The treasury transformation journey

Building the treasury of tomorrow

October 2024

HSBC

Introduction

The treasurer's role has progressed dramatically in the last decade from tasks that were largely transactional – with a focus on maintaining stability, ensuring liquidity, and managing risk – to wider responsibilities that prioritise a transformative agenda, including automation, centralisation, enhancing resiliency and regulatory compliance.

Treasury transformation is also being influenced by the rise of new digital business models, rapid technological advancements, ongoing payment innovation, and the potential to harness the power of data.

As a result, the treasury remit is expanding significantly, with greater emphasis on strategic decision-making backed up by actionable, data-driven insights.

While the pace of change can seem unrelenting, the risks of standing still are significant. Organisations that fail to transform their treasury functions may face challenges including higher costs of liquidity, increased exposure to financial risks and missed strategic opportunities.

Indeed, in today's rapidly evolving financial landscape, treasury transformation has become an essential strategy in building competitive and resilient businesses that deliver greater value to shareholders.

This study explores the transformation process, covering a series of key areas:

- **What trends are compelling treasurers to transform the treasury function?**
- **Why should treasurers embrace the transformation process?**
- **What are the essential building blocks of treasury transformation?**
- **How does treasury maturity shape the transformation journey?**
- **And how can treasurers ensure efficient transformation journeys?**

Trends shaping treasury transformation

The rise of new digital business models

In a time-constrained world, customer expectations are changing rapidly, due to advances in technology, increased connectivity and the wide adoption of smart devices.

The rise of digital platforms has forced traditional business models to adapt to new consumer preferences. Consumers now want to receive goods and services “anytime, anywhere, instantly,” which makes frictionless payment experiences essential.

To support this transition, it is essential for companies to transform outdated treasury functions designed around batch-based processes operating on scheduled data feeds to on-demand processes.

Innovation in the payments space

The payments landscape is seeing major enhancements across retail and wholesale spaces. These include real-time payment schemes, which have launched in over 90 markets[1], as well as same-day ACH processing and the extension of operating hours for RTGS settlement systems.

Cross-border payments are also poised to become faster, with greater transparency on FX. SWIFTgpi has provided real-time status tracking for cross-border payments, while the G20 has set ambitious targets to credit 75% of cross-border payments to beneficiaries within an hour by 2027[2]. Governments across the world are also piloting technologies that can enable instant cross-border settlements, which includes digital currencies[3].

The adoption of ISO20022 as the global payment message standard also continues at pace, driving efficiencies by providing enriched data and greater interoperability between payment rails.

Treasurers with worldwide operations can exploit these innovations to optimise global liquidity, improve transparency, and deliver superior and consistent customer experiences by integrating faster payment solutions into their business platforms.

New possibilities from emerging technology and greater access to data

Technology is a key enabler in transforming treasury from its traditional back-office role into a more pivotal strategic

[1] World Bank, ‘Global Tracker about the status of implementation of fast payment system worldwide’ 2024
[2] Financial Stability Board, ‘G20 Roadmap for Enhancing Cross-border Payments’, Consolidated progress report for 2023
[3] Atlantic Council- Central bank Digital Currency tracker 2024

Trends shaping treasury transformation

partner by allowing treasurers to gain operational efficiencies and improve decision-making capabilities.

Cloud-based solutions will be a critical component of this process, as they enable data to be accessed from a central source globally. Application Programming Interfaces (APIs) and Robotic Process Automation (RPA) have also proven key in freeing up treasury teams to focus on more strategic priorities. Treasurers cited adopting these technologies as key strategic priorities in the European Association of Corporate Treasurers' (EACT) 2024 Treasury Survey[4].

Today's treasurers also enjoy unparalleled access to financial data. Treasurers can tap into its immense potential by deploying AI to analyse data, enhance cash pattern identification, predict trends, and prepare contingency plans to mitigate financial risks.

Macroeconomic uncertainty, market volatility and risks of cybercrime

Treasury teams around the world showed remarkable resilience in response to the unprecedented challenges of the pandemic. Today, the challenges continue, from trade rivalries and geopolitical tensions causing supply chain disruptions, to inflation-driven interest rate hikes. Particularly, the higher financing costs caused by inflationary pressures was cited by treasurers in our "Corporate Risk Management Survey 2024" as their most significant concern for the next three years[7].

Additionally, treasury professionals must stay vigilant in the face of cybersecurity threats. IBM has reported that data breaches have cost affected organisations a staggering average of USD4.88 million[5]. A resilient treasury function, with more sophisticated capabilities to monitor data and system processes in real-time, is now critical for maintaining corporate financial health and driving long-term growth

[4] The European Association of Corporate Treasurers, EACT Treasury Survey 2024
[5] IBM, 'Cost of a Data Breach Report 2024'
[7] HSBC, Corporate Risk Management Survey 2024

Transformation: driving value for treasury and beyond

Businesses that fail to modernise their treasury function are at risk of falling behind. By embarking on a transformation process companies can also achieve significant outcomes including:

Enhancing shareholder value

Business leaders face increasing scrutiny from the public, the media, and stakeholder groups to improve shareholder value. A forward-looking treasurer can assist in meeting these demands by ensuring the best use of the company's capital for ongoing business operations and the funding of strategic growth.

This could be in an advisory capacity by shaping capital structure and dividend/buy-back strategies, as well as more operational strategies. These include better use of internal funds for capital expenditure and working capital or mitigating financial exposures more efficiently.

Building foundations for future growth

Businesses in growth mode must expand in an agile manner and show an ability to adapt quickly to changing market conditions. This gives treasurers opportunities to redefine their target operating models and partner with the right banks for expansion. Standardising processes across different markets and investing in cloud-based and data-driven technology have proven key in helping establish solid foundations for growth.

Well-executed treasury transformations programmes can also provide blueprints for other functions within the organisation to achieve similarly successful changes.

Improving liquidity and risk management

Treasurers are often challenged by fragmented cash, limited visibility of future cashflows and suboptimal liquidity consolidation techniques. In today's high-interest rate environment, there is an urgent need to enhance liquidity management, reduce borrowing costs and improve the usage of internal funds.

Since 2020, EACT[4] annual Treasury Surveys have ranked cash-flow forecasting among the top three priorities for treasurers, highlighting the need to optimise liquidity strategies. Key transformation initiatives include the creation of globalised liquidity overlay structures that consolidate cash from different banks in open economies, as well as programmes that deliver real-time reporting of cash.

Improving productivity and reducing operational cost

Treasury teams are often understaffed, increasing the importance of programmes that automate manual, repetitive tasks like cash forecasting, payments processing and bank reconciliations.

Other strategies include rationalising third-party partners to reduce banking costs, and deploying shared service centres to provide economies of scale, and drive efficiencies in resource-constrained environments.

RPA in areas like data entry and transaction reporting is another key area of focus, with the 2024 EACT Treasury Survey[4] also noting that "digitisation of treasury and robotics" is a top-five priority for multinationals in the next 12-24 months.

[4] The European Association of Corporate Treasurers, EACT Treasury Survey 2024

The building blocks of treasury transformation

According to a McKinsey Global survey[6], 70% of digital transformation projects fail to meet their stated goals. As treasury transformations often involve digitisation, they too can be highly complex, challenging and time-consuming in nature.

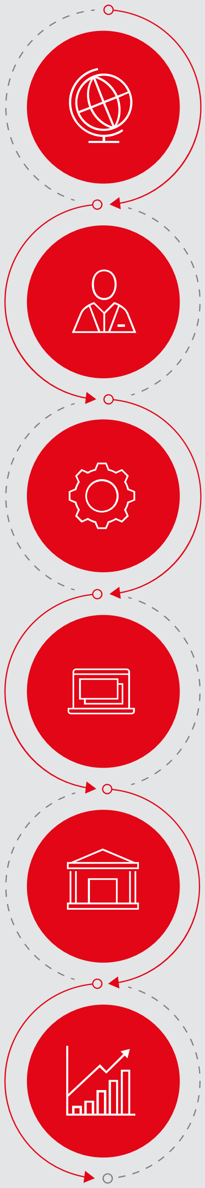
To achieve a successful transformation, and ensure that the benefits can be sustained over time, there are two key tasks that demand upfront attention:

1. Outline project objectives - in alignment with the commercial ambitions and business strategy of the company -as well as the role that the treasury team plays in enabling that vision.

2. Define a Target Operating Model (TOM) for the treasury function that the transformation programme intends to deliver.

We support taking a “building block” approach towards designing the TOM. There are six key areas that treasurers will want to consider, applicable to companies of all sizes and from all industry sectors.

Planning and implementing change across these six building blocks – as well as communicating the purpose of the changes to stakeholders – is essential to success.



GOVERNANCE & ORGANISATION STRUCTURE
- Define treasury policy and governance framework
- Outline treasury structure, including degree of centralisation by function
- Incorporate tax, legal and regulatory compliance requirements

PEOPLE
- Encourage cross-functional collaboration (across Finance, IT, HR, Tax and Legal etc)
- Enhance knowledge and skills of treasury teams,
- Invest in future skills requirements (Data, AI-ML, cybersecurity)

PROCESS
- Standardise processes and define process ownership as well as any localised variations
- Choose between in-house or outsourced management of non-core treasury operations
- Improve and enhance workflow design, embedded controls, exception management

TECHNOLOGY
- Select a single core system for treasury or use an ecosystem of specialised systems
- Deliberate on Cloud and/or on-premises solutions, and stay abreast of emerging technologies
- Ensure interconnectedness of technology platforms (TMS, ERP etc.) and bank connectivity options (API, H2H, SWIFT)

BANKING PARTNERS
- Decide on a banking relationship model: centralised vs decentralised
- Consider banks by financial strength, coverage, product capabilities, share of wallet, and service quality
- Establish scope of banking services/products required to achieve desired outcome

DATA
- Define data objectives and governance frameworks to ensure data quality, security/privacy, and compliance
- Design a scalable data storage model, defining a repository, data types, data sources and protocols for seamless data integration
- Deploy advanced analytics, reporting and visualisation tools

[6] McKinsey & Company ‘Unlocking success in digital transformations’

Paths to treasury transformation – the three journeys

While the factors driving treasury transformation across different companies and sectors are often similar, the transformation journey can take various forms, shaped by the circumstances of each organisation.

Commercial ambitions and business strategy play a pivotal role, as well as the existing capabilities of the treasury function, which influence the pace and direction of the change process.

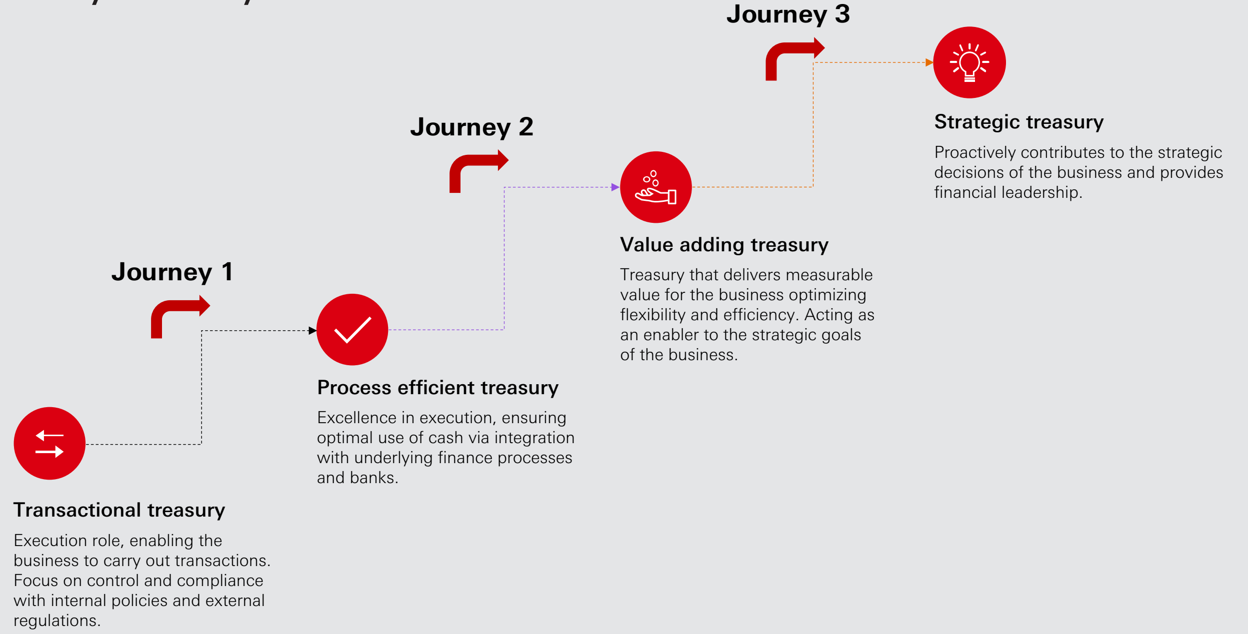
A Treasury Maturity Framework is commonly used to assess the existing condition of the treasury function, incorporating factors including governance, people, processes, technology and risk management practices.

A maturity assessment can offer insights into gaps in existing processes, controls and systems. It can also help treasurers to define their TOM.

The design of the transformation process depends on how the treasury function is currently configured, as well as the intended target state. A more simplified treasury structure may require complex foundational changes, for instance, while more advanced treasury functions might focus more on optimisation.

Below we discuss three potential transformation paths, starting with a 'Transactional' treasury maturing to a 'Process-efficient' level (Journey 1). This is then followed by the move to become a 'Value-adding' treasury (Journey 2) and finally, to reach 'Strategic' status (Journey 3).

Treasury Maturity Framework



Source: Created by HSBC Treasury Solutions Group 2024

Journey 1 - Transactional treasury to process-efficient treasury

A transactional treasury is typically found in organisations with limited international presence or in the earlier stages of establishing a treasury function.

It is often characterised by limited technology adoption, fewer defined roles and responsibilities across the function, and less well-established risk management practices.

Transactional treasuries are typically manual, spreadsheet-driven, reactive and decentralised, with local teams responsible for cash management and payment processing.

But as organisations grow in size and scope, the treasury team should complement growth by focusing on a more process-efficient and strategically aligned unit. This typically begins with the implementation of standardised policies, supported by the adoption of treasury systems that streamline daily cash positioning, enhance forecasting, digitise processes with workflows and controls, and deliver seamless execution and reconciliation of financial transactions.

Case study

Streamlining and automating cash-flow forecasting processes.
SIG Plc, a leading supplier of sustainable building products were looking to digitalise cashflow forecasting processes to achieve the highest productivity – one of the seven key pillars of its return-to-growth strategy.

Solution: SIG Plc choose HSBC cash flow forecasting (CFF) solution to automate cash flow forecasting, moving away from spreadsheet-based processes to an integrated digital solution. Streamlining and automation of forecast process has saved SIG Plc an average of 6 days of manual effort monthly and empowered Treasury team to take data-driven decisions that have a strategic impact for SIG Plc in this uncertain environment. (Read more here)

Journey 1 – how can we apply the six building blocks?

	TARGET STATE	HOW CAN IT BE ACHIEVED?
GOVERNANCE & ORGANISATION STRUCTURE	• A basic governance structure in place formalised with a treasury policy that every business unit (BU) adheres to • BUs given autonomy to execute treasury operations, but within policy guidelines • HQ establishes oversight over local operations, through reporting from the BUs	• Roll-out treasury policy and oversight mechanisms to ensure compliance, such as requiring regular updates from BUs, with reporting on activities, performance and risks
PEOPLE	• A set of clearly defined roles and responsibilities, although local teams retain autonomy • The development of improved employee skillsets to execute value-added tasks such as data analysis	• Improve employees' understanding of treasury concepts and compliance with treasury policies • Train for more advanced skills: data analytics, understanding financial risks, fluency in operating procedures and use of treasury systems
PROCESS	• Automation of routine treasury processes: cash positioning and forecasting, payment execution, transaction reconciliation • Batch-based treasury processes • Automated process workflows, with embedded controls and audit trails	• Document standard operating procedures (RACI framework) and ensure the central treasury team has line of sight over local variations in procedures • Ensure delineation/segregation of duties between front and back-office functions
TECHNOLOGY	• Treasury technology vendor/ bank-provided digital solution • Integration of internal systems such as ERP software and Treasury and payment systems • Local gateways to communicate with banks	• Establish standardised connectivity between adopted treasury systems and banks • Weigh up cloud-based and software-as-a-service options against bank-provided solutions in line with desired implementation timelines and budgets
BANKING PARTNERS	• Partnerships with regional banks as core service providers, and local banks for specialised services • Centralisation of bank relationship management	• Overhaul banking relationships to align with growth aspirations; potential rationalisation of banking providers • Make greater use of primary banks' services to digitise functions in line with best practices
DATA	• Establishment of treasury data hub, with basic dashboard to visualise key metrics • Standardisation and automation of data reporting at defined frequencies to ensure decisions are made with recent, reliable data	• Prioritise critical requirements and KPIs to improve visibility and decision-making • Consolidate financial data to a single/ common repository, overlaid with a basic reporting tool • Implement the defined scope with internal technology and banking partners • Use RPAs to automate processing of data files

Journey 2 - Process-efficient treasury to value-adding treasury

Fast-growing organisations sometimes prioritise business expansion over maintaining a robust treasury structure. This approach can result in an excessive number of banking relationships, fragmented cash, disjointed treasury technology systems and inconsistent or duplicated processes.

A fragmented treasury model risks becoming unsustainable. To achieve economies of scale, manage risks and reduce costs, high-performing organisations then embark on a centralisation journey, with a focus on rationalising banking partners and bank account structures, consolidating liquidity, and standardising and centralising payment processing.

A key part of this transformation involves creating a centralised treasury entity. This new entity acts as a financial hub, facilitating transactions between subsidiaries and serving as a conduit to financial markets and banks. By netting financial flows across the group, this structure optimises capital usage and reduces external financial costs.

The benefits of centralisation are clear: lower external financial spreads, introduction of natural hedges, and better management of trapped capital. However, this journey typically unfolds in phases, each progressively more complex, as the company moves from basic centralisation to a fully integrated and optimised treasury model.

Phase 1: Cash centralisation

The foundational step achieves enhanced visibility, minimises fragmentation of cash positions and optimises yields through centralisation. Organisations can centralise cash, interest and FX through banking solutions like cash pooling or multi-currency management structures.

Phase 2: Transaction standardisation

The second phase overhauls day-to-day transaction workflows by automating and standardising processes to improve efficiency, visibility and control. Options like shared services centres can support back-office functions to free up time for core activities, while payment factories can help in standardising payment and invoice processing.

Phase 3: Advancing treasury centralisation

The third phase further centralises transaction processing through more sophisticated structures, such as on-behalf-of arrangements or the setting up of regional treasury centres or in-house banks that drive efficiencies on large transaction volumes across multiple currencies and jurisdictions.

Case study

Treasury centralisation

HSBC Partner: Holcim embarked on an ambitious treasury transformation plan to centralise and optimise the treasury function, including rationalising the banking structure, reviewing cash management activities to deliver straight-through-processing to business operations teams, and gaining full cash visibility.

Solution: HSBC worked in partnership with Holcim to create a future-proof structure centred around a global account platform in the Netherlands, where the multi-currency notional pool (MNCP) is domiciled. The MCNP is connected to three main cash concentration structures handling the repatriation of EUR, USD, and GBP balances to the global pool. (Read more here)

Journey 2 – How can we apply the six building blocks?

	TARGET STATE	HOW CAN IT BE ACHIEVED?
GOVERNANCE & ORGANISATION STRUCTURE	• Common policy, consolidation of risk (liquidity, counterparty, currency) across all entities • Centralised decision making, with group- wide oversight and control • A centralised treasury structure with a designated legal entity carrying out external financial transactions for the group	• Roll-out unified treasury policy at group level • Where regional treasury centres (RTCs) are set up, ensure clear roles and responsibilities between group treasury and the RTCs • Develop a playbook to integrate acquired companies' treasury operations into the TOM
PEOPLE	• An aligned culture • Leaner team structures, with lower headcounts in local finance teams • Clearly defined roles and responsibilities • Limited autonomy for newly acquired firms	• Establish clear communication between group treasury and RTCs/local finance teams; foster collaboration, instil a sense of ownership • Document standard operating procedures that define roles and responsibilities • Provide staff skillset training, improve local regulatory knowledge
PROCESS	• Streamlined and consolidated cash reporting and forecasting • Standardised and centralised payments and collections • Centralised intercompany management and netting	• Consolidate cash reporting within a single platform. • Implement payment factory, shared service centre, payments/receivables on behalf of models • Create netting centres
TECHNOLOGY	• Consolidation of ERPs • Uniform communication methods between systems and harmonised payment formats • Specialised SaaS Treasury solutions and software, such as cash forecasting tools, for all entities • Seamless integration of ERP, TMS, electronic dealing, confirmation matching, sanction screening, banking solutions	• Adopt specialised treasury software to support day-to-day treasury operations • Harmonise technology platforms across group (ERP, TMS, connectivity channels, dealing platforms)
BANKING PARTNERS	• Banking relationship managed by Group HQ/RTC • Banking partner rationalisation: core regional provider with specialised in-country banking partners (tax, payroll) • Streamlined bank account structure • Centralised treasury in-house bank for local banking services	• Review banking relationships, service providers and bank account structures • Identify banking partners for global overlay structures • Consider establishing in-house bank treasury setup to use internal funds to meet financial needs • Leverage virtual accounts to streamline account structure
DATA	• Single, trusted source of group-wide treasury data) • Visualisation and analytics through dashboards • Data-driven treasury process flows and decision points	• Develop a harmonised data model between all source systems (e.g. using ETL tools) into data warehouses, creating consistent information and comparability across BUs • Allow end-user access and use of analytical data through dynamic dashboards, with ability to generate customised reports

Journey 3 - Value-adding treasury to strategic treasury

Centralised treasuries are built on foundations of strong governance, streamlined processes and robust technology. They support business growth along defined, predictable trajectories and increase financial resilience by maintaining stable cash reserves and working capital profiles.

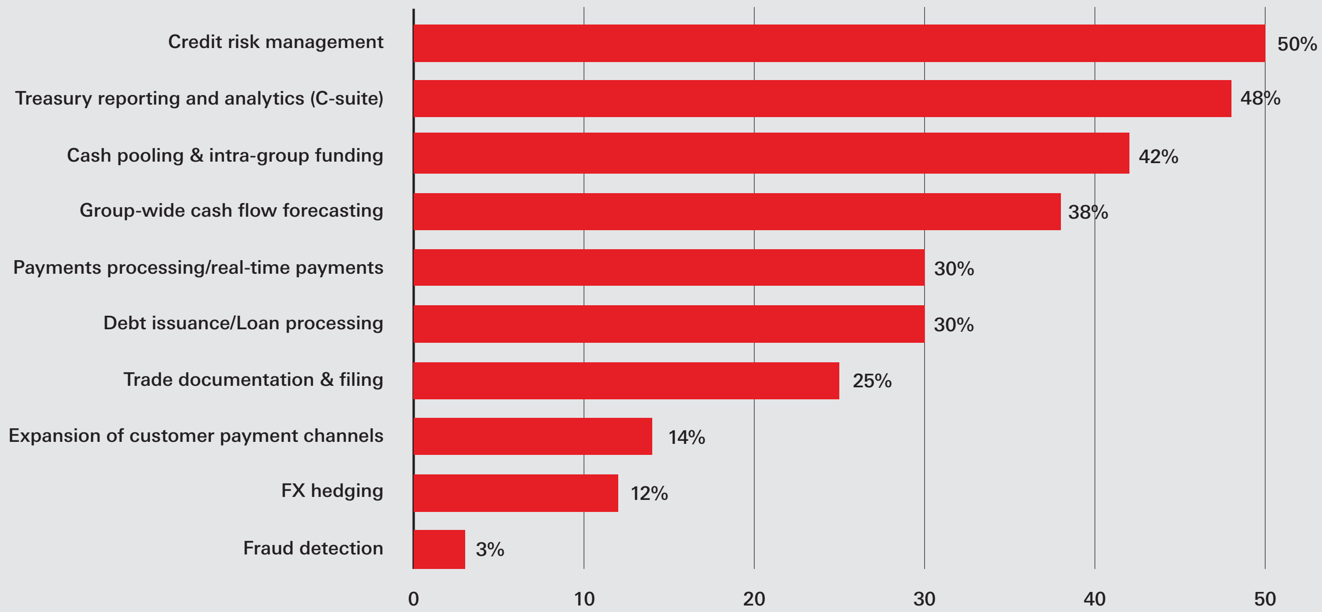
However, some centralised treasury functions risk losing agility, making it harder for companies to respond to disruptive innovations from digital-led competitors.

Another transition – from a centralised treasury to a data-led treasury that makes decisions in real-time – becomes imperative for the highest-performing treasury teams. Incorporating the vast potential of data into decision-making processes has been a key reason for the immense success of many leading digital businesses.

This makes new demands on treasury teams to leverage emerging technologies and system integrations, ensuring that the treasury function is no longer defined by traditional practices like end-of-day batch processes, as well as to adopt more proactive risk management techniques.

Advances in artificial intelligence and machine learning technologies, open banking initiatives and the proliferation of instant payment schemes are creating new opportunities to implement data-driven, real-time decision-making too.

The priority areas for technology investment/automation in the treasury department*



* Respondents were asked to select their top three areas for investment

Source: HSBC Corporate Risk Management Survey 2024

Journey 3 - Value-adding treasury to strategic treasury

What are the benefits in developing a data-driven, real-time treasury?

Liquidity

- ✓ Instant cash positioning
- ✓ Real-time internal movement of funds
- ✓ Rule-based investment
- ✓ Predictive forecasting

Payments

- ✓ Beneficiary validation
- ✓ Instant payment execution
- ✓ Real-time payment status enquiry
- ✓ Fraud detection

Collections

- ✓ E-invoicing
- ✓ Credit notification
- ✓ Real-time reconciliation
- ✓ Enhanced refund process

Risk management

- ✓ Real-time tracking of FX exposure
- ✓ AI models to simulate economic scenarios, predict outcome
- ✓ Real-time counterparty risk management

Source: Created by HSBC Treasury Solutions Group 2024

Case study

Real-time reporting via API

HSBC Partner: Unilever's treasury management team faced challenges with intensive cash reporting processes that lacked real-time insights for swift funding and hedging decisions.

Solution: By integrating HSBC's API solution with Unilever's cash forecasting platform, the real-time data exchange automated the intraday reporting process for 290+ accounts across Asia and Europe. This allowed Unilever's treasury team to release timely credit limits to its key business partners, hasten product delivery and enable just-in-time management of its distribution chain. Enriched real-time account information strengthens cash flow forecasts, working capital management, and reduces overdraft risk across jurisdictions. (Read more here)

Journey 3 – How can we apply the six building blocks?

	TARGET STATE	HOW CAN IT BE ACHIEVED?
GOVERNANCE & ORGANISATION STRUCTURE	• An organisation structured around value-streams, e.g. financial markets and risk management, payments and cash management, controls, and operations	• Break down organisational siloes, create strategic alignment with company business models
PEOPLE	• Data-driven culture with effective collaboration across functions • Additional skillset development: data analytics, API, AI/ML, cloud operations • Extended operational hours (24*7 monitoring)	• Work closely with internal stakeholders across finance, IT, sales, procurement, tax and legal • Develop training plan for advanced skill developments: data science, API, RPA, cloud computing
PROCESS	• Real-time treasury processes: live cash positioning, instant payments and credit notifications • Data-driven processes: predictive forecasting, rules-based investment, AI-ML powered risk management • Embedded data-driven controls: payment fraud detection with AI algorithms	• Build business specific use cases with identified outcomes • Identify data sources and integration within data warehouses • Re-design operational processes based on real-time data with data-driven controls • Automate manual repetitive tasks via RPA • Leverage virtual accounts for real-time cash consolidation
TECHNOLOGY	• An integrated treasury platform with real-time data exchanges via APIs • Connectivity channels with banks: APIs • Cloud-based treasury platforms • Integration of emerging technologies (RPA for automation of repetitive tasks, AI/ML for data insights)	• Develop and implement a roadmap for API integration, cloud migration and investment in emerging technologies such as RPA, AI-ML
BANKING PARTNERS	• Partnering with banks with advanced technological capabilities (API and integration capabilities, real-time fraud detection)	• Conduct banking service assessments – API capabilities, ISO20022 readiness etc
DATA	• Cloud-based data repositories with structured and unstructured data (e.g. bank data, ledger data, market data, CRM etc) • System interfaces with real-time data exchanges • Automated ETLs (Extract, transform, load) • Embedded analytics tools for Big Data analysis and insights	• Formulate data strategy and data governance framework • Integrate data lake repository with treasury systems (TMS, ERP, trading platforms), banking platforms, market data and CRM • Leverage ISO20022 migration to enrich banking data

Overcoming challenges in treasury transformation

The opportunities in transforming the treasury function from a transactional function to a strategic one are undeniable. But there can also be challenges in making the journey, five of which are listed below.

Resistance to change

Transformation projects require overhauls of processes, systems, and roles and responsibilities. Resistance to change can come from different levels of the organisation so it's crucial to involve key stakeholders from the start of the journey, as well as communicating the reasons for the changes and the benefits for the wider organisation.

Achieve buy-in from stakeholders by building a convincing business case and securing executive sponsorship to help drive the project forward. Ensure that the project team has a robust change management plan that includes clear communication, training and support for users during the implementation.

Resource constraints

Treasury transformations can be resource-intensive in terms of time, budget and skills. Organisations may face challenges related to resource availability, especially if there are competing priorities.

Senior leaders in the treasury function should allocate more of their own time to change management. It is also crucial that the project team has the necessary skills and expertise to execute the project successfully.

IT infrastructure limitations

Transformation programmes can require significant changes to IT infrastructure, including upgrades, integrations and customisations. This can be challenging if the existing infrastructure is outdated or incompatible with the new requirements.

To overcome these constraints, work closely with IT professionals to ensure that the infrastructure can support the project requirements. Consider using cloud-based solutions that may offer more scalability, flexibility and cost-effective operation.

Data silos

Data often exists in a multitude of silos in an organisation, hindering effective decision-making. It is important to understand where the required data is held, who owns it and whether the information can be further segmented or repurposed.

A primary goal of any treasury data strategy should be creating a unified, controlled golden source of information. Implementing rigorous data governance frameworks and quality control measures that maintain the integrity, accuracy, and reliability of financial data is also essential.

Shortages of in-house expertise

Limits to in-house expertise can pose challenges to treasury transformation initiatives, resulting in delays and budget overruns.

Drawing on the right expertise and insight from partner banks or external consultants can help to optimise treasury operations and bring about more effective management of financial risks.

Looking ahead

A successful transformation is a continuous evolution rather than one-time overhaul. It is a journey with many moving parts, and careful consideration of all six building blocks is needed to deliver optimal results over time.

It is essential to keep redefining what a 'best-in-class' treasury looks like for your organisation, as well as the investment in upskilling it that the organisation is prepared to make.

For instance, according to our Corporate Risk Management Survey 2024[7], respondents believe AI will positively benefit their company's profitability over the next three years and play a much bigger role in the treasury function. Challenges remain, however in accessing the required skills for AI adoption.

The transformative change the treasurer delivers can also serve as a blueprint for other functions within the organization to emulate across the wider business in achieving the next level of success and growth. Treasury leaders have a tremendous opportunity to strengthen their value across the wider business.

Our Corporate Risk Management Survey 2024[7] revealed that while treasury's strategic role is already growing and communication with C-suite executives is getting better, there is still room for improvement. Two-thirds of respondents believe that communication between treasury and the C-suite is moderately effective (63%), but only (4%) deem it highly effective.

Deepening this relationship requires treasury leaders to become more important partners by delivering a new generation of operational skill, analysis and insight. Much of this can be achieved through commitment to transformative changes in how the treasury team imagines and executes its role, moving from a transactional approach to a situation where they become much more strategic contributors to the business. In this way, the treasurer goes beyond his or her expected role in finance to become a true leader in the company.

There is also significant value in collaborating with the right external partners to bring about a successful transformation. HSBC's Treasury Solutions Group is committed to helping you achieve this by delivering critical insights and best practices drawn from our experience working with clients all over the world.

[7] HSBC, 'Corporate Risk Management Survey 2024'

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Ray has over 20 years of experience in designing and implementing treasury, liquidity and payments solutions for corporates and institutions across industries and geographies. He leads a team of treasury specialists with diverse backgrounds and experience in multiple treasury disciplines, supporting treasurers in applying practical strategies in their business transformation journeys. He has a keen interest in studying evolving business models and enjoys co-creating with clients to help thrive in the new economy.

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