence of usable real-time technologies has created the right environment for TaaB to flourish. It won't be rapid, and it will require a degree of preparatory work, but the rewards could be manifold.

## Revealing benefits

"TaaB is about managing liquidity and mitigating P&L volatility while delivering value-added services to internal business partners and other key stakeholders," notes Venkat. "It's how treasury can collaborate with AP/AR, for example, to effectively manage working capital and shorten the cash conversion cycle. With the sales team, it's managing credit risk while still driving revenue growth. And from a shareholder point of view, it's how treasury plays a significant role in enhancing return on equity, reducing the cost of capital, managing financial leverage, and controlling hedging activities to ensure optimal value of the available cash."

In other words, TaaB can be seen as an operating model that reaches beyond traditional transactional and operating functionality, into the domain of the strategic and value-driven, explains Aziz. "With treasury more closely aligned with broader company objectives around profitability and growth, TaaB

encourages a more proactive and strategic stance in managing various financial activities. And whether that be growth, acquisition, optimisation of cash and working capital, mitigating risk, or identifying any opportunity within these processes, the key to successful adoption of TaaB is the deployment of appropriate technology to help with the financial modelling that supports data-driven decision-making.”

Of course, being truly data-driven affords both sharper and on-time insights, continues Aziz. Treasury with access to all the relevant data sources can figure out from a liquidity perspective which of its entities are long or short on cash. It’s easier to manage the liquidity structure from a position of knowledge and, for example, ensure that no entity needs to draw down on a bank facility if another is long on cash; with rising interest rates, this is a major consideration.

It follows that a truly data-driven business can leverage better forecasting tools to improve its cash flow management. Furthermore, a data-driven model that also leverages analytics tools helps businesses better identify, assess, and manage financial risks such as credit, FX, interest rate or liquidity. “And better processes and technology, especially automation, can also reduce costs across all of these processes,” adds Aziz.

### New ways of thinking

For Venkat, TaaB draws treasury into the core part of a business strategy. “When considering elements of that strategy, treasury now becomes an integral part of the conversation, and that represents a fundamental shift in thinking about the view of treasury and how it can play a role in executing strategy,” he says. “Treasury now has a direct role in providing direction to the business units, with scope to incentivise or discourage particular business activities through finance.”

As an example, it may be beneficial when looking to increase or decrease the supply of capital to a particular subsidiary, to deploy a fund transfer pricing (FTP) mechanism. Using profitability analysis, it can help the business make informed decisions on transferring liquidity or funding costs to each entity, to promote or dissuade certain behaviours in alignment with the business strategy.

“Rather than leaving it for someone else to manage, treasury can play a proactive role when business units are considering how best to meet corporate financial objectives,” comments Venkat. Whether it concerns the percentage return on capital, or how policy is set and implemented, he believes TaaB sets up treasury “to become a trusted adviser to the CEO on how to execute on strategy”.

To be able to take a proactive stance demands strong data-driven capabilities, and that requires access to certain technologies, states Venkat. Conversations on the working

capital cycle in particular have evolved from real-time information, to real-time payments, to real-time liquidity. The next step, he predicts, is the emergence of real-time data analytics and business decision-making.

This will provide the capacity to guide treasury’s focus when managing key topics such as risk, process and cost efficiency, and yield optimisation. “To get there, analytics tools need to move to the next level in order to drive business intelligence that treasury can act upon in real-time. With AI, treasury tools and technologies are already moving in this direction; now we need to be able to factor in global operations and elements, such as multiple currencies and domestic regulations, to be able to offer real-time business decisions to treasurers.”

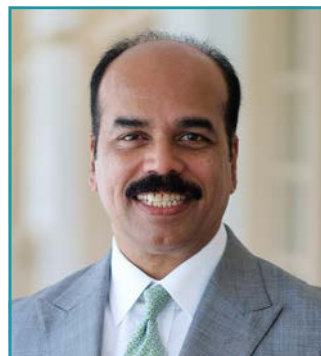
### Overcoming barriers

One of the main barriers slowing – but not preventing – a move in the direction of TaaB is corporate lock-in to legacy ERP systems. If this is the case, systems will need to be updated, says Venkat. It’s likely then that TaaB may have a cost and indeed disruption impact if the back-end requires modernisation. But there must also be a change in mindset to be able to leverage the advantages of TaaB, he adds.

“Treasury needs to be able to acquire and analyse new streams of data, which will often be widely distributed across the enterprise. Only thinking in terms of a centralised model of financial data, with treasury at its heart, will ultimately enable decisions to be acted upon in a timely manner,” explains Venkat.

It’s the case too, he continues, that simplified internal processes, likely derived from the consolidation of banking and technology service providers, will be required to ensure that both internal and external data can successfully juxtapose to provide the best actionable outcomes for treasury.

For Aziz, the proliferation of ERPs, often through M&A activity, is indeed the main impediment to TaaB progress. Integrating these, or preferably reducing them to one provider and one instance, will be a major step forward. Another



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positive move, he says, will be the implementation of a TMS, which he cites as “a critical central source of data, analytics, and automation for TaaB”. Of course, he cautions that cyber-security and fraud prevention must be appropriately heightened with any push towards greater digitalisation and centralisation.

As an additional step, Aziz suggests that a TaaB project should secure early stakeholder engagement, ensuring all are aligned with treasury’s aims. “TaaB is not something that will be achieved in the short term. Expecting quick results will lead to disengagement, so it is vital to manage their expectations on that journey.”

### Taking the first steps

The starting point for treasury is to define the objectives of TaaB, and ensure they are strategically aligned with the broader goals of the company, advises Aziz. Once objectives have been clearly defined, the next step is to assess current treasury activities, systems, and processes to find the gaps and determine what additional work is required to attain the objectives. The outcome may, for example, lead to consolidation of multiple ERPs, the deployment of a TMS, or a realignment of certain processes.

The assessment phase, adds Venkat, may benefit from a scorecard approach. Here, KPIs are useful because early quantification and clear target-setting will ensure the goals are easier to visualise, refine, and explain to other stakeholders.

Indeed, a vital action at this stage is to raise awareness of the concept among internal stakeholders – sales and procurement functions for example – and begin educating them as to what is required of them, and how they will benefit. Engagement should aim for full buy-in, says Aziz, because without it TaaB cannot be optimised.

The stakeholder group must also include external partners such as banks and vendors. These parties will need to fully grasp the ambitions of TaaB if they are to offer the right longer-term solutions. This means leveraging developing technologies, adopting global standards and datasets (notably through APIs & ISO 20022) not just for cost and efficiency gains but also to ensure strategic goals are being served, especially where the TaaB model aims to cast treasury’s influence far and wide across the organisation.

### Partnering for success

The move to TaaB may initially sound somewhat daunting. In reality, says Aziz, as a key partner, Bank of America is equipped with a strong and qualified advisory team that can guide treasurers through the necessary stages. “We bring them into these discussions as clients look to transform their treasury,”

he says. “They can suggest some of the best practices that they have experienced themselves or seen in practice with other clients.”

A key area of support will be on data analytics, notes Aziz. In Supply Chain Finance (SCF), for example, he says the bank will normally harvest huge payments and receipts data flows from multiple sectors. By analysing this data, the team is able to refer back to the client and discuss the feasibility of SCF as a means of optimising working capital. Clients may also be advised on how best to gain visibility over their liquidity and optimally restructure it as part of treasury’s move towards the TaaB model.

“The time has come for TaaB to be seen as an imperative,” states Venkat. “The benefits are clear. Treasury holds the reins of the chariot, and with TaaB is able to steer it precisely in the direction the business wants because all the tools are available to do just that.” He notes too that partners such as Bank of America are well-placed to provide more innovative solutions, driven by rapidly advancing technology, especially around real-time information.

But Venkat reiterates his view that while TaaB will not be achieved overnight, by combining a number of milestones, a plan to achieve these, and a vision of how key partners can be leveraged, a one- to three-year horizon of success is entirely feasible.

“As banks, we deal with multiple clients across different geographies and industries, so we can distil the best and most appropriate practices and solutions for each client scenario,” he explains. “By calling upon trusted banking advisers such as Bank of America, treasurers will begin to see TaaB not only as an interesting concept but also as a future reality.” And, he concludes, it’s a futurescape that has potential to see treasury operating far above and beyond the call of duty.

***In the next article, Bank of America’s experts will consider the notion of ‘on-time’ processing, and how it is helping treasury push further into the realm of TaaB.***

**For more information, please visit [business.bofa.com/international](https://business.bofa.com/international)**



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# Marching to Your Own Beat The Power of On-Time Treasury



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**Real-time treasury holds significant potential benefits – but are 24/7/365 operations suited to the needs of every treasury function? Here, three experts from Bank of America consider an intriguing alternative – the notion of ‘on-time’ treasury. This leverages critical elements of a real-time approach but can offer a lighter touch solution, which can also empower a treasury-as-a-business model.**

In business, timing is everything. Of course, the ability to get it right requires the appropriate information to be available to those who need it, when it is needed. This is the mark of ‘on-time’ delivery, rather than the constant 24/7 flow of data in a real-time environment.

Both approaches have their merits, of course. But with the ‘on time’ approach enabling treasury to adjust the level and speed of data collection to suit its individual needs (i.e. not ‘always on’) treasury is then able to collate, analyse, and clearly present accurate and timely intelligence to colleagues in different functions – delivering real business value. This is the basis of the treasury-as-a-business (TaaB) model, taking the treasury function beyond traditional transactional and operating functionality, into the domain of the strategic and value-driven.

## Realistic solution

The reason why real-time treasury may not be the right option for all businesses is that not every company would require real time transactions and many corporates simply do not have the scope or resources to run 24/7 operations, explains Serina Hourican, Head of Commercial Sales, Asia Pacific, Global Payments Solutions, Bank of America.

While Hourican sees some clients quite advanced in their pursuit of real-time, notably in the B2C stream where

*“It’s about having everything available to you at the point you need to make decisions and act upon them, without the requirement for a constant flow of data.”*

consumer demand for instant responses is strong, she sees many cases – in heavy industry in particular – where clients are impeded by the effort and cost required to implement and run a real-time treasury project. “Often, the business case is not strong enough given the particular needs of that organisation, and the ultimate value that a real-time set up could bring. But that does not mean that the corporate has to forego all the potential benefits of instant data,” she explains.

This is where the notion of on-time brings realism to the fore; it serves the business as and when it is needed. Moreover, where a real-time treasury project is often approached in a big bang manner, on-time treasury is easily deliverable in a phased approach – with the corporate picking the elements and timeline that suit their requirements and capacity.

### Office hours

The shift from real-time to on-time first calls for an honest appraisal of the most important drivers for business information, says Hourican. If leveraging 24/7 real-time data is not desirable for that company or simply not attainable, then the question of its adoption can be diverted to one where the essential data and information is available immediately and actionable while the office is open. “That’s why we refer to it as on-time,” says Sunil Bhatia, Head for Payments & Bank Transformation, Asia Pacific, Global Payments Solutions, Bank of America. “It’s about having everything available to you at the point you need to make decisions and act upon them, without the requirement for a constant flow of data.”

Access to on-time information about bank balances, for example, can help operational teams manage cash flows, and it also means security and fraud management is enhanced. The more treasury has on-time access to that information, the better it is able to control these processes. And this is often the most common use case and departure point for an on-time treasury project.

For Hourican, live information from an on-time structure can also, greatly assist treasury from a risk perspective in managing policy which may, for example, prohibit the use of overdrafts. This notion places treasury more in control

on a day-to-day-basis by reducing the element of surprise among receivables.

### Holistic benefits

In short, what on-time treasury can offer is the latest available information across all accounts, which leads to accurate and timely data as a source of enhanced control over liquidity decisions, enabling improved management of risk and policy compliance. This has “holistic” benefits for the organisation, suggests Babu Vaidyanathan, Head of Receivables & Commercial Cards, Asia Pacific and South East Asia Treasury Products, Bank of America.

Clients leveraging real-time systems typically do so when accepting incoming payments, but with their own payments often use more traditional rails. However, he notes, “we are beginning to see real-time payments used as a supply chain management tool”. These payments, which can be integrated as part of an on-time model, support supplier working capital strength, but can also “enable the release of the next consignment of goods or credit line” to aid production teams.

Furthermore, where on-time accessibility of receivables data is enabled, it not only supports the flexibility to process collections according to the company’s own schedule but when allied with treasury dashboard technology, also offers live insights into AR/AP data and outstanding positions. This helps other functions, such as sales, to operate more fluidly.

Key to unlocking these benefits is the readiness of the company to roll out an on-time structure. There is a technology and process element to which a business must attend but it also has a strategic component. Thinking holistically means disparate functions such as sales, procurement, production, product development, business development, legal, accounting, and taxation can all potentially make better informed on-time decisions. But it goes higher still.

“When running a business, one of the drivers is maximising shareholder value,” notes Hourican “Whether reducing cost of capital and costs in general, or increasing process efficiency, these all play to the strength of on-time treasury and the



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availability and accessibility of the most up-to-date data. This amply demonstrates treasury's capacity to hold its own as a trusted adviser to the organisation's stakeholders, elevating its own status within that business."

### API ready?

One of the key technologies underpinning on-time treasury is the API. This is a well-established mechanism but if all it does is replace another form of connectivity then it may not be adding value. Corporates need to be in a position to integrate these with their own core systems and their workflows to see the most benefit.

The most common API use case today for treasury is the call for account balances across multiple banks and entities. Delivered in a matter of seconds, this information has value in itself. But when embedded into workflows, API calls can be triggered automatically to seamlessly empower a variety of scenarios. The technology is available, the banks can support it, but companies and their treasury departments need to gear their internal systems and processes towards leveraging these tools.

The desire and capacity to set up an on-time model across an organisation will depend on the individual company's roadmap for growth and development, the industry and sector in which it operates, and the geographies in which it operates from a sales and procurement perspective. Based on its unique set of circumstances, a position can be taken by the company as to how on-time can be leveraged. This might range from aggregating multiple bank account data flows using APIs, to full workflow integration of data across multiple functions and entities to optimise the management of cash flow and liquidity.

If a full strategic change is sought – as opposed to just improving selected existing processes – then an early conversation between functions is imperative. Bhatia adds: "In the longer-term, all companies will use on-time. But for now, they should be discovering where and how it adds value, and focusing on their immediate priorities, because although on-time can be rolled out in phases, there is still a cost to change internal systems, so careful assessments are required."

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### Changing up

For those companies that see on-time as a goal but feel they are not yet in a position to embark on conversion, Bhatia offers the encouragement that the technologies are already available, and that the next step is to explore how it fits into their processes. It may be that the best starting point is receivables matching, just checking bank balances, or as a means of initiating payments in a more timely manner.

Banks and fintechs are now offering tools that can be integrated seamlessly into workflows, once the business knows what it is trying to achieve. With the tools and infrastructure in place, the key to successful on-time operations is being able to use the information as needed. For Hourican, the right dashboard presentation is essential. She advises thinking about what's on the dashboard and whether or not what is being tracked

#### PATHWAY TO ON-TIME TREASURY: CRITICAL STEPS

**Real-time treasury operations work brilliantly for some companies, but for others on-time treasury can be a more appropriate solution. Determining whether on-time treasury is right for your organisation should involve key steps such as:**

- 1. Highlighting business use cases with appropriate ROI,** focusing on the most relevant areas where significant value can be added, such as cash flow forecasting. Bank partners can help in these discussions as they have been through many similar projects with other corporates.
- 2. Examining the entire business ecosystem** and determining where on-time elements can add value across the business, not just within treasury.
- 3. Reviewing the technology infrastructure** and pinpointing where new tech solutions may be needed, and what would be the best technology to plug any gaps – with APIs firmly front of mind. Again, banks and tech vendors can assist in this process, drawing on previous project experience to help guide progress.
- 4. Revisiting and updating standard operating procedures** and processes to ensure on-time data can flow freely and is used to maximum advantage.
- 5. Upskilling the team** – whether through training existing employees or recruiting new talent to help the on-time process run as smoothly as possible and to ensure that the team continues to strive towards further improvements.

is needed in real-time – there is no advantage if it cannot be used to support the rest of the business when it needs it. Balances, for example will be constantly changing, so it is important to think clearly about what treasury wants to know, and how that data will be used in the most effective way.

"It's not a case of finding a tool and believing it could be useful, but rather about thinking in terms of its application within your entire ecosystem. This approach is important because you may need to carry this ecosystem along with you," adds Vaidyanathan.

On that note, what treasury wants in terms of technology may not be what other functions want, and with a limited budget, creating a fully scoped business case and cost-benefit analysis and taking it to the CFO will be an important consideration to gain top-level support.

Of course, major process changes also impact people. "We've seen AP and AR teams that have been successfully following certain processes for many years," comments Bhatia. "Automation of these tasks to fit an on-time structure requires strong change management planning to secure buy-in. Facilitating a discussion on how the jobs of 12 people will now be done by two will be a challenge."

Thought may also need to be given to how to approach standardisation of operating procedures on a global level. While real-time payments systems are now available in many countries, they are not universal. This may require bespoke processes to be implemented or the current operating or procedural model to be revised. It may mean real-time payments are adopted in some or all of those countries where it is offered, with batch processing continuing everywhere else, or alternatively moving some or even all payments onto APIs to build a 24/7 approach.

A business with global operating procedures should therefore begin by querying whether certain proposed on-time activities are truly global or if there needs to be differentiation at a country or market level.

### Ready to move

With many questions to ask, and answers to find, the immediate quest for treasurers considering on-time is to find the most appropriate resources, to build the knowledge and understanding that will help them steer their organisations in the right direction.

TMS and ERP vendors, banks and fintechs should all be able to explain how their platforms fit the longer-term plan for on-time. Securing stakeholder buy-in is essential and IT in particular is likely to be in strong demand, so demonstrating knowledge and understanding from the outset will be vital in getting them onside.

Beyond the technical implementation, planning the phases of an on-time project should make strong reference to, and be prioritised by, company strategy and objectives. While treasurers may feel now is not the time to complicate matters with real-time or on-time processes, like it or not, it is going to happen at some stage, says Bhatia. "Doing nothing is not an option," he cautions. This puts pressure on effective use-case evaluation, certainly in terms of understanding how on-time can help the company meet its goals. But it also involves an evolution of technology, operations, policy, and people. "Considering all of these together, but taking small steps in the most beneficial direction now, is important."

As part of this evaluation, treasury talent will require its own strategic approach. While on-time is a technology play first and foremost, a company taking this path will need to plan and build its personnel strategy in alignment with the roll-out of the new structure, to ensure it maximises its adoption and use, and can maintain the advantage.

It will be apparent to many tech-minded treasurers that companies not planning their progress towards on-time are, for various reasons, going to lag behind those already moving up the curve. In essence, on-time companies will be more efficient in their use of data – and data is knowledge, and knowledge is power. So, when power is on tap as and when it is needed – when it is on-time – the whole organisation and its stakeholders benefit.



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*It's not a case of finding a tool and believing it could be useful, but rather about thinking in terms of its application within your entire ecosystem.*

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# We Want Information

## Delivering On-Time Treasury Value to All



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**In an era of instant data, treasurers can no longer afford to work with out-of-date information or deliver vital numbers to their business leaders 'as soon as possible'. Instead, they want information on demand and on time. Here, three subject-matter experts from Bank of America unpack the drivers, approaches, opportunities, and possible outcomes of becoming the 'on-time' function that truly opens the door of treasury-as-a-business (TaaB) to all.**

In today's commercial environment, making the right decisions quickly is an imperative. Yet many organisations are still clinging on to workflows that use batch processing and end-of-day cash and liquidity reporting. This can hinder the ability to tackle new and evolving risks before they've become a serious threat. For treasurers, making the C-suite wait for the right data could mark the difference between success and failure. But even if the right data is on tap, it still has to be managed and presented as a clear and usable resource for it to be of any value. This is where the idea of on-time treasury, discussed in the two previous articles in this series really starts to make sense as it pulls treasury into the everyday reality of TaaB.

### One size does not fit all

It is important to acknowledge that real-time, on-time periodically, and batch processing serve different needs, and that there is no one-size-fits-all solution that treasury should adopt, notes Connie Lyu, Treasury Advisory Executive, APAC, Global Payments Solutions, Bank of America.

Every process must reflect business needs. Once a corporate treasurer herself, Lyu cautions that systemic changes will not happen overnight. "In many cases it will be an industry effort; change cannot be managed by treasury alone. The end-to-end process has to be reviewed and redesigned where necessary, the infrastructure has to be in place to support these new frameworks, and the stakeholders contributing to that effort include the banks and FIs, and the domestic and regional authorities where FX and cross border transactions are involved."

Of course, this effort is underway, with many systems having evolved towards real-time payments (RTP) over the last decade. Geetika Vats, Head of Corporate Sales, India, Global Payments Solutions, Bank of America says that those

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*If a business seeks to work as a holistic global entity, it has to have up to date information availability across all time zones in which it operates.*

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businesses persisting with their old-school approaches are yet to experience the empowerment that comes with a dynamic view of their accounts or balance sheets. “The old platforms do not give treasury the visibility they need today; they simply cannot know what payments are coming into their accounts. Without that view, the efficient use of cash across the business becomes an issue, especially where treasury is called upon to support growth initiatives or instil resilience.”

With the notion of TaaB in mind, Narendra Parhi, Head of Digital Channels APAC and Head of Treasury Products Hong Kong, Global Payments Solutions, Bank of America, explains that the required view has to be holistic, with essential consideration given to real business use cases in the commercial context. For many companies operating globally, he feels batch processing is a challenging proposition at best. “If a business seeks to work as a holistic global entity, it has to have up to date information availability across all time zones in which it operates. This is where batch processing, and the standard working week, no longer suit that context.”

### Opportunity ecosystem

Indeed, this is also where an enhanced capacity to tackle risk and leverage opportunity creates a compelling pull towards an on-time set-up for a business and its treasury function, says Lyu. Being able to rapidly identify changes in patterns within on-time data enables a business to be more sensitive to market nuances, responding quickly to market price changes, client payment behaviours, and supply chain challenges. This is very much the strength of on-time systems. By leveraging AI and machine learning technologies, on-time data can not only give information on actual events but also efficiently assess future outcomes under different what-if scenarios.

And with new technologies in development and distribution via the bank, fintech and vendor communities, user expectations – especially in the B2C space – are growing. As a result, Lyu believes treasuries are feeling increased pressure from business teams to adapt to the new “always-on and always-changing” environment.

That pressure, she notes, has seen corporate treasurers actively seeking information from different sources – including banking, regulatory authorities, and policy setters – “so that whether they leverage new technologies or not, they are well prepared and never miss an opportunity”.

According to Vats, there is an “opportunity ecosystem” to leverage, with operational efficiency and quick decision-making possible only where there is access to real-time or on-time information. For example, on-time information of collections can help manage customer credit lines, and facilitate the dispatch of goods through a just-in-time model.

The adoption of on-time treasury, and the visibility that it offers, enables firms to “meet a need as and when required”, says Lyu. “A deep knowledge of the business that stems from enhanced data analysis means treasury is able to provide a set of options with optimised recommendations for business decision-making.”

By giving treasury greater control over financial data, Vats believes on-time delivery places the function at the centre of the risk management structure. This, in turn, boosts its capabilities around the management of fraud – giving it an appropriate framework within which to operate, while disseminating information and guidance to the rest of the business.

Parhi, too, believes there is an opportunity for treasury not only to supplement corporate data “as and when needed” but also to become a critical strategic function within the business. With access to insight derived from multiple data inputs, on-time data places treasury in a strong position, for example, to help set long-term strategy. “It presents a great opportunity for treasury to leverage data and associated analytics to be at the forefront of everything TaaB brings to the wider organisation.”

### New building blocks

Building the on-time structure that facilitates the rise of TaaB starts with a full treasury understanding of the business and its processes. From here, process design and automation can begin to build the strong footing of standardised and comparable data.



**Connie Lyu**  
Treasury Advisory  
Executive, APAC, Global  
Payments Solutions,  
Bank of America

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This phase should therefore incorporate end-to-end mapping of the cash conversion cycle. The data that flows within this process must be screened for both quality and usefulness – in a treasury and wider business context. This is important because output from its analysis will help guide real-world commercial decisions and actions, based on a range of actual and what-if scenarios.

To bring such a scenario to life, Lyu says access to the right data enables treasury to advise the business before a major commercial contract is signed. “Having that broad view across the business means, for instance, that treasury can present cash flow forecasts based on the terms and conditions of that contract, ascertaining positive cash flow across the entire project life cycle. It also facilitates warnings when and how much negative flows will be if the business is willing to take the risk.”

What’s more, says Lyu, in the transformation to an on-time structure, which can be challenging due to resistance to change, “strong relationships and collaboration between treasury and the wider finance department, and IT and legal departments are essential”.

Technology also has an important role to play in this undertaking. An honest appraisal should assess the essential technical components of the proposed on-time structure, versus the optional, notes Lyu.

Part of that discussion should explore the most effective core technology – Treasury Management System (TMS) or Enterprise Resource Planning (ERP) – to deliver the planned on-time structure, notes Vats. “Automation from front to back office is vital not only if an organisation is to benefit from sophisticated risk management or reconciliations tools, for example, but also if on-time data is to be accessible by all departments.”

A further consideration for those evaluating an on-time structure is their current level of treasury centralisation, continues Vats. “We have clients working with regional hubs or shared services centres and payments factory models, and these are a major advantage when moving towards on-time,” she comments.

Parhi additionally highlights the level of reach across all bank accounts and transactions globally as a factor for success. However, he says there should also be a strong focus on control over that environment. “Once there is visibility, the business needs to ensure that it has sufficient control over its balances. When control is diminished, treasury needs to find a way of bringing it back under control, to deploy it when and how it needs to.”

A third focal point Parhi proposes is the need for a TaaB function to optimise returns on its balances. Here, he believes

treasury should be looking, based on its risk appetite, to leverage the on-time structure to automate opportunities for yield across markets and instruments, especially in the current rising rate environment.

Achieving all of these elements demands a suitable technological infrastructure together with a standardised and scalable data format and practice, Parhi continues. ISO 20022 XML, for example, is the kind of “universal future-proof format” that is fundamental to the creation of a globally resilient and consistent on-time technology infrastructure in the long term.

### TaaB will change treasury

The ability of treasury to become a genuine TaaB operation depends in the first instance on how much it knows and understands the business and market in which it operates, comments Lyu. However, creating a structure capable of offering the level of visibility and process continuity afforded by an on-time and scalable data setup is the next step in the journey to TaaB.

That structure puts treasury on a strong footing when it comes to explaining a business plan to an investor or auditor or offering accurate financial reporting to the authorities. Internally, it can bring treasury closer to teams such as sales, procurement, legal, or commercial, ensuring that on-demand data and analysis are accessible by all.



**Geetika Vats**  
Head of Corporate  
Sales, India, Global  
Payments Solutions,  
Bank of America

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*With stronger connections, treasury's core function can now extend out to the longer-term strategic business decisions and goals.*

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Meanwhile, for Parhi, the power of the TaaB concept “is that it enables treasury to participate across the entire spectrum of decision-making of the company, making that business more robust and sustainable. With stronger connections, treasury’s core function can now extend out to the longer-term strategic business decisions and goals.”

### Partner power

“At Bank of America, we are committed to supporting the TaaB model and updating clients on what is really happening in the industry,” says Vats. “This means making sure they are fully aware of the technological evolution within payments systems, as well as offering insights into the adoption of best practices around the application of cash, reconciliation or the digitalisation of cross-border transactions.”

A global bank such as Bank of America is able to bring a high degree of standardisation and flexibility to the table, comments Parhi. “As a single provider, across all geographies, we have a consistent product, service, and technology offering complementing the consistency of the infrastructure required by clients to become effective TaaB operations. Our advisory approach leverages local expertise to customise the solution for each use case. It’s all about delivering global standardisation with the flexibility of local customisation.”

The successful fusion of standardisation and flexibility, including a globally consistent CashPro® and liquidity infrastructure – which combines robust standards like ISO 20022 XML, full digital capabilities and customisations and connectivity to local clearing networks – is what drives the bank’s TaaB approach. With today’s businesses needing to make the right decisions quickly, the agility of the TaaB operation perfectly places the treasurer to become an indispensable ‘on-time’ enterprise information broker, and with it, a partner for growth and resilience.

According to Lyu: “Based on overwhelming client feedback, all treasuries realise that this transformation is essential but that it would be a long journey to become a real TaaB in the organisation. Where to start with and how best to kick off the change are likely to yield different answers from company to company. As a practical approach, treasury may consider starting with areas able to deliver immediate benefits at low cost to the business. Then they may expand to others where treasury may add value as they pursue this journey towards establishing TaaB.”

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**Narendra Parhi**

Head of Digital Channels APAC and Head of Treasury Products Hong Kong, Global Payments Solutions, Bank of America





## The rise of TaaB and on-time

- ▶ The pandemic and its aftermath led to financial functions becoming crucial as businesses manage multiple challenges, with treasurers a nexus for vital cash and liquidity management
- ▶ Despite global economic uncertainty, post-pandemic demand has revived growth agendas for companies, requiring treasurers to guide organisations through financial uncertainties
- ▶ The concept of treasury-as-a-business (TaaB) has emerged, shifting treasury from operational duties to strategic planning partner, collaborating in areas including liquidity, risk, growth, and financial optimisation
- ▶ TaaB leverages data-driven decision-making and real-time technologies to enhance treasury's role and organisational value in managing liquidity, financial risks and improving cash flow
- ▶ Overcoming barriers to TaaB includes modernising legacy ERP systems, adopting data-driven capabilities, and gaining buy-in from internal and external stakeholders, with potential benefits guided by banking advisory services

## TaaB and on-time value

- ▶ In business, timing is crucial for success, necessitating the availability of relevant information when needed
- ▶ The concept of on-time delivery of data offers an easier-to-manage alternative to the constant flow of real-time data
- ▶ On-time treasury involves modifying data collection to suit specific needs, enabling better analysis and presentation of timely intelligence
- ▶ Not all businesses require real-time operations, and those with resource constraints will struggle with its implementation
- ▶ On-time treasury provides accurate and timely data for enhanced control over liquidity, risk management, and policy compliance, benefitting the entire organisation

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## Power in partnership

- ▶ Many organisations are still relying on batch processing and end-of-day reporting for cash and liquidity, hindering their ability to address new risks quickly and leverage technology-driven opportunities
- ▶ Treasurers must be in a position to provide on-time data instead of outdated information, as fast decision-making is crucial in today's dynamic business environment
- ▶ Different business needs require different data processing approaches; there is no one-size-fits-all solution, and changes must align with business requirements and strategic direction
- ▶ The shift to on-time treasury involves cross-functional expertise development, building partnerships, and leveraging appropriate technologies and partners
- ▶ On-time treasury empowers businesses to respond quickly to market changes, enhance risk management, and make informed decisions, positioning treasury as a strategic partner for growth and resilience

To find out more about this topic, read the article that accompanies this infographic:

<https://treasury-management.com/articles/we-want-information/>

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