

A close-up photograph of a person's finger touching a digital screen. The screen displays various data visualizations, including line graphs with glowing lines in blue, green, and red, and a grid of data points. The background is dark with soft, out-of-focus lights in blue and purple, creating a futuristic, high-tech atmosphere.

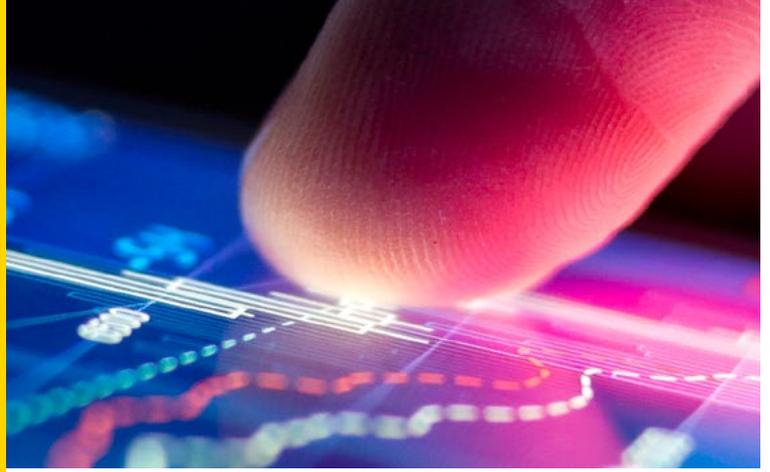
# Digital transformation in treasury services

2019

# Table of contents

Executive summary	1
The future of treasury services	2
Enabling the digital transformation of treasury services	5
How EY teams can help	14

# Executive summary



Corporate treasury is entering a new era that presents opportunities to become a lean organization that is efficient and can manage the firm's financial resources in innovative ways. The corporate treasury function within enterprises is shifting from being a traditional cost center to a profit center that looks to generate incremental revenues through the efficient management of working capital, while supporting the enterprise's long-term goals by becoming a lean, efficient and innovative function.

As the role and underlying expectations of corporate treasury functions change, banks must revisit their treasury services value propositions and become true, integrated and innovative extensions of the client's corporate treasury team.

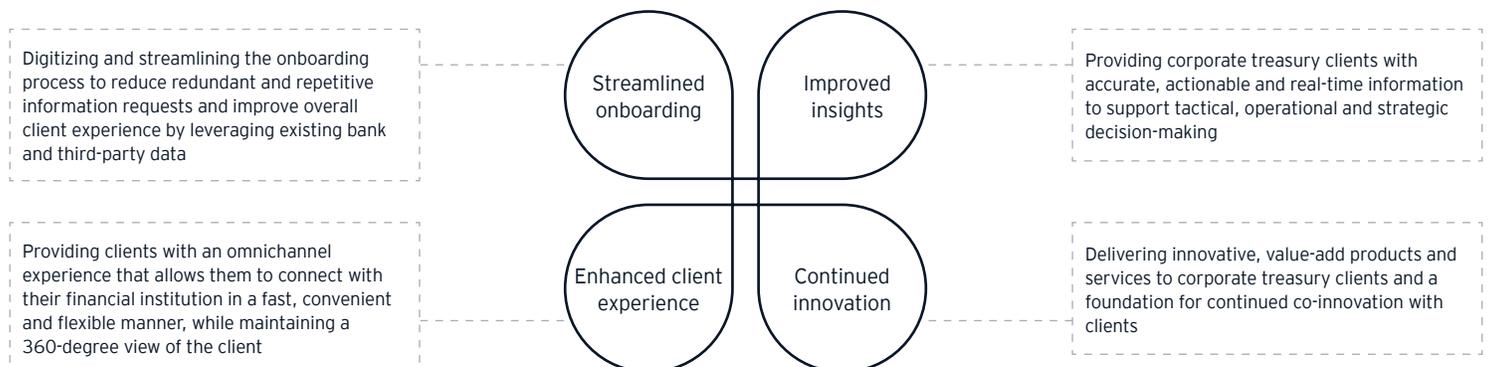
## Enter the digital revolution in treasury services

Recent technology advances are encouraging banks to revamp their treasury services offerings. Advancements in client portals and NextGen Document Management Systems significantly reduce the amount of time needed to onboard new corporate treasury clients. Developments in data analytics and data management are enabling banks to provide insights to support client decision-making. Improvements in application programming interface (API) capabilities are allowing banks to provide an omnichannel experience to their corporate

treasury clients and more tightly integrate with their existing Enterprise Resource Planning (ERP) and Treasury Management System (TMS) solutions. New product offerings by way of faster payments and virtual accounts allow banks to strengthen their relationships with clients and generate new revenue channels.

While these new technologies have clear benefits to banks and their clients, implementing them requires significant changes to the bank's operating model. The banks that are the quickest to identify, assess and implement these new technologies into their treasury services offerings will be the ones best equipped to support the needs of their corporate treasury clients in the coming years.

Figure 1: Focus areas for digital treasury services transformation



# The future of treasury services



Corporate treasurers are facing a multitude of challenges in an increasingly fast-moving, complex world. More so than ever before, they are being asked by their leadership to support with the definition of the corporate strategy while serving their existing roles as managers of liquidity and risk.

According to a recent treasurers' forum, 88% of the corporate treasurers surveyed believe that their role has grown in strategic importance over the past five years.<sup>1</sup> Additionally, according to a survey of finance and treasury professionals conducted by the Association for Financial Professionals, 73% of those surveyed reported that the close attention paid by senior management and the board to their company's liquidity and risk exposure is a primary reason for treasury departments playing greater strategic roles at their respective companies.<sup>2</sup>

<sup>1</sup>"Is Your Treasury Department Enabling Innovation?" *JPMorgan Chase & Co. website*, <https://www.jpmorgan.com/country/US/EN/cib/insights/treasury-enabling-innovation>, December 2018.

<sup>2</sup>"2017 AFP Strategic Role of Treasury Survey: Report of Survey Results," *Marsh & McLennan Companies website*, <https://www.mmc.com/content/dam/mmc-web/Global-Risk-Center/Files/2017-afp-strategic-role-of-treasury.pdf>, December 2018.

Figure 2: Challenges in today's treasury organizations

Critical treasurer function	
Risk management	Treasurers are charged with developing a holistic view of exposures to financial risks (foreign exchange, interest rates, etc.) and managing these exposures appropriately, including the responsibility for enterprise risk management. Treasury must find a way to measure and monitor these risks accurately and timely.
Liquidity management	Treasurers are responsible for the strategic design of an efficient and cost-effective banking structure, optimization of cash resources and maintenance of access to short-term financing that can help improve working capital and cash visibility.
Cash flow forecasting	Treasurers must maintain a well-structured cash flow forecasting methodology, supported by validated data sources, to improve accuracy and accelerate management's awareness of forecast variation.
Regulatory change	Treasurers must stay up to date with the latest regulatory changes, including Basel III and Payment Service Directive II (PSD2), anti-money laundering (AML), hedging and Credit Value Adjustment, money market reform and know your customer (KYC).

## New strategic challenges

The CFO agenda	Treasurers have an increased role in advising the CFO about decisions around complex investments, taking into account country-specific risks, diversifying the company's debt portfolio, funding strategies, impediments from restrained cash, preparing for a potential market downturn, supporting the development of the capital agenda and dividend policy.
In-house banking principles	Treasurers are expected to increase their focus on identifying and managing internal funding resources to reduce their organization's reliance on banks to mobilize resources.
Payments fraud	Treasurers must seek to combat efforts to commit fraud. Organized crime has consistently out-paced organizational IT and prevention controls of many treasury organizations, leading to some organizations suffering fraud losses in the range of \$50-\$100m from a handful of transactions.
Post-merger integration and spin-off	Corporate acquisitions and divestitures have left many companies facing significant integration challenges. Treasury issues are often left until the later stages of a transaction, but can lead to significant cost savings and operating efficiencies if they are addressed early in the process.





As corporate treasurers expand their role within the enterprise, they will continue to look to banks to provide them with innovative solutions that enable them to create value in their expanded role. Treasurers will look to their banks to take on more responsibility in automating costly and manual functions within their organization, to allow them to put greater focus on more strategic tasks.

Hence, banks must revisit and enhance their treasury offerings to make sure they can effectively meet and exceed their clients' changing needs. Specifically, corporate treasurers are looking at banks to:

- ▶ **Streamline onboarding processes** so that they are onboarded with their respective financial institutions within weeks, not months
- ▶ **Provide flexibility and options** in how they transact and communicate with their respective financial institutions
- ▶ **Provide access to accurate, real-time insights** to allow them to make data-driven decisions with a reasonable amount of confidence
- ▶ **Offer innovative products** that provide better control and visibility over their cash outflows, cash inflows and overall liquidity positions, as well as a better understanding of the supply chains that provide those inflows and outflows.

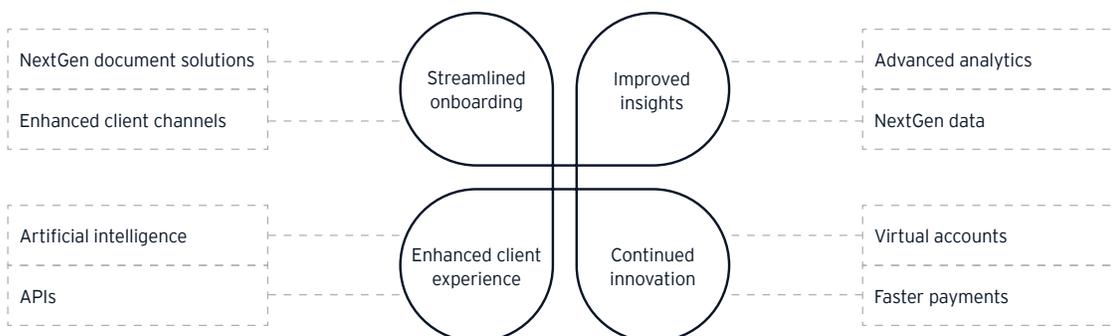
To be better equipped to support their corporate treasury clients' changing needs, banks are undergoing digital transformations, leveraging new digital tools and enablers to improve and accelerate results. According to a Gartner report,<sup>3</sup> 26% of banking chief information officers already consider digital transformation as their top priority, with 25.7% of the bank's IT spend expected to be spent on digital transformation. This number is expected to grow to 40% by 2020. Additionally, according to the *EY 2018 Wholesale Banking Survey*,<sup>4</sup> banks are allocating 28% of their technology budget to technology improvement initiatives.

This paper focuses on the four key pillars of digital treasury services transformation, and the key digital technologies that allow banks to enable their corporate treasury clients to succeed in their new, more strategic role within the enterprise.

<sup>3</sup>"U.S. Retail Banks to Spend \$20.2 Billion to Support Digital Transformation Initiatives in 2017," IDC *Financial Insights*, December 2018.

<sup>4</sup>[https://www.ey.com/en\\_us/financial-services/four-key-themes-from-the-2018-wholesale-banking-survey](https://www.ey.com/en_us/financial-services/four-key-themes-from-the-2018-wholesale-banking-survey)

**Figure 3: Digital treasury services transformation enablers**



# Enabling the digital transformation of treasury services



## Streamlined onboarding

Onboarding continues to play a big role in determining the overall client satisfaction of corporate treasurers with their respective banking partners. Results from the *EY 2018 Wholesale Banking Survey* revealed that it takes (on average) 5 days to gather client information and documentation, 4.5 days to complete client due diligence and 3 days to gather and verify client signatures. Streamlining the client onboarding process with an added focus on the client's digital experience will reduce the cycle time, leading to: 1) faster conversion of prospects to revenue-generating clients, 2) reduced client attrition and abandoned onboarding, and 3) a reduction in expenses when dealing with manual onboarding inquiries. Given that onboarding occurs at the start of a banking relationship, banks must ensure that they have a fast, client-friendly onboarding process to reduce the risk of tainting the relationship with the client.

For corporate clients, frustrations arise when the same information or document is requested by the financial institution multiple times throughout the onboarding process. This can occur when different teams within the bank, such as their treasury services and commercial credit teams, operate with limited communication and send duplicative requests to the client for documentation or information that may have been collected by another team. In the *EY 2018 Wholesale Banking Survey*, participants were asked to list five common

problems with client onboarding. The amount of information or documentation requested was the top complaint, very closely followed by the onboarding process cycle time. Banks that lack consistent onboarding procedures and supporting processes run the risk of losing their relationships with their corporate treasury clients. While these are common challenges within the industry, there has been limited adoption in digital data capture capabilities, resulting in key documents being provided to the financial institution through multiple disparate and disconnected channels. Although some banks have kick-started efforts to digitize onboarding, these efforts have typically only digitized part of the process, creating a disparate experience for clients that reduces adoption.

By implementing digital tools and enablers to streamline as much of the overall onboarding process as possible, banks can improve overall client experience by allowing their corporate treasury clients to spend less time on administrative, account-opening tasks, as well as reducing the required amount of information and documentation requests sent out to the client. Some banks have already started marketing a streamlined onboarding process as a differentiator, with a large international bank releasing a solution for corporate clients in 2017 that aims to digitize the onboarding process from end to end, while providing treasurers with a dashboard where they can monitor the overall progress of requests submitted.

## Next-generation document solutions

According to the *EY 2018 Wholesale Banking Survey*, participants mentioned that the amount of information or documentation requested during the onboarding process was the top complaint, and the amount of paper involved in the onboarding process was the third most frequent complaint. Embracing next-generation document solutions and technologies not only increases efficiencies within the overall onboarding process, but has a direct impact in reducing operational costs through greater efficiency.

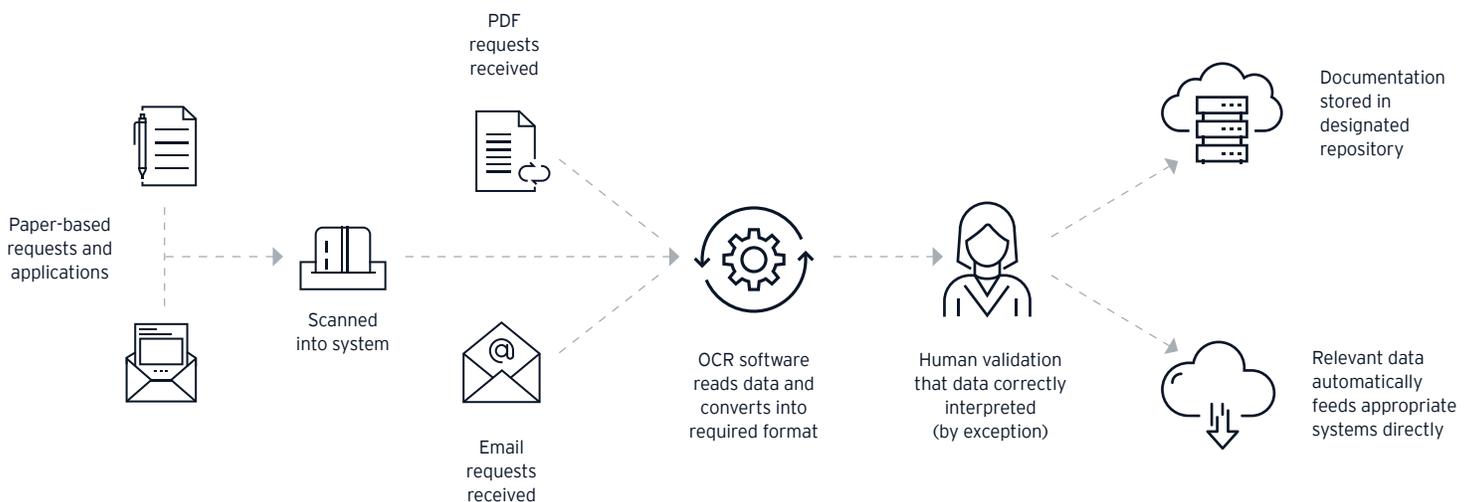
Investing in advanced document management capabilities, coupled with a concerted effort to rationalize and streamline duplicative information and document requests to support the onboarding process, would provide banks the opportunity to streamline the documentation request distributed to clients, allowing banks the opportunity to form one source of truth, prevent data duplication and reduce the amount of conflicting data. Leading document management system providers recently completed efforts to update their document management platforms, undertaking technology modernization efforts such

as integrating cloud capabilities with their offerings. Some platforms now boast integrated advanced analytics and machine learning capabilities that allow banks to categorize large volumes of documents, detect patterns and provide proactive recommendations to the user.<sup>5</sup> These functionalities can ease the load on bank employees during the onboarding process by making the onboarding documents available in the cloud so multiple parties can access the documents whenever they need to.

Document management systems can be coupled with tools such as intelligent optical character recognition (iOCR) that leverage artificial intelligence (AI) not only to categorize unstructured data from documents received, but also to extract essential data elements. This use of AI can accelerate data entry and document processing to support the onboarding process, with added benefits of improved data quality. Additionally, banks can leverage iOCR to extract and draw insights from data derived from negative news searches, legal documents and financial statements to support KYC and AML onboarding requirements.

<sup>5</sup>"The Forrester Wave™: Enterprise Content Management – Business Content Services, Q2 2017: Our Evaluation Of 15 Vendors In A Market Transition," *Forrester website*, [https://www.project-consult.de/sites/default/files/2017-04/Forrester\\_Wave\\_BCS\\_Business\\_Content\\_Services\\_4\\_2017.pdf](https://www.project-consult.de/sites/default/files/2017-04/Forrester_Wave_BCS_Business_Content_Services_4_2017.pdf), December 2018.

Figure 4: iOCR in action during the document capture process



## Enhanced client channels

To support efforts in improving the client onboarding experience and reduce onboarding cycle times, banks have made a concerted effort to improve their current client portals, adding functionality to streamline the process and provide added transparency.

A key focus for banks in recent years has been adding transparency into the onboarding process for their clients. To resolve this issue, some banks are looking to enhance onboarding dashboards, upgrading their functionality from basic red/yellow/green reporting for key onboarding tasks, to detailed dashboards that allow clients to drill down specific items, real-time milestone tracking and detailed notifications for completed tasks. Additionally, some banks are adding chat capabilities, allowing clients to chat with their relationship managers through the client portal.

Banks believe in the value of a feature-rich client portal, so much so that some banks are providing clients access to their client portals as early as in the prospecting stage as a way to differentiate themselves from competing banks.

## Key takeaways

Developing and maintaining a painless onboarding process is of the utmost importance for banks, which must put their best foot forward during the onboarding process or risk losing a client.

As banks continue to develop tools and processes to improve the onboarding experience for clients, they must ensure that they consider the full client life cycle. Currently, a bank's onboarding processes can be siloed, with clients having to be onboarded multiple times as they obtain additional bank services. Banks should look to develop comprehensive onboarding processes, supported by next-generation document solutions and enhanced client portals, that span a broader spectrum of products to minimize data and documentation requests, and improve overall client experience.

## Improved insights

The ability to provide accurate, up-to-date information to corporate treasury clients has shifted from a “nice-to-have” capability to table stakes for banks in recent years. In today’s environment, corporate treasurers require access to actionable information to enable both tactical and strategic decision-making in real time. Having access to improved insights allows corporate treasurers to make more informed strategic decisions and leverage automated decision-support systems to make optimal tactical and operational decisions.

There are many areas in which the treasury function can leverage improved insights, examples being:

- ▶ In **hedging interest rate risk and foreign exchange risk**, corporate treasurers can turn to economic data for each country and analyze the currency to determine the necessary time to hedge.
- ▶ In **working capital management**, treasurers must have access to transaction data to understand cash positions, compress payment terms, accelerate the initial client contact for collections and consolidate the number of collection paths.

Banks should look to leverage digital tools so that their corporate treasury clients are well-equipped with the necessary information regarding cash positions and risk exposures, plus supporting analysis to make informed, rapid decisions.

### Advanced analytics

An increasing amount of data can be collected by banks that, if analyzed correctly, can be monetized to enable their clients to make better business decisions and increase the overall shareholder value. Advancements in analytical tools and methodologies over the recent years have allowed for greater, more actionable insights to be extracted from the structured and unstructured data available.

Currently, there are four main areas within treasury that have

been impacted the most by recent improvements in analytical practices, tools, models and methodologies.

#### 1. Cash forecasting

The accuracy of cash forecasting activities can be improved dramatically by the implementation of advanced analytics. By providing their corporate treasury clients with data about recent and relevant events and data from their collective client pool, banks can provide more dynamic cash forecasting capabilities to their clients. Recent advancements in machine learning techniques and artificial intelligence allow corporate treasuries to identify monthly cash flow patterns and seasonal and cyclical variations using advanced pattern-recognition capabilities, instead of relying on historical data.

#### 2. Cash collections

Tools in the market already have built-in capabilities, such as predictive algorithms that help corporate treasury clients improve their cash conversion cycle. Certain systems provide the ability to analyze past payment behavior from clients and flag certain clients whose payments begin to trend from on time to a greater number of late payments. Predictive capabilities like this allow corporate treasurers to identify potential risks earlier on and mitigate them accordingly, such as suggesting a change in terms when appropriate.

#### 3. Market data analysis

Advanced analytics models can help prepare corporate treasurers for adverse liquidity and market conditions. Models today can flag impending adverse market conditions, helping corporate treasurers hedge as necessary.

#### 4. Fraud risk management

Fraud risk continues to pose a threat to corporate treasurers. As such, banks should leverage new technologies and advancements in analytic capabilities to support the proactive prevention and disruption of fraudulent activities.

## Next-generation data

In order to be able to provide improved insights to corporate treasury clients, banks should look to evolve their data ecosystem to provide next-generation data capabilities to their clients. Modernizing the data architecture with next-generation capabilities enables flexible and iterative data models that push data in real time to internal bank users and corporate treasury clients.

The next-generation approaches to data management leverages advancements in technology, storage and cloud computing capabilities to process more types and a larger quantity of data, empowering more users with self-service capabilities, yet maintaining the transparency and auditability of data.

With next-generation data, banks can constantly monitor their clients' transaction behaviors in real time, allowing them to provide the kind of resources and services that their clients need – identifying and rectifying problems before they affect their clients. For example, banks can leverage next-generation data to optimize their client's product set, and proactively recommend more cost-effective solutions compared to what is being used.

Incorporating a next-generation-based data architecture will require that banks increase their focus and emphasis in data sourcing and data governance activities so that the data being leveraged is accurate, transparent and granular enough to support the decision-making of the corporate treasurer.

## Key takeaways

To be able to truly provide a data-enriched product set to corporate treasury clients, banks must make sure that they have in place a cohesive data management strategy and supporting operating model, and they must undertake the necessary initiatives to be able to provide the information and insights sought by corporate treasury clients. Without a sound data management framework, there is a risk that poor data could be used in the analytical models, compromising the results and insights obtained.

Another consideration that banks should keep in mind when providing their corporate treasury clients with improved data is the establishment of data governance strategy. When providing data from other clients, banks must make sure that their internal compliance and risk teams are consulted so that the appropriate precautions and controls are established prior to distributing data to clients.

Key questions that banks must keep top of mind include (but are not limited to):

- ▶ Have the appropriate rights to the data been obtained?
- ▶ Have the appropriate steps been taken to confirm that the data has been anonymized?
- ▶ Have the appropriate security protocols been established to minimize the risk of data breaches?

## Enhanced client experience

Amid the changes in expectations by senior leadership and the board for their corporate treasury teams, corporate treasurers must lean on their banking partners for additional value-add functionality that enables them to execute their strategic agenda. Corporate treasurers are increasingly demanding an omni-channel experience, one where their banking partners can provide multiple avenues for them to connect and transact, based on the type of activity and transaction. For routine activities, corporate treasurers may require robust online self-service capabilities and mobile apps. For more tailored and complex activities, corporate treasurers may need access to their relationship manager while on the go.

According to a survey conducted by the Global Treasurer, corporate treasurers are increasingly interested in leveraging digital channels and applications to communicate and transact with their financial institutions. Close to 67% of the corporate treasurers and corporate finance professionals surveyed expressed interest in leveraging mobile applications to conduct their transactions.<sup>6</sup> While banks have previously been skeptical of corporate treasurers making large (\$100m+) payment approvals on the go, they must adjust to a world where this has now become the expectation.

Corporate treasurers are also looking for increased integration between the bank and their ERP and TMS platforms. The ability to allow clients to integrate their enterprise systems seamlessly with the bank provides differentiation between industry peers.

For banks, providing a cohesive client experience with multiple channels for interacting with corporate treasury clients is table stakes. To differentiate themselves from their competitors, banks must be able to provide a single view of the client, a “client 360-degree” view. This means that all the channels made available to the clients are seamless and integrated, and information provided through the self-service channels can be viewed by the relationship manager to provide additional insights, where necessary. Given the increased demand in connectivity by their treasury clients, banks and financial institutions should look to develop a suite of digital channels with robust transaction capabilities, while maintaining a client-centric view.

## Artificial intelligence

Recent technology advancements in AI and machine learning have made additional channels, such as chatbots, a viable option for corporate treasurers to transact with their banking partners.

Over the past several years, chatbots have been incorporated in most industries to support consumers with self-service transactions. Chatbots (computer programs powered by AI used to service basic client requests) have enabled consumers to connect with corporations efficiently 24 hours a day, 7 days a week. According to a survey, 69% of consumers prefer chatbots for quick communication with brands.<sup>7</sup> While not as widely used as in consumer banks, corporate, commercial and SME banks have begun incorporating chatbots as an added channel for their corporate treasury clients to communicate and transact with them.

A large international bank's treasury management services recently began testing an AI-powered bot to support corporate clients and help facilitate \$5 trillion in corporate transactions a day. These chatbots can anticipate client needs by looking at transactional data and present recommendations, allowing corporate treasurers to spend less time with transactional obligations and shift their focus toward their strategic duties. The chatbot can view previous transactions and provide recommendations and alternatives to the client, improving the overall client experience. Chatbots have also been implemented to review service tickets, and recommend clients to pursue self-service options online, reducing the burden on bank resources.

Though chatbots and digital interactions are increasingly desired channels, banks must provide an easy “exit ramp” for clients to reach a human. The human interaction may take place through a digital medium (video chat, instant messenger), but the relationship-driven nature of corporate and commercial banking requires bankers and support staff to be directly accessible to their clients who may still value or want human interaction, as well as for more sophisticated requirements that cannot currently be serviced digitally.

<sup>6</sup>“Apps are ‘critical’ in treasury’s shift to mobile banking: Capital One,” The Global Treasurer website, <https://www.theglobaltreasurer.com/2018/01/08/apps-are-critical-in-treasurys-shift-to-mobile-banking-capital-one/>, December 2018.

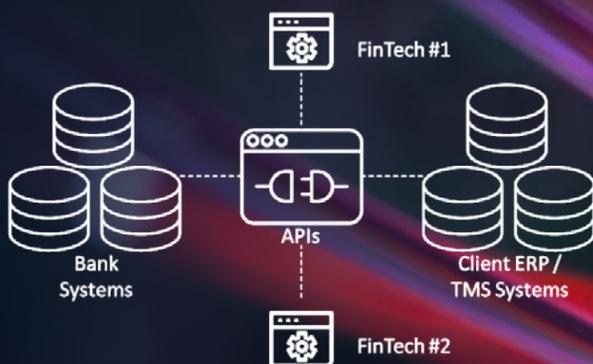
<sup>7</sup>“69% of Consumers Prefer Chatbots For Quick Communication with Brands,” *Salesforce website*, [www.salesforce.com/blog/2018/01/why-consumers-prefer-chatbots.html](http://www.salesforce.com/blog/2018/01/why-consumers-prefer-chatbots.html), December 2018.

## Application programming interfaces (APIs)

A push toward an open-banking model has been occurring over the past few years to allow for added agility and flexibility. New bank systems are being designed and implemented to leverage APIs that allow them not only to connect with their corporate treasury clients' ERP systems and treasury management systems, but also to financial technology (FinTech) firms, which allows for added innovations and increases the overall satisfaction of corporate treasurer clients.

By collaborating with FinTech firms, banks can meet increasing demands from corporate treasury clients in a scalable, cost-efficient way. APIs are mutually beneficial to FinTech firms, banks and corporate treasurers. FinTech firms can capitalize on the strong relationships between the bank's relationship managers and their respective corporate treasurer clients. Banks can innovate efficiently and capitalize on typically class-leading client experience provided by FinTech solutions. Corporate treasurers reap the benefits of both. Several banks have made API-driven solutions available in the market, some of which allow treasury clients to integrate their processes, delivering real-time payment capabilities and access to fully automated solutions to process transactions and allow third-party developers to build additional tools that integrate directly with the bank.

Figure 5: Illustration of how APIs connect banks with FinTech offerings and/or client systems



## Key takeaways

As banks continue to invest in improving the quality and number of channel offerings made available to their clients, they must take into consideration client tendencies based on size, industry and maturity. As an example, small and medium-sized enterprises may have legacy systems that lack API integration capabilities and will, therefore, need to transact with their banking partner through more traditional channels.

As banks continue to assess their portfolio of channel offerings to clients, banks must also make sure that efforts to rationalize and consolidate channels are assessed to reduce ongoing operating costs and potential confusion from their clients. With the continued improvements in artificial intelligence, chatbots will play a key role in streamlining communications, pushing clients toward self-service options for simple tasks, and transitioning to human interaction where necessary.

Finally, banks that continue to develop and enhance their channel offerings should design these enhancements with the overall goal of establishing a 360-degree view of all of their clients. APIs will continue to play a big role in this development by enabling banks to communicate with their clients in real time. By integrating to their clients' ERP and TMS systems, they can anticipate short- and medium-term needs, and recommend solutions proactively.

## Product innovation

As the demands on corporate treasurers from senior management and the board continue to grow and evolve, banks should strive to provide innovative solutions to support their strategies and growth agenda. Banks can improve their offerings to corporate treasury clients in a cost-efficient and scalable manner by partnering with FinTech firms.

According to the latest report on innovation in the financial services industry by the U.S. Department of the Treasury, from the third-quarter of 2010 to 2017, more than 3,300 new technology-based firms serving the financial services industry have been founded, 40% of which are focused on serving banking and capital markets firms.<sup>8</sup> As discussed earlier in this paper, several banks have embraced this influx of FinTech firms and developed solutions for integration with FinTech-developed solutions for the betterment of corporate treasury clients via APIs.

In addition to partnerships with FinTech firms, innovative solutions have appeared in the marketplace to support corporate treasurers with their core responsibilities in cash and liquidity management. These solutions (virtual accounts and faster payments) provide added value to corporate treasurers through streamlining reconciliation processes for both payments and collections, thereby allowing corporate treasurers to focus on the strategic aspects of their role.

## Virtual account management (VAM)

Virtual accounts (also known as shadow accounts) are accounts established within banks for their corporate clients to optimize their working capital processes. With a VAM solution, corporate clients are easily able to streamline and automate their accounts receivable (AR) reconciliation, as well as conduct cross-currency transfers between accounts in the VAM.

VAM allows corporate treasurers to segregate cash virtually rather than physically. This approach enables corporate treasurers to achieve a natural pool of liquidity with continuous, real-time cash consolidation, allowing for efficient management of transaction flows and liquidity. In this respect, virtual accounts are effectively an alternative liquidity management structure that fits conceptually half way between physical cash concentration and notional pooling. An added benefit of VAM is that it allows corporate treasury clients to quickly and easily identify incoming remittances (regardless of the payment type and currency) from their clients. Upon receiving these remittances, the bank can link the virtual account numbers to the corporation's bank account to credit the payments received. Once the capability is built, adding a virtual account can be easy and can be tailored to the specific needs of the corporate clients. Clients have the flexibility to build the virtual account structure they need to meet the needs of their business.

It is anticipated that the adoption of virtual accounts will continue to rise as corporations realize the benefits associated with leveraging this offering. For banks that are looking to provide this offering to their clients, they must consider the cost of building the offering in-house or leveraging one of many solution-providers available in the marketplace. Vendors such as SAP have customizable solutions that banks can leverage to provide virtual accounts to their corporate clients.

<sup>8</sup>"A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation," U.S. Department of the Treasury website, [https://home.treasury.gov/sites/default/files/2018-08/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financials-Fintech-and-Innovation\\_0.pdf](https://home.treasury.gov/sites/default/files/2018-08/A-Financial-System-that-Creates-Economic-Opportunities---Nonbank-Financials-Fintech-and-Innovation_0.pdf), accessed date.

Faster payments are being implemented in countries worldwide to meet the needs of businesses to send and receive cash more transparently, securely and, in many cases, in real time. A wide range of solutions exist in the marketplace, depending on the region and country. While there are numerous implementation use cases of faster payments around the world, this paper focuses on a small number of successful implementations that have occurred over the past few years.

In the United States, The Clearing House has developed Real-Time Payments (RTP) technology to support payments 24 hours a day, 7 days a week that are irrevocable, information rich and instant. The Society for Worldwide Interbank Financial Telecommunication (SWIFT) has also recently developed the SWIFT Global Payments Innovation (GPI) system to transform cross-border payments, providing speed, traceability, transparency and certainty to all cross-border activities. These technologies allow corporations to complete high-speed payments in minutes and improve cash forecasting and liquidity optimization.

The continued development and eventual maturity of faster payments technology will have a transformative effect on treasury, with most corporate treasurers thinking that it will have an overall positive impact. According to a 2018 survey conducted by Euromoney, 86.9% of 233 corporate treasurers realize that faster payments will have a positive impact on their departments.<sup>9</sup>

As banks continue to develop faster payments-based solutions for clients, they must ensure that they consider the following:

- ▶ Faster payment offerings and solutions will require banks to be able to support incoming and outgoing payments around the clock. What changes (if any) are needed internally (from process, people and technology perspectives) to support this?
- ▶ Due to the different technologies and solutions providing faster payments functionality, how can banks create a globally consistent methodology that provides identical client experience agnostic of the technology and solution provided?
- ▶ Does the bank have a plan to incorporate risk controls to support the irrevocability of faster payments?
- ▶ Does the bank have a comprehensive business case that details the return on investment?

## Key takeaways

As banks look to provide innovative solutions to their corporate treasury clients, they need to make sure that they have a comprehensive understanding of the differences in capabilities offered by the different technologies and vendors. A deep understanding of the vendor landscape will help banks make informed decisions about the correct way to implement these offerings for their clients. An internal assessment of the bank's information technology team should also be conducted to fully understand the capabilities of the team and assess opportunities to develop these capabilities in-house.

<sup>9</sup> <https://www.euromoney.com/article/b18zwxfd9skp2s/treasury-non-stop-excitement-builds-for-real-time>

# How EY teams can help

The Ernst & Young LLP Corporate, Commercial & SME Banking Advisory Services group comprises professionals with a global reach and experience in treasury and cash management activities, covering domains such as operations, technology, risk and compliance, and analytics and data. Our team members have prior industry experience as treasury and payments leaders, underwriters, lenders, credit officers and bank examiners, and they are well versed in the latest technological developments within treasury services.

We support EY clients with innovative ideas, bringing multidisciplinary teams to address substantial business and operational challenges. Through the combination of professionals with deep industry and regulatory knowledge, an exceptional focus on execution, and supporting tools and methods, the EY organization brings perspectives and approaches that provide EY clients with strategic and tactical advantages in a changing market.

We have experience assisting financial institutions in defining and implementing complex operating models, managing large transformational programs from planning through execution and identifying opportunities to leverage leading-class technologies to improve operational efficiencies. Our suite of services has helped leading financial institutions develop and implement broad treasury systems, and we have built accelerators that can be customized to the needs of EY clients.



# Authors and contacts



## Authors and contributors



### **Matt Cox**

EY Americas, Advisory Leader, Corporate, Commercial & SME Banking  
matt.cox@ey.com



### **Gregg Bellows**

EY Americas, Managing Director, Advisory  
gregg.bellows@ey.com



### **Juan Carlos Lopez**

EY Americas, Managing Director, Advisory, Corporate, Commercial & SME Banking  
juan.lopez@ey.com



### **Nick O'Toole**

EY Americas, Senior Manager, Advisory, Corporate, Commercial & SME Banking  
nick.otoole@ey.com



### **David Gagne**

EY Americas, Managing Director, Advisory, Corporate, Commercial & SME Banking  
david.gagne@ey.com



### **Paolo Garcia**

EY Americas, Manager, Advisory, Corporate, Commercial & SME Banking  
paolo.garcia@ey.com

## Contacts



### **Andrew Gilder**

EY Asia-Pacific, Banking & Capital Markets Leader  
andrew.gilder@sg.ey.com



### **Philippe Vidal**

EY EMEIA, Leader, Capital Markets  
philippe.vidal@fr.ey.com



### **Abhay Chauhan**

EY Asia-Pacific, Director, Advisory, Corporate, Commercial & SME Banking  
abhay.chauhan@sg.ey.com



#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). For more information about our organization, please visit [ey.com](https://ey.com).

As better-connected consultants, we help EY clients thrive in the Transformative Age.

Being better-connected lies at the heart of EY Advisory and how we work. It is about bringing together the talents, creativity and experience of the entire organization and alliances. It refers to the way we collaborate with each other, EY clients, market influencers and strategic alliances globally to help the clients realize sustainable results and build a better working world.

We combine a complete understanding of the clients' priorities, such as strategy, digital, technology, analytics, cybersecurity and people, with our competencies in performance improvement, risk and people advisory services.

In an era that presents unprecedented change with limitless opportunity, success in the Transformative Age requires boldness, confidence and leadership to seize the opportunities and rise to the challenges of this new age.

By asking the better questions and finding answers to some of the world's toughest challenges, EY Advisory is helping to build a better working world.

The better the question. The better the answer. The better the world works.

© 2019 EYGM Limited.  
All Rights Reserved.

EYG no. 004538-19Gb1  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

[ey.com](https://ey.com)

