The Future of Treasury Management Technology and How to Stay Ahead of the Game

On 21st July 2016, CS Lucas was invited by [Price Waterhouse Coopers (PWC)](#) to share its views on the treasury technology today and trends. The audience comprised of selected clients of PWC. This blog post summarises what was shared.

Treasury management technology has been exponentially advancing for decades. Your top priority now may be obsolete in the near future. Moving forward, the treasury field has prompted plenty of discussions about future trends. To stay competitive, treasurers need to comprehend the importance of these digital trends and learn to embrace innovation.

Do you feel up-to-speed with the industry's rapidly advancing technologies?

Read on and you'll discover the future of treasury management, as I see it.

Treasury Technology Today

The treasury management system is no longer just a tool that provides automation, audit, and visibility. The industry continues to upgrade itself and uncover alternative solutions for different barriers. As such, the technology today empowers treasury teams with the following capabilities:

- Straight-Through Processing
- Account System Integration
- Real-Time Connectivity
- E-Banking Platform Integration
- Online Collaboration
- High Availability
- Auditable Trail
- Institutional Grade Security
- Scalability

Going Forward

Being up-to-date is good, but certainly not enough. Having a vision of future trends and thoroughly understanding them is just as important. A progressive mindset is paramount in ensuring a company's future success.

Treasury going social, having an App Store, and tapping on machine learning are the key trends that we believe will transform the current treasury technology.

Treasury Goes Social

There's an increasing convergence of what is used at work and what is used day-to-day and it's getting more pronounced. For example, almost everyone uses WhatsApp to organize business matters, LinkedIn to get an overview of a certain individual you might be meeting and Google Calendar to get more visibility of your work schedules.

What does this mean in the treasury space?

Since treasury is something that can be central in the treasury operations, the social element will be more noticeable in these systems. This could mean having virtual team-rooms, instant messaging capabilities, and files that are archived and searchable.

File sharing is becoming very common. One can easily start sharing certain files and transactions. They can tag excel files as notes to certain transactions in the system for easy referencing.

Treasury will become more integrated with mobile devices. Easily make decisions, communicate with team members, and approve decisions through mobile devices.

App Store for Treasury

We foresee the concept of app stores in treasury technology becoming more prominent. Conceptually, applications change the DNA of a phone. It has the ability to transform your smartphone into a photo editor, navigator, financial planner, step tracker and much more.

The same idea can be applied to treasury systems today. Using a single application, treasurers are able to provide specific and niche reports with a single touch. Additionally, it is also meaningful for users on older versions as they might not require a complete overhaul of their current system. Instead, they can choose

specific features to implement at a minimal cost.

Naturally, this trend will encourage a very strong developer ecosystem. End users of the treasury technology will ultimately benefit.

Treasury Gets Predictive

Treasury technology now taps into machine learning to gain powerful insights. Machine learning is a type of Artificial Intelligence (AI) that learns without being programmed to learn. What this means is that these systems analyze activity patterns and actions taken by the user. After which, through their very own algorithms, they study historical data to effectively predict potential moves the user will make. With the insight gained, the system proactively interacts with the user by prompting them with actions that they are highly likely to execute.

To illustrate, imagine this:

Traditionally, whenever your cash position approaches $10 million, you place out $9 million in the money market. The system then remembers this pattern based on huge chunks of historical data. Let's say today, your cash position is approaching 10 million. In this situation, what the system does is that it alerts you and suggests a list of banks for you to place the $9 million money market transactions in. It also shows you rates of your recent transactions for comparison purposes.

Ultimately, you no longer tell the system what to do; the system will tell you what you can do. Interactions then become smart and more meaningful.

Future Consideration

Cyber security is highly critical and moving forward towards a digital age. We've seen blue chip firms involved in high profile cases triggered by cyber crimes.

Treasury is a very sensitive area; plenty of confidential information is involved. In this regard, cyber security is crucial to treasury technology.This threat is not something that the IT team can deal with in isolation. It requires the cooperation of the whole company and even clients. Everyone is a potential access point to enter your systems.

Some ways to mitigate risks of cyber crimes are:

- **2 Factors of Authentication (2FA)** – Set this process as a default when dealing with sensitive systems and information. The core idea of 2FA is to have a separate authentication device or means with you. An example would be a bank token which is needed for mobile banking.
- **Passwords** – Create strong and unique passwords. Ensure that they are not found in the dictionary. Never send an email or any other resources where the username and password are together, always send them through separate means.
- **IP based login** – Only devices with approved IP addresses should be able to connect to your company's local area network.
- **Penetration Testing** – Do frequent penetration testing. Hire ethical hackers to identify potential cybersecurity flaws in your systems.
- **External connection** – It is highly important to pay special attention to it and guarantee the security of connections to external systems, especially since treasury systems are usually connected to external payment systems.

Want to dig deeper into this topic?

We conduct monthly webinars and will be inviting a top experts to speak on topics relevant to corporate treasury. Subscribe to our email updates on the rolodex to your right to receive our invitations.

And don't forget to share this post with all your fellow treasurers!