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## Treasury: Building for Rapid Growth

Richard Hartung, Asia Bureau Chief, gtnews - 18 Mar 2010

*After last year, when many treasury staff worked mostly on managing through a crisis, 2010 is forecast to be a year when treasury professionals can turn their attention towards building for rapid growth amid a global recovery.*

Speaking at a conference in Singapore recently, researchers from IDC Financial Insights identified commoditisation and process centralisation as key trends that banks providing treasury and transaction services in the Asia-Pacific market will need to focus on this year. In a global conference call last month, partners at Treasury Strategies focused on how technology, process enhancement and effective staffing are key trends for companies as they shift from dealing with corporate credit risk or a shrinking business to focusing on making sure they have enough capacity to handle rapid growth. The common themes of technology for automation and better processes are changes that banks and corporates can both embrace to gain competitive advantage.

For banks, commoditisation of treasury services potentially represents one of their biggest risks, yet it can also lead to advantages. Most banks already have, or soon will offer, services such as customer dashboards, digital signatures, single sign-on and mobile authorisations as technology enablers that can drive clients' efficiency. While treasury and cash management professionals at financial institutions who simply offer these services just like everyone else risk being left behind, banks that invest in innovative or differentiated services could well gain market share. "Shrinking margins are likely to drive an overall trend toward commoditisation, but there may also be opportunities to reinvest some of those back-office cost savings into premium services for high value market segments," according to Deloitte & Touche. Treasury Strategies identified concierge services, for example, as a potential differentiator and banks that can rapidly provide advice on everything from interest rate forecasts to hedging strategies can gain competitive advantage.

Within companies, Treasury Strategies sees the treasury function moving from a cost to a strategic enabler. Senior management thus needs information more than ever, even as efficiencies are also needed to save costs and leverage scarce professional staff resources. Technology is critical, as automation through new systems that enable functionality such as automated data gathering, access to a centralised database, easy links to banks, detailed forecasting and effective reporting can enable management to provide strategic advice faster and better.

One tactic some companies are using to do more with less is process centralisation. One example is centralising payment functions in a single location to enable standardised processes, better compliance and greater efficiency. "The work that can be standardised, centralised and performed the same way every time lends itself to a shared service centre," according to John Gleason from Dell, in a Euromoney interview, and accounts payable (A/P) is a good example, whereas accounts receivable (A/R) is more difficult, since it varies greatly from country to country. Process and gap analysis, leveraging internal as well as potentially external or bank resources, can identify the other functions most amenable to centralisation or automation.

As companies shift to the more pleasant problem of dealing with growth rather than shrinkage, leveraging knowledge of the trends towards centralisation, commoditisation and automation to make sure the right tools, processes and people are in place to do the job can be key differentiators that lead to success.

[Back to top](#)

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