Treasury Trends

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TIME IS MONEY

Key Points

- Ensure Board engagement with treasury
- Showcase treasury as a strategic enabler of value add
- Make a plan to review
- Benchmark and measure success

TYME ("Take Your Money Everywhere") was one of the early ATM/interbank networks in Wisconsin and surrounding parts. It was one of the first shared EFT networks in the US. Allegedly, locals referred to the ATMs as "TYME machines".

The new year provides opportunity for Boards and CFOs to schedule reviews of key areas of a business. Specifically, those areas which impact directly on an organisation's financial health and operational efficiency.

Corporate Treasury: A Boardroom Imperative

In today's dynamic business landscape, Boards increasingly recognise the importance of a well-optimised corporate treasury function. Treasury efficiency directly impacts an organisation's financial stability, liquidity, and overall risk approach, making it a critical area for scrutiny and improvement. Boards have a fiduciary duty to ensure that treasury is managing resources effectively.

Driving Treasury Efficiency

To foster efficiency, Boards should establish a culture of accountability and strategic focus within the treasury function. Regular performance reviews, clear KPIs, and benchmarking against industry standards are essential. Boards should also facilitate investment in technology and talent development to future-proof treasury.

By focusing on these areas, treasury can transform from a transactional function into a strategic enabler of value creation. Treasury efficiency is not just a financial advantage—it is a competitive imperative in a world where agility, cost control, and risk resilience define organisational success.

Encouraging CFOs to look at treasury management can yield significant benefits. Based on client work completed in recent times, below are some worthwhile areas to consider for review, along with some snapshot strategies to make such review impactful:

1. CashFlow Optimisation

- **Why Review?** Cashflow is the lifeblood of an organisation. Efficient cashflow management ensures liquidity and reduces dependency on external financing.

» **Key Areas to Explore:**
  - Forecasting accuracy
  - Idle cash to repay debt or deployment into short-term investments
  - Timing of receivables and payables to minimise gaps

2. Risk Management

- **Why Review?** Fluctuations in interest rates, foreign exchange, and commodity prices can erode margins if not managed effectively.

» **Key Areas to Explore:**
  - Hedging strategies and tools
  - Suitability of and compliance with risk policies
  - Scenario planning for economic volatility

3. Technology and Automation

- **Why Review?** Manual processes consume time and increase the risk of errors, whereas automation drives efficiency.

» **Key Areas to Explore:**

- Treasury Management Systems ("TMS") adoption or upgrades, or bespoke solutions
- Integration with ERP systems for real-time reporting
- Use of AI/ML for predictive analytics

4. Banking Relationships

- **Why Review?** Effective banking relationships can improve credit terms, reduce transaction fees, and unlock financing opportunities.

» **Key Areas to Explore:**

- Bank fee analysis
- Access to credit and liquidity facilities
- Ensuring the 'right' bank or banking group

5. Capital Structure and Debt Management

- **Why Review?** An optimised capital structure reduces financing costs while maintaining flexibility for growth.

» **Key Areas to Explore:**

- Debt maturity profiling
- Refinancing opportunities at favourable rates/structures
- Monitoring covenant compliance

6. ESG Considerations

- **Why Review?** Investors and stakeholders increasingly expect sustainable practices in financial management.

» **Key Areas to Explore:**

- Sustainable finance/funding
- Environmental impact of cash and investment policies
- Healthcheck on sustainability to ensure it evolves with business, treasury and regulatory needs

Focus on Value Creation

Our *Money Streamlining* team has seen the benefit of 'tidying' clients' cash and liquidity – from which corporate strategies can be redesigned. Optimising cashflow and leveraging technology has allowed for some to explore growth opportunities without needing to increase debt.

Whilst many struggle with finding budget for technology in treasury, provided the 'right fit' is identified, the automation of manual processes not only saves time, it can also support the creation of real-time information for better decision making.

Working with a bank or banking group that understands your business, your sector, the risks and opportunities, and so on, will allow for better strategy implementation. With a potential lens on ESG too, treasury should and could play a leading part in a business' success.

Benchmark and Measure Success

- **Objective:** Ensure that treasury's performance aligns with strategic objectives and delivers measurable results.

» **Key Actions:**

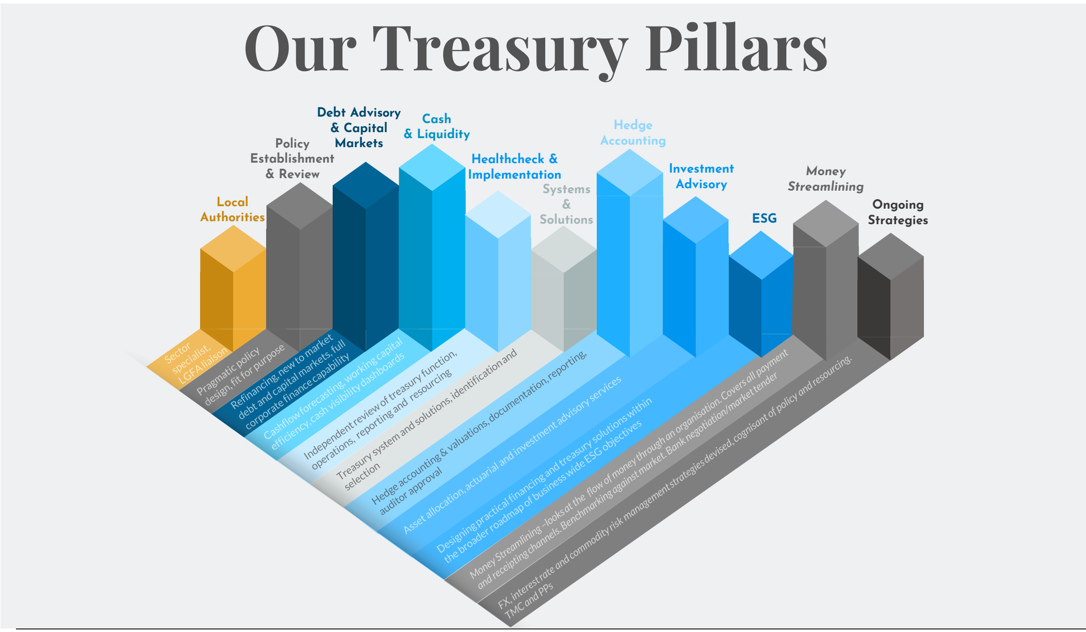
- Establish KPIs, such as liquidity ratios, cost of capital, and cash conversion cycles
- Benchmark treasury performance against industry standards
- Conduct quarterly reviews to monitor progress and adapt strategies to emerging trends

Many areas of review in treasury can be completed without major disruption and do not require a lot of executive or management time. However, reviews need 'some time', which very often leads to worthwhile savings and improvements.

Direct dollar savings are always welcome but process and time efficiency gains should be pursued as well.

Time is also money.

WHAT WE DO



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