

# On-time treasury: do you need it, and are you ready?

The idea of ‘real-time treasury’, with its promise of instantaneous everything, can distract treasury conversations and offers a tempting ‘rabbit hole’ down which treasurers could easily disappear. The reality for many businesses is far more nuanced. With the right ‘on-time’ perspective, treasurers can focus on the operational capability improvements that will truly reshape and future-proof their businesses.

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From batch to  
continuous workflows



- Real Time “Instant” Payments
- ROBO– real time receipt & liquidity concentration
- Continuous reconciliation

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On demand



- Data and analytics
- Request for payment
- Cash forecasting

+

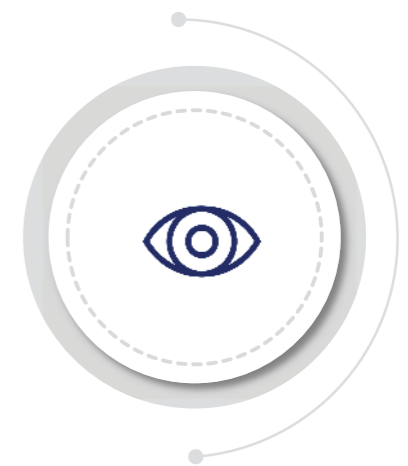
“Always on”



- 24/7/365 availability
- Global processes and execution standards
- Real-time liquidity management

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Continually  
informed



- Transparency
- Status tracker
- Progress updates
- Auto confirmation
- Event driven alerts

Not every business is an Uber or an Amazon. For many manufacturing and service industries, the underlying business processes and supporting treasury operations still revolve around a more periodic, or non-continuous structure — such as the end-of-day, the five-day week, or the month.

In this context, the relentless focus on ‘real-time’ doesn’t always fit with the reality of the treasurer’s world. While there are new opportunities beyond the batch file and five-day week, much of the underlying payment infrastructure that supports treasury operations will continue to be based on the business week. Yet the financial technology and banking communities are in danger of developing tunnel vision, with a sole focus on solutions like instant payments and application program interfaces (APIs).

APIs are sold as plug-and-play solutions to connect two parties in instantaneous communication. Yet the transfer of data is just a small part of the broader application and value of data in relation to existing processes.

Instant payments are presented as an alternative to batch-processing. Yet reality isn’t so absolute. In many treasuries there is a broader spectrum of payment timing requirements, from instant to on-demand wires, and automated clearing house (ACH) batch processes. (These topics will be discussed in more detail in future articles in this series.)

“There’s no doubt that ‘instant’ technologies are disruptive and transformative,” says Kevin Heins, Head of Strategy, Advisory and Complex Client Solutions at Bank of America. “They are also specialized in their value-adding applications.” Treasurers that have digested this technology, adds Heins, are focused less on ‘real-time’ than on ‘on-time’ solutions — a broader and more appropriate term to suit the true range of business and treasury operational needs.

## Continuous visibility and process automation are the real trends

Disruptive events over the past few years have required rapid changes in treasury functions.

All of this innovation is about treasury process transparency and automation. These concepts, technologies and processes are not new to the manufacturing industry. Most manufacturing processes have already embedded high visibility and real-time monitoring. Now, disrupted supply chains have illuminated lagging service and support functions, igniting a relentless move towards continuous visibility of treasury and finance processes.

On-demand liquidity positions and cashflow forecasting have become a must for some corporates. To support this, machine learning has found practical application in managing the likes of receivables processes. It is used to identify invoices that may impact cashflow, flag them, and address the cause in real-time — much like an automated manufacturing process.

The foundation for this transformation is rich data. With this in mind, SWIFT’s adoption of the latest ISO 20022 data interchange standards may, in the long run, be just as significant as real-time payments in transforming traditional treasury transaction processes.

If the core trend is process automation and visibility, then the near-term focus for many treasuries is a solid foundation of people and systems that support new levels of security and data flow through fundamental processes, like their manufacturing equivalents. This bedrock of automation will make the value of future technology applications clearer. It also means that any proposals for real-time solutions need to be connected to existing and planned business needs, with a clear business case.



## Understand the need, be the strategic advisor, and build partnerships

The automation of treasury processes, and the misconceptions attached to many new technologies, presents a true opportunity for treasurers to work across the business in the much-promised role of strategic advisor. The ability to define, validate, and put a clear business case around these technologies is a skill many businesses are crying out for.

To do this requires an in-depth understanding of business processes and needs. This includes knowing when to introduce complexity into processes where simplicity has been hard-won. If SWIFT is fit for purpose, with richer data, and customer needs haven't translated into concise new use-cases, then the business case for a full-scale shift to instantaneous processing is not compelling.

This doesn't mean stagnation. At some point the business case for a range of instantaneous applications will likely come from business partners or clients. The question is, how disruptive will the transformation be for that specific part of the business, and will the value outweigh the cost and disruption?

A key part of a treasurer's preparation is building partnerships. This is a long, transformative journey that will require strong relationships, collaboration, and inter-connected objectives with IT departments. Treasurers will need to prioritize these skills and relationships to ensure an informed and timely move to deploy more real time or on-demand capabilities that drive real value.

## Plan for the future with the right context and advisors

Without a doubt, fast-moving, consumer-service-oriented technology firms can realize benefits from instant payments and data right now. In gig economies, like ride-sharing, real time payments have a clear application — the flexibility to pay drivers as their shifts end each day. Firms in these industries are also learning to deal with the real-time risk and fraud controls that this technology introduces.

However, for most treasurers, the context of current business process maturity means that real-time business process monitoring, to improve risk management and control, can potentially offer more practical value than instant payments.

Each of these applications is about meeting a need when it is needed: on-time. When it comes to banks and solution providers, having specialists who understand your business needs across different technologies and processes is the support every treasurer requires in their role as strategic advisor to the business. This means advisors with considered, and detailed knowledge, rather than endless conversations about specific niche solutions without context. At Bank of America, we have invested in the capability and knowledge to help you understand the value of on-time treasury processes. With this support, your treasury will be able to focus on the on-time capabilities that transform your business, answering the all-important questions: do you need it, and are you ready?

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This series of articles and podcasts will highlight the key misconceptions and opportunities of on-time treasury. We trust you will find this frank approach refreshing. Speak to a Bank of America representative to understand our practical approach to on-time treasury, led by our treasury advisory group.

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