Treasury 2030

Modernize or Risk Irrelevance

Citi GPS: Global Perspectives & Solutions

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TREASURY 2030

Modernize or Risk Irrelevance

Shahmir Khaliq
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Treasurers perform a challenging role. They ensure the company has adequate liquidity, minimize financial risks, and contain net financing costs so they do not materially impact cash flow. They have the vital mission of supporting the CFO in capital strategy.

And they must do this in all financial conditions.

Treasurers recognize that learning never stops and strive to do better. Many ask us: "What does best-in-class treasury look like and how do we stack up?"

A year ago, we published our study Citi GPS: Treasury Leadership: Does it Matter? which measured what differentiates best in class treasuries from the rest. We found that companies that have nurtured treasury teams to be leaders also enjoyed better financial performance.

Recently, many treasurers are asking more forward-looking questions like, "What will treasury look like in the future? How should we plan to adapt?"

In this paper, Citi's Services Client Advisory Group worked with Zanders to answer the question: What will treasury look like in 2030?

A lot can, and likely will, change between now and 2030. The purpose was not to try and lay claim to the most accurate prediction for the future of treasury, but instead to present a vision for how this evolution can and should progress.

It will require novel ways of thinking, modern technologies, and close partnership between companies and banks.

The prize is treasury taking on - and delivering results against - an expanded role within the organization that better equips businesses to meet the goals and objectives set by the CEO and stakeholders.

The road to 2030 is filled with opportunity for those that boldly embrace the challenge.

Treasury 2030

Modernize or Risk Irrelevance

Approaching 2030, corporate treasurers have a unique opportunity to create value helping their firms compete in an increasingly 24/7, real-time world. Citi finds that treasury is underfunded in technology and resources. The need now is to plan beyond incremental improvement and adopt novel ways of thinking to drive proactive strategies.

Centre of Excellence for Financial Transactions

Always On, 24/7

Chief Returns & Risk Officer

Automation Through AI

Adoption of new technologies and closer partnership between corporate treasuries, banks and technology providers will support modernizing treasury to be ready for 2030

For many companies, the Treasury 2030 ambition to provide attributable value add to the organization to support growth objectives will require changes to the infrastructure, organizational construct and positioning of treasury

93% of respondents expect treasury to become materially more advanced in the next three to five years. Yet over half indicated that there is uncertainty as to what shape this future will take and the path to get there.

- Yes, and I believe that how this will happen is becoming relatively clear
- Yes, although there is a lot of uncertainty as to what shape this will take and how progress happens
- No, it will mostly be incremental improvements rather than transformative advancements

% treasury function advancements.
Citi client survey, August 2024

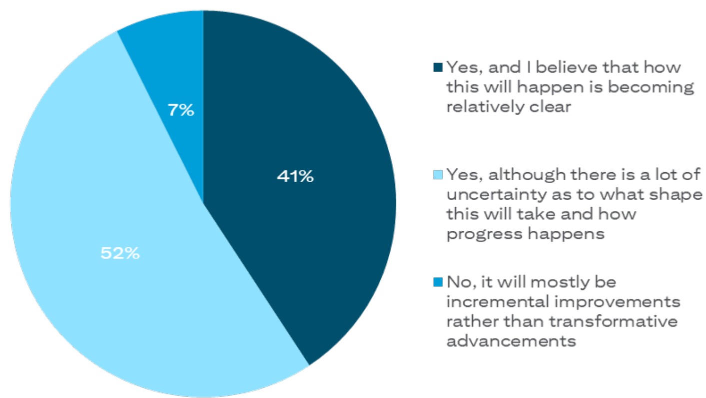
Contents

Introduction

What will treasury look like in 2030?

In this report, Citi's Services Client Advisory Group and Zanders worked to answer this important question. More specifically, we focus on what *should* treasury look like in 2030 based on where we are today, and the opportunities we see.

Figure 1. Do you expect the corporate treasury function to be materially more advanced in three to five years?



Source: Citi Client Advisory Group, Client Survey, August 2024

It's clear that technology will continue to be one of the major catalysts for change. We discuss new technological advances and how they will provide a platform for treasury modernization.

Ultimately, the most important catalyst will be the appetite of treasurers to make the tough choices needed to drive change.

Citi and Zanders developed this paper after surveying clients and technology providers. We thank all involved for taking the time to share their insights with us. That said, the opinions expressed are ours and we take responsibility for the content.

The nature of predictions is that we will likely be wrong in terms of precise outcomes. But below we lay out what we believe to be the thrust and direction of how treasury will evolve by 2030.

We hope the vision we lay out here serves as a call to action for companies, tech providers and banks to take the steps necessary now to ensure treasury remains relevant and indeed vibrant in the coming years.

The North Star

What is the 2030 vision for treasury?

We think that by 2030, treasury should be seen as a strategic business partner, adding enterprise value through data-driven insights that support business decisions and drive growth.

For many companies, the harsh reality is that their technology infrastructure, organizational construct, and current positioning are not properly equipped to support this vision of treasury.

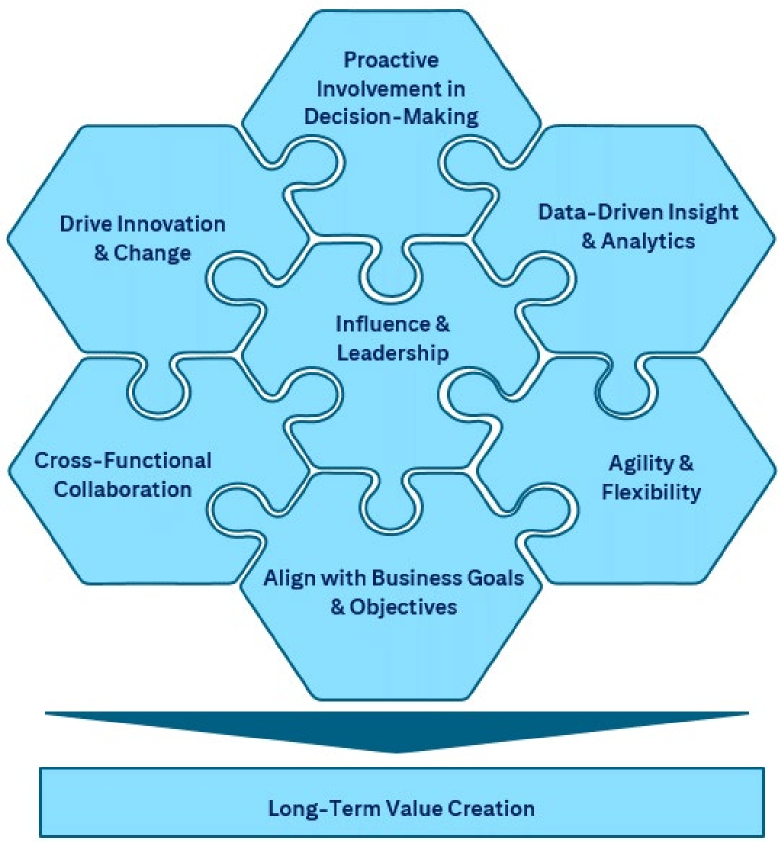
If the aspiration for treasury is to move beyond being risk and liquidity managers, to offering the business true value-add and partnership for growth, then broad-based changes are needed. We believe that these changes need to happen at the functional and senior management level, and all the way to the boardroom.

"People look up to treasury for strategic vision."

Jim Scurlock, Assistant Treasurer, Expedia Group

A strategic business partner means mastering each of the seven pieces of the puzzle below.

Figure 2. Treasury as a strategic business partner and value creator



Source: Citi Services Client Advisory Group

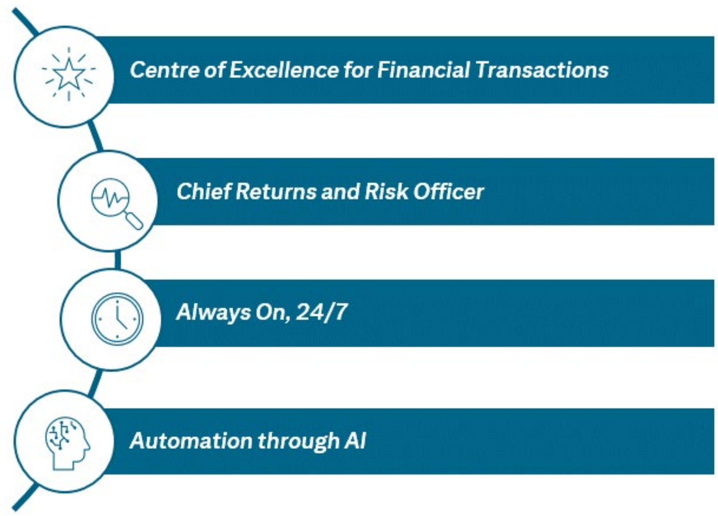
What does that look like for leading treasuries in 2030?

We believe by 2030, treasury will be different in four key characteristics. Getting there will require pioneering thinking to map out what each company should do and how to get there. The changes needed are organizational and cultural, as much as in technology and infrastructure.

"Treasury should be 'hungry' for data to drive and influence better business decisions."

Anthony Persico, Head of Treasury Operations, Cash & Risk, Haleon

Figure 3. The attributes expected to encapsulate future treasury leadership



Source: Citi Services Client Advisory Group

The Center of Excellence for all Financial Transactions

Most treasuries remain focused on managing financial risk, cash, and funding. Business operations drive the sources and uses of cash. Treasury is downstream, addressing the consequences of these business decisions to ensure adequate liquidity is available and financial exposures (FX, Interest Rate) are identified and mitigated.

"Time is being spent on data management and data analysis rather than what decisions are we making from it?"

Sean O'Connor, Director of Treasury, MongoDB

While the management of risk, cash, and funding remain table stakes, treasury needs to be equipped to proactively contribute to the success of the business. We believe this calls for any transaction with financial impact or implication to be governed by treasury. This would include the strategy for commercial payments and receipts, including those related to e-commerce and digital payment channels. It requires partnering with the business to ensure leadership understands and appreciates the cash and capital implications of decisions.

Treasury should be tightly integrated with commercial functions across the order-to-cash (O2C) and procure-to-pay (P2P) cycles and manage all external financial counterparties including payment service providers. This ensures effective transactional delivery for the business and expands treasury's grasp over a broader counterparty risk framework.

Being the Chief Returns and Risk Officer

"With regard to skills of the future treasury team. Risk management is getting more complex, business partnering skills become key as well as an understanding of pensions management. Core treasury skills remain important and should not dilute"

Neil Wadey, Group Treasurer, British American Tobacco

Treasury brings a unique combination of expertise encompassing financial risk management, liquidity management, capital and returns implications, and scenario thinking. Treasurers need to be involved early in strategic decisions to support the CEO and CFO in delivering promised shareholder returns.

The objective is to bring together a firm-wide deep understanding of core business risks (Paid to Take), financial risks (Paid to Manage), and operational risks (Paid to Mitigate). Treasury should be at the center of cross-functional alignment in the corporate planning process, bringing to the table its unique end-to-end understanding of risk, returns and cost of capital. Horizontal collaboration between treasury, FP&A, and business development will ensure that top line growth, returns, and risks are all considered.

Treasurers should be part of decision-making processes, contributing its analysis of risk vs. returns. The outcome is better financial results for any given (and actively decided) risk profile.

Saying Farewell to the Daily Morning Drudge and Welcoming 24/7

As treasurers know well, there are enormous inefficiencies in how cash is moved and managed today. Part of this is inherent in the payments and banking world. But changes are transforming that, as we discuss later. Meanwhile, there are unacknowledged opportunity costs and risks in the batch-driven, information-lagged routines currently within treasuries. This affords little flexibility or agility when most needed by the firm.

We think treasuries in the future will need a real-time mindset to always get the most from corporate cash. Companies, irrespective of business model, will need to move towards real-time treasury that accelerates the velocity of cash. We explore real-time treasury in more detail in our paper The Real-time Treasury Evolution: A Shift to Modernization (September 2024). Suffice to say that this will require a fundamental re-engineering of treasury processes and how treasuries consume and harness data.

The outcome of real-time treasury should be radically enhanced efficiency. This will engender significant changes to the way corporations manage cash, offering a competitive advantage to those that do so. The entry of real-time treasury may lead to the end of so-called value-dating and the start of value-timing.

Using AI as the new Treasury Operating System

A higher velocity of cash will require routine and repetitive tasks to be process-based and automated. Being a value-added partner to the business requires treasury to create capacity to think, analyze, and share insights. AI will play a key role in this.

In industrial and consumer contexts, Artificial Intelligence (AI) and Machine Learning (ML) are already automating repetitive processes, improving accuracy, and supporting analytics for better decision-making. Natural Language Processing (NLP)-based computer interfaces are becoming robust. Large Language Model (LLM) based Generative AI is a more recent phenomenon, but wide-spread experimentation is already demonstrating that it can deliver value in the right context.

Looking ahead, AI should be at the core of a new treasury operating system that powers automation, efficiency, accuracy, and data-supported insights.

Automation can make your life better, and it will take away the grunt work and give you more time to think about the value add, but it needs to be done thoughtfully. Too often it's the process of executing the high value transactions that is automated as that's where the ROI is easiest to identify, which creates the opposite dynamic."

James Kelly, Group Treasurer, Pearson

Recognizing the sensitivity of treasury's role, humans become integral in managing, overseeing, and interjecting the AI when the situation exceeds set parameters. This is analogous to developments in the airline industry. A modern airliner transports more people at higher speeds than in the early days of commercial aviation.

Yet, flight decks have been reduced from a crew of five or more down to two. Leading airline manufacturers are already experimenting with one-person operation. This occurred because, as automation advanced, autopilots reduced pilot workloads. Autopilots operate the plane in routine conditions. Pilots supervise the overall flight conditions and remain ready to take control whenever the situation goes outside parameters deemed suitable for machine-based decisions.

Spotlight on Real-time Treasury: Future of the Borderless Network

Ryan Rugg, Head, Digital Assets, Services, Citi

We've reached an inflection point in technology where real-time treasury is no longer just a concept – it's here. Emerging technologies are transforming the banking system and catching up with the speed and frictionless processes of digital commerce. Innovative technologies are driving the shift to real-time, and money is rapidly becoming borderless – always-on, 24/7/365, multi-bank, and multi-jurisdictional. As money moves to real-time, banking days, batch processing, cut-off times, end of days, and weekends will be left behind as relics of the 20th century.

Real-time solutions are critical for treasuries to be as efficient as possible. These features, which were once considered valuable additions to our clients' services, are becoming standard requirements. Companies must be able to meet this demand in order to stay competitive and protect their bottom lines. It is up to companies to invest in their future, which will require dynamic, real-time solutions for movement of value. It is those companies that develop an always-on treasury ecosystem – where programmability is integrated, and security and controls are central – that will lead and shape the future of the industry.

Change Drivers

Digital assets are playing a pivotal role as 24/7 money movement and real-time liquidity become the norm. At the heart of this transformation is the integration of the best-of-banking and the best-of-blockchain technology. Blockchain proves a complementary rail for the movement of value, with its unique attributes – cryptography, smart contracts, immutable recordkeeping, connection of disparate parties, and its ability to always be on – that merge seamlessly with the payment's ecosystem.

Blockchain also enables, via tokenization, a programmable store of value which can automate the flow of money and unlock new capabilities. This smart money, in conjunction with the underlying blockchain, is highly composable, enabling product and technology teams to develop robust solutions that can be repurposed as new use cases arise. Smart money and blockchain also enable concurrent transactions within banks' ecosystems, whereby multiple parties can share and update data, transparently, in real-time. These features of blockchain are relatively unique and are clear differentiators for digital asset technology vis a vis other emerging technology.

The future of treasury requires an end-to-end connection of data to facilitate real-time insights into cash flow, liquidity, and risk management. This single source of truth will allow for the full adoption of emerging technologies like AI, smart contracts, and digital identity solutions. The convergence of these technologies is key to streamline and further secure the treasury system. AI technology has the ability to learn from previous payments to better identify cases of potential fraud. Smart contracts enable automation of certain processes and can eliminate costly 3rd party transactions. Digital identity solutions can help institutions ensure that only authorized individuals are executing transactions with one another by creating a shared database for flagged individuals. These solutions help to solve many of the pressing challenges of cross-border payments presented in the G20 roadmap, including lowering costs, expanding access, and increasing speed and transparency.

Getting There

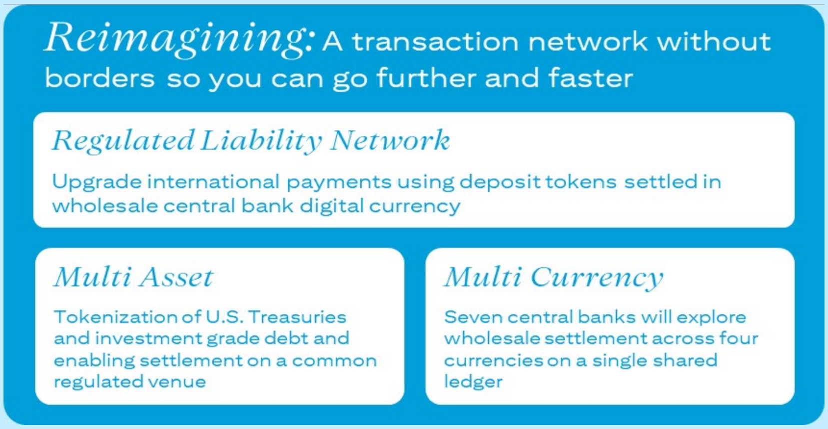
By 2030, leading treasury organizations should be transformed to real-time in support of digital business models. These treasury organizations will have a seat at the decision-making table and drive value by aligning with their respective corporate KPIs, transitioning to proactive from reactive. They will treat cash as a corporate asset to obtain internal support for treasury centralization and utilize liquidity structures, including global pooling and In House Banks (IHB), to drive liquidity optimization. They will apply new technologies, i.e., big data, Application Programming Interface (API), AI/ML, blockchain, where applicable and focus on end-to-end treasury technology stacks.

Central to the delivery of real-time treasury is the coordination of all facets of the sovereign currency system. Banks, corporates, and central banks must coordinate to create a seamlessly integrated network with tokenized, programmable assets. This new network would overcome several structural inefficiencies in how payments happen today such as: time zones, regulatory and technical requirements, and operating hours.

Until now, payment networks have been siloed without the right interoperability. The future of Treasury requires an interconnected, global system of networks in which central bank money, e-money, and tokenized deposits interoperate.

An example of this future network is the Regulated Liability Network (RLN), which is a proposed Financial Market Infrastructure (FMI) that will deliver an interoperable network of central bank money, commercial bank money, and e-money (and in the future, regulated stablecoins), which explores the conjunction of a shared ledger technology and the sovereign currency system. This development could enable interoperability across participant ledgers and introduce technical features, such as programmability, which may open new avenues for introducing innovation into national and cross-border payment systems.

Figure 4. Reimagining Borderless Digital Commerce



Source: Citi Services, Digital Assets

The Four P's: Position, People, Process & Platform

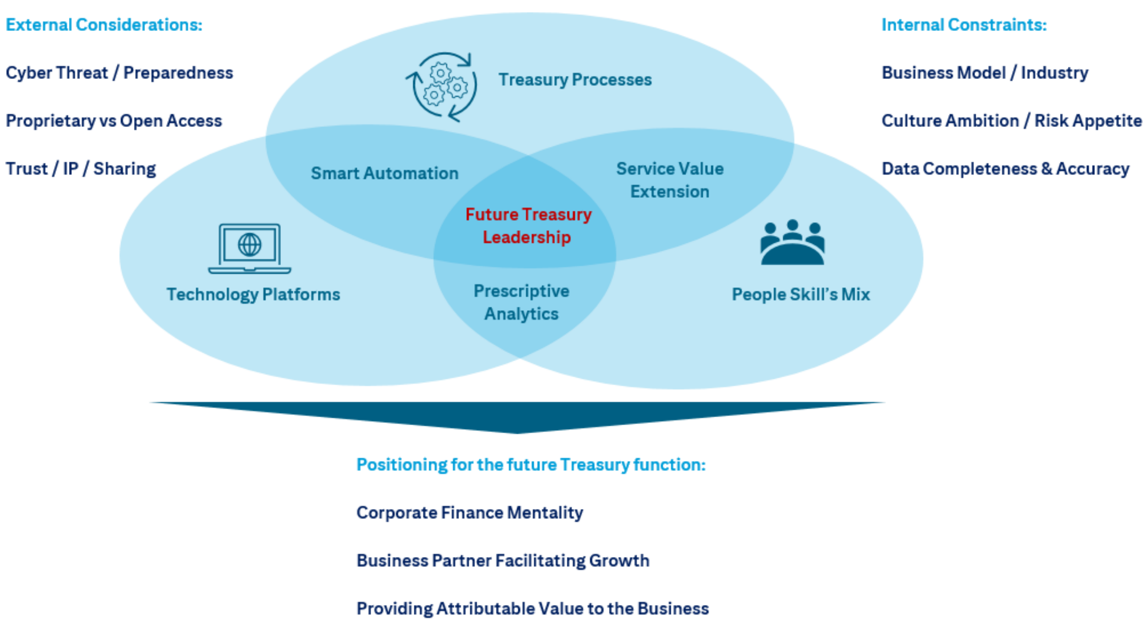
How does treasury make the changes necessary for success in 2030?

Today, treasury sophistication, technical infrastructure, talent, and role within the organization vary widely across companies. Given the current state, most treasuries will need to overhaul operations to advance and arrive at the 2030 vision. In turn, it will require treasurers garnering a bigger share of the budget pie and getting investment for modernization.

This starts with what we spelled out earlier – treasurers reassessing their role beyond risk management to enabling business growth. Treasury needs to position itself by communicating that it is a value-add organization; a staunch advocate for change that helps drives revenue and enterprise value under the umbrella of risk, returns, and capital deployment.

The traditional treasury blueprint has been determined by establishing policies within its scope addressing people, process, and platform. This approach remains valid. Treasury will need to adopt new digital opportunities that bring about the next level of automation and machine-led processing to people, process, and platform. Company-specific internal constraints need careful consideration. Factors, such as culture, trading model, and change readiness, along with broadly recognized data challenges, are halting progress for many.

Figure 5. Framework to determine future positioning and blueprint for the treasury function



Source: Citi Services Client Advisory Group

Treasury leaders that want meaningful advancement will create capacity and offer an opportunity for treasury to reposition itself as growth enabling.

Leading treasuries will achieve automation first through data and policy-led deterministic logic, and then via AI to support faster and more informed decision-making by people.

Given the change in treasury, the skills within the treasury organization must evolve to meet future needs.

We consider three fundamental questions in defining such a future treasury function and how to achieve that in the context of Figure 5:

1. What will be the treasury processes that survive this next evolution?
2. What role will people play in the treasury function of the future?
3. What will be the treasury technology that matters in the delivery of future services?

What will be the treasury processes that survive this next evolution?

Treasury processes will survive but the form and how they are executed will change. First, existing processes will accelerate. Second, the level of friction, number of procedural handoffs and potential points of failure in their execution will be greatly reduced. Those providing treasury technology are recognizing this change in how processes will be supported in the future. Steve Evans, President, Corporate Liquidity & Bank Treasury at FIS, notes that, "Having a holistic view into your liquidity with complete, accurate real-time insight, so that you can identify liquidity threats and better manage liquidity risk is critical. The bedrock of those insights is the data that you have, how you store that data, and then how you consume that data. This then creates the building blocks for areas such as AI-driven forecasting."

Each treasury process, from cash forecasting, to positioning, intercompany funding, investing and funding and hedging should be reassessed. This means looking across people and technology to determine opportunities to automate. For example:

- Does the purpose and objective of the process remain part of the new treasury remit?
- What data is necessary? Is cleansing needed to ensure completeness, accuracy, and timeliness?
- Who owns the necessary data elements to support the process?
- What changes to process frequency, time horizon, and velocity are necessary?
- Are there handoffs, friction, or points of failure embedded in processes that need to be removed?
- What is the value-add for individuals to execute versus automating processes for efficiency? Are they repetitive, non-value activities or activities that need human involvement?

- Are there any opportunities to access external data insights to further internal findings?
- What level of security and privacy is required to protect company intellectual capital?

Process automation frees up time and capacity, which can then be utilized for treasury service value extension. First, companies will need to focus on removing the non-valued repetitive work that is a nuisance to staff and often the cause of job dissatisfaction. Once achieved, automation of more complex tasks may be considered. As we describe elsewhere, new capabilities such as distributed ledger technology (DLT) and AI will be useful, or may even be pivotal.

What role will people play in the treasury function of the future?

“AI will be a part of the way we work in the future, using it as a ‘good friend’ that helps to automate work and help free up time for staff to do more value-add work.”

Netta Christensen, Head of Global Cash Management, Treasury & Risk, Maersk

The future of work, specifically the human contribution to the treasury function, is currently both a cause of concern and excitement. It is our view that the transition to the future of treasury should be reason for enthusiasm, not fear.

Our expectation is that human intervention will remain a core element of treasury processes. We are likely distant from artificial general intelligence that can operate as a digital cash manager. Instead, human and machine will be more closely coupled as innovations take hold.

As a byproduct of widespread technology adoption, we expect growing acceptance of geographically dispersed teams that are functionally centralized through workflow tools facilitating end-to-end processes.

To determine future talent needs and opportunities, treasuries will need to carefully review processes and consider the caliber of people needed. Steve Evans (President, Corporate Liquidity & Bank Treasury, FIS) points out that “Technology can evolve faster than people. We need to ensure guard rails are in place to ensure the responsible and safe use of those technologies.”

"As an organization, we need to have a complete mindset shift and realize that the AI and the technology is not here to replace us. It's to help us augment our thinking, provide better analysis so that we're making smart and timely decisions."

Sandra Ramos Alves, Senior Vice President & Treasurer, Bristol Myers Squibb

People-friendly and hybrid working models will be important in attracting the necessary talent to support the future treasury function. The ivory tower days are gone. Those with tech chops and ability to change will be in demand. The legacy core treasury skillset can be learned by the next generation of professionals on the job.

A much deeper or closer collaboration will be needed between traditional operational finance functions (e.g., FP&A, O2C, P2P), as well as broader relationships across insurance, pension, corporate finance, and M&A teams. Functional specialization has been the primary driver of today’s typically siloed organizational construct. This model neglects the overall value chain impact. In its place, we expect an integrated horizontal engagement that breaks down the silos.

For treasury to move into and retain the enhanced position across what are today’s finance verticals, it will need to deliver and prove trustworthiness based on tangible results, rather than aspiration.

Leading treasurers will understand that they will need to adopt the corporate finance mindset that addresses the deployment of capital to meet organizational growth.

"I can teach most people treasury things, but I want someone who is very future-focused, is not afraid to break things and reinvent them, to make them more future-focused, and is comfortable with change and is curious because I think that's what it's going to take for us to be successful and add value."

Jen Powers, President, UPS Global Treasury

Creating realistic business cases, showcasing the wider organizational impact of shifting cash and liquidity optimization to higher yielding activities such as M&A, investment in property, plant, and equipment, and stock buy-backs will secure senior management sponsorship and pave the way for change.

The existing workforce and organization will need upskilling to meet the future vision of treasury. For many, that means moving from an executer to an influencer role. Communication skills and appetite for change will become critical components of the core DNA in the treasury workforce.

One element is certain, the future of treasury will require a shift in thinking from more with less, to more complex with the same (noted by several interviewees).

What will be the treasury technology that matters in the delivery of future services?

The current technology landscape supporting treasury has served the community adequately to date. However, there are significant challenges in moving from incumbent legacy technologies to the future vision for treasury.

Treasury is often supported by a disconnected set of providers, with multiple instances of various systems across a multitude of technology and banking providers. Low levels of connectivity and ever-increasing total-cost-of-ownership, difficult upgrades, with potential points of failure and penetration risks, are driving unacceptable levels of operational risk.

The fractured technology infrastructure results in poor data quality, limited consistency through the use of standards, and numerous potential points of failure – all of which make them difficult to manage.

This is inadequate in order to be a treasury leader in 2030 because organizations will already have moved from people-dependency to well-defined processes, utilizing technology to digitize and automate repetitive tasks.

Additionally, new tools and services will be utilized representing more of a paradigm shift than a process automation exercise. Processing will no longer be based on batch and end-of-day. Instead, processing will need to happen in real-time.

Those organizations that succeed in this era of automation will need to leverage new technology. In these organizations, treasury will work closely with their internal IT to manage a portfolio of external technology providers and strategic partners and ensure they remain closely aligned.

For example, some of the concepts to be adopted and operationalized are likely to include:

- Assessing the most optimal locations and centralizing cash by currency based on where investment and funding markets are most liquid
- Mobilizing and centralizing cash, and ensuring cash visibility, in real-time on a 24/7 basis
- Utilizing technology to digitize and automate the high volumes of revolving intercompany loans generated by 24/7 cash mobilization

- Incorporating AI and ML technology across IHB processes, such as FX risk management and cash flow forecasting, for more accuracy, efficiency, and consistency.

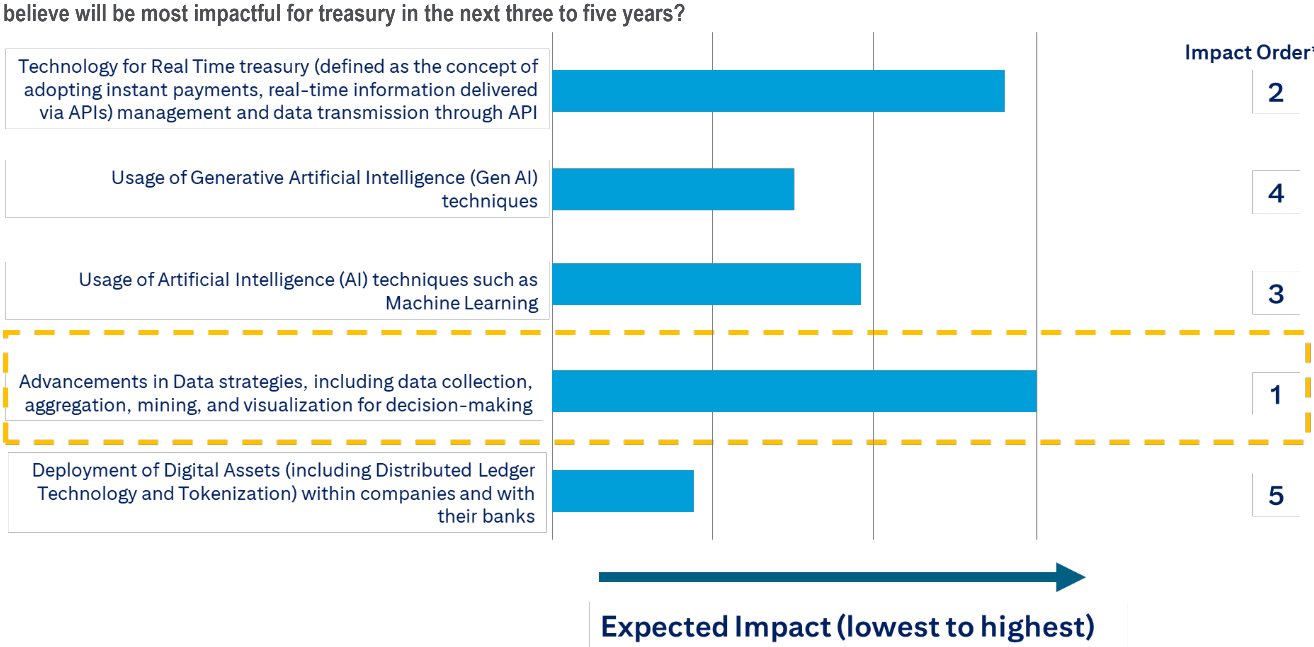
"The potential for rapid progress here is tremendous. However, the longer we debate and discuss AI tools and how they will change our life and work experience, if they are slow to arrive or materialize in a practical way, this can lead to some levels of uncertainty in people's minds about what strategic direction to best take."

John Donegan, Treasury Operations Leader, Hewlett Packard Enterprises

There seems little doubt that one of the largest technological shifts will be in using AI. Adoption of AI will be useful across multiple areas in treasury. Driving this will be the increasing availability of readily usable tools and a growing resource base of data science and coding skills. Getting there will require progressive experimentation in AI by treasury to deliver results, while avoiding unsupported hype that has made many treasurers hesitant about its true value.

We agree with clients who responded that the greatest transformational impact to treasury is likely to come from advancement in data strategies for aggregation, mining, and visualization (Figure 6). This is closely followed by technology to enable rapid decision-making as the world moves towards treasury operating in real-time.

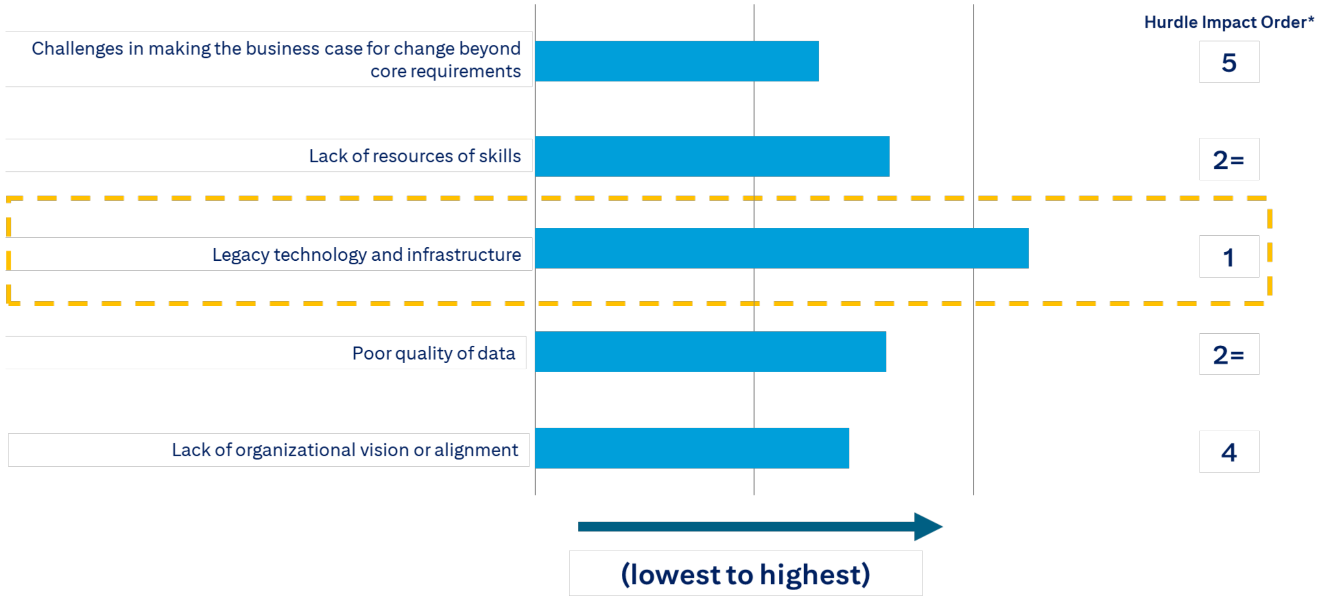
Figure 6. Response from a recent Citi survey of 27 corporate treasurers who were asked the question: What technology innovations do you believe will be most impactful for treasury in the next three to five years?



* Survey Question Responses were ranked 1 to 5 in order of impact. 1 = most impactful.
Source: Citi Client Advisory Group, Client Survey, August 2024

Respondents viewed legacy technology and infrastructure as the biggest obstacle standing in the way of treasury making significant advancements in the next five years. Poor quality data and a lack of resources, and skills are viewed as the next biggest challenges to overcome.

Figure 7. Response from a recent Citi survey of 27 corporate treasurers who were asked the question: What do you believe are the biggest hurdles for treasury in making advancements in the next several years?



* Survey Question Responses were ranked 1 to 5 in order of Hurdle materiality. 1 = highest
Source: Citi Client Advisory Group, Client Survey, August 2024

Banks, established technology providers, and emerging best-of-breed niche providers all need to be more interoperable in providing end-to-end services to users. This requires less over-promising and more willingness for meaningful collaboration.

Christian Mnich, Global go-to market lead for Office of the CFO Solutions, SAP, expects that “AI and LLMs are probably here to stay and can help us a lot in simplifying the lives of treasurers.” And greater enterprise-wide integration is also noted by Mnich when he considers the needs of companies: “I think the biggest change for the next three to five years is that within finance organizations, we will see more collaboration between the peers of the treasurer, including the corporate controller, FP&A or the person responsible for working capital management.”

With some major technology providers requiring clients to upgrade systems, that may, in the near-term, create additional challenges for treasurers as implementation will consume resources.

In fact, system changes represent tremendous opportunities to plan and create a platform that is future fit. Equally, they represent huge opportunity costs if associated with not thinking forward, but with an overly conservative mindset, thus ending up with an infrastructure that cannot support that future state. Clear strategy and ownership are both needed around data and technology to realize the expected benefits. In the medium-term, we do expect treasurers will take on the challenge with an acceleration of treasury transformation initiatives.

"The most material change for the office of the CFO will be how they manage their data strategy.

Melissa Di Donato, Chair and CEO, Kyriba

Melissa Di Donato, Chair and CEO, Kyriba, says: "Today, most treasury professionals engage with data using a mouse, keyboard and monitor through the user interface of treasury and Enterprise Resource Planning (ERP) platforms. Things are moving so quickly that in three to five years, treasury teams will engage with their data through AI, either embedded into their treasury technology or provisioned to work across multiple systems."

Technology providers engaged as part of this report are listening and pivoting their service offerings to better support the future ambition of treasury. There is a general drive for lower cost standardized SaaS solutions that can be swiftly implemented. At the same time, we see a need for deeper partnerships with treasury technology vendors to allow for greater understanding of client-specific requirements.

There is a broad desire expressed by corporations interviewed for more of a life-cycle partnership with technology providers, rather than one that is very intensive during the sales cycle, less so during the implementation cycle, and very light during the business-as-usual phase.

It is also time to recognize that companies should consider options beyond legacy technology providers as they look for who can support future ambitions for treasury. As James Kelly, Group Treasurer, Pearson puts it: "They've [some legacy technology providers] slapped an outboard motor on the back of a raft and called it a speedboat."

Alternatives include emerging new providers for treasurers willing to go beyond the established ones. One such provider is Treasury4, which is seeing increased demand for a growing range of services. Nathan Brown, Treasury4, Chief Analytics Officer, says one thing materially different now is the requirements for data management services. "There is an increased demand for the velocity of data, the ability to marry different datasets together easily, real-time data to deliver the value that's increasingly expected in corporate treasury as part of the office of the CFO."

Jörg Weimer, Co-Founder & Lead Advisor, Treasury Intelligence Solutions, also recognizes the importance of treasury coming to grips with data: "Artificial intelligence obviously is going to play a key role in helping businesses understand what are the things that treasury should be paying most attention to – not necessarily making the decision for the treasurer but rather helping through extracting those insights more effectively and timely through better use of data to determine how to act – to the benefit of the core business."

New entrants often offer the promise of being more nimble, agile, and innovative. The catch is that some may also be too small to pass corporate sourcing requirements (e.g., vendor financial stability). This can slow the adoption of alternative approaches.

The reality is that it will take time and resources to decouple from legacy technology, due to a combination of scale, conflicting priorities, and an "if it ain't broke – why fix it?" attitude. However, not modernizing comes at a company's risk. The way forward is for companies, technology providers, and banks to collaborate to build the case for change and define the path to adoption. "I no longer believe in a single system; instead, I envision a future where a galaxy of interconnected systems communicates effortlessly and adaptively with one another," says Thierry Cairus, a Regional Treasurer in Asia Pacific.

We expect that treasury infrastructure will make advancements in the medium-term though:

1. Development of advanced data strategies where companies will leverage enterprise investment in the finance function to build out infrastructure and utilize resources that materially progress them towards better decision-making. That investment will also equip them to experiment and make progress with AI against valued use cases.

2. Realization that treasury is not necessarily the owner of data (internal data) but is a key consumer of data and therefore needs to express their needs in the formulation of the enterprise data strategy (storage, retention, categorization, ownership).

3. Unbundling of legacy treasury technology will open the functionality distributed door across more and specialized applications. While core day-to-day processes will remain on the central infrastructure (be it Treasury Management System (TMS) or ERP treasury modules), other functionalities will migrate from the central infrastructure (and Excel) to specialized applications.

4. Maturity and standardization in APIs. While APIs have been around for decades, the industry will reach a point of much higher maturity. This will be led by companies requiring that the applications they invest in be API-ready.

Treasurers with the zeal and ambition to embrace new opportunities will leapfrog ahead.

The Fifth P: Partnerships

We have already argued that treasury teams should increase their involvement in key business decisions. To achieve this, we have said that they should:

1. Be bold on their corporate positioning, collaborate with adjacent functions, take broad ownership of financial transactions, and take a seat at the table on the most important corporate decisions.

2. Develop people, ensuring they have data, technology, process re-engineering, change management, business partnering, and communication skills.

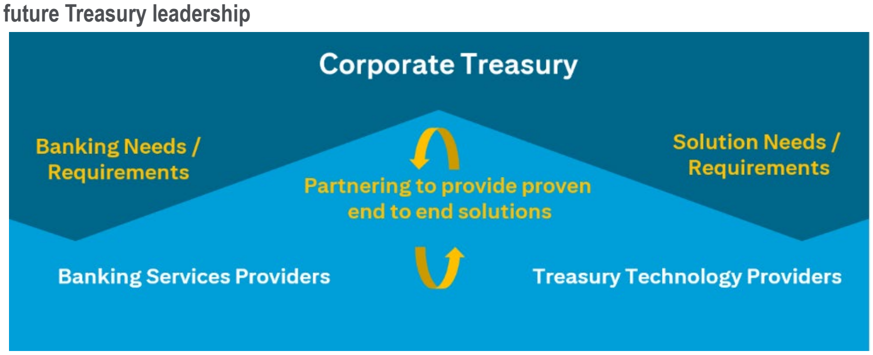
3. Develop up-to-date technology platforms that optimize automation and straight-through processing.

4. Update process taxonomies, doing more with less, automating, and partnering with corporate centers of scale for more standardized processes and continuously review to optimize.

Treasury teams cannot unlock their full potential in isolation. Treasury as a function is highly integrated with numerous stakeholders and counterparties, both internal and external. Some of the key opportunities described in this paper need a treasury ecosystem that is collaborative to tackle several roadblocks. To this end, we introduce the fifth P: partnerships.

Treasury technology providers and banks need to work together in a choreographed manner to enable real-time treasury operations, process automation, and advanced analytics. We believe there is a call to action for the corporate treasury community, the treasury technology community, and the banking community.

Figure 8. Illustration of the enhanced cross-partner collaboration required to best enable future Treasury leadership



Source: Citi Services Client Advisory Group

With greater collaboration through partnerships, we expect an alternative technology stack for corporate treasury to emerge. This new approach will require significant provider collaboration and interoperability coupled with a move away from monolithic technology platforms that are proving costly to maintain and upgrade.

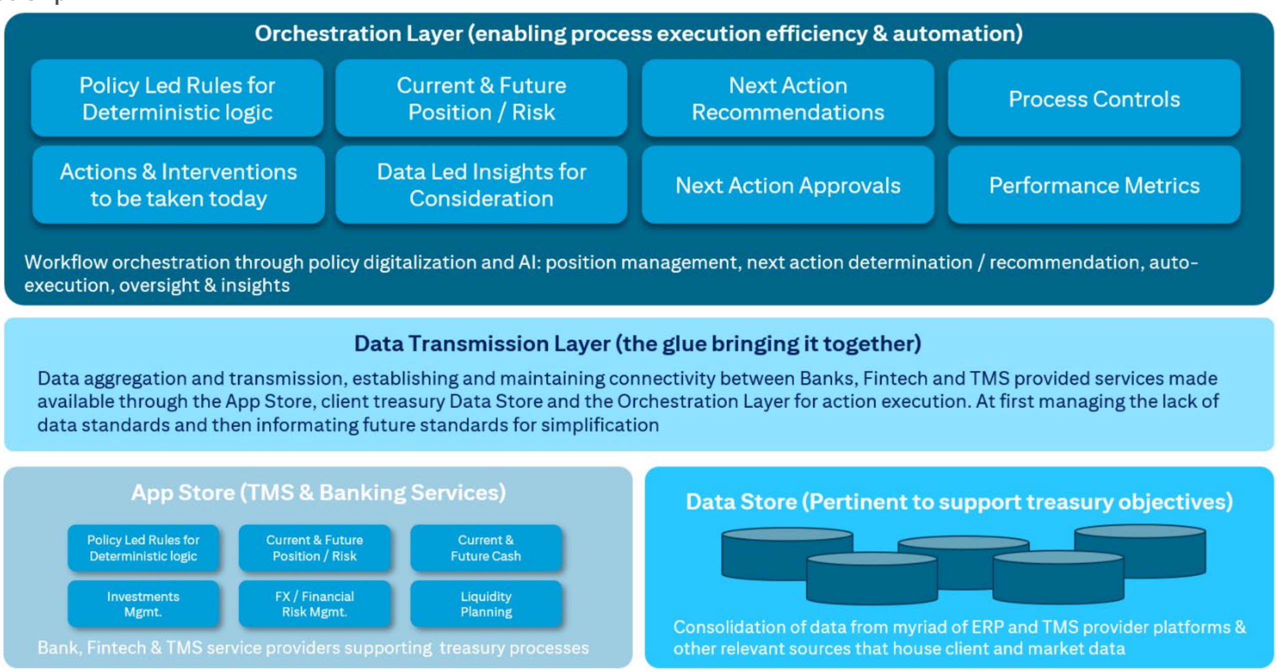
James Kelly, Group Treasurer, Pearson describes “an environment where effectively, you have databases, you have workflow and reporting tools, and you have agents where the agent ends up being an LLM embedded that's effectively orchestrating. An application environment so that the LLM becomes a network and you (the Treasurer) buy into the network... the LLM compiles a visual for the user based on the information provided.” Kelly suggests that “Everyone's desktop is going to be dominated by an LLM before long. In three - five years we will get to a space where workflow is controlled by the AI rather than using menus…we can quite quickly move to more of a no-touch technology world for treasury."

Jon Paquette, Chief Product Officer, Treasury Intelligence Solutions, offered a similar vision for the future treasury technology stack: a three-layered model. Paquette describes "an application layer, data layer, orchestration layer, connecting all the dots to improve visibility, connectivity, and collaboration. First application layer, streamline the process, clean up your processes, get organized. Second is the data layer – the new gold – and it does not need to be captured in one massive database anymore. You can have a group of data lakes which you can connect through API calls. And then the orchestration layer, connecting the dots, connecting the banks with the different ERP systems."

Figure 9 is an illustration of a potential alternate infrastructure that may emerge to better support the future vision of treasury. Incumbent TMS and ERP providers would remain for those that have invested in such legacy technologies – embedded over time within the new alternate infrastructure. The business flow data contained in the ERP and treasury flow data in the TMS feed the data store.

Services accessed today support treasury processes available through the numerous trading, treasury, and ERP platforms – all made available through the new application stores, similar to our experience as retail consumers – offered at the discrete treasury process level.

Figure 9. Schematic of a possible new layered and connected architecture emerging to better support the future stated objectives of Treasury leadership



Source: Citi Services Client Advisory Group

The orchestration layer facing the end user is expected to drive the treasury workflow, led by rules-based deterministic logic and AI, as those solutions mature. Beyond TMS as the primary user interface, the orchestration layer is expected to offer a push-recommendations experience to the end user, guiding the daily workflow.

"You as treasurers should be working with your banks, technology partners and consultants to ensure there is the right governance around AI and new technologies to ensure that they are serving the human customers your business aims to serve and supporting the humans ensuring your business is meeting their needs."

Joseph Neu, Founder and CEO, NeuGroup

The new user experience will be underpinned by a data store maintained and updated at the necessary frequency to hold the required structured and unstructured data, sourced from both internal and external sources through an API or equivalent enabled data transmission layer. Relevant treasury applications will be utilized on-demand by the orchestration layer from a multi-tenant app store. This new simplified architecture will offer on-demand interoperability across technology and bank partner applications.

Of course, the transition to a new infrastructure model that advances treasury will not manifest by itself. Walking the walk is required, which means meaningful partnership collaboration across corporations, technology companies, and banks to bring this about. We propose the following calls-to-action:

Corporate Treasury - Call to Action:

- There is no time for complacency. Treasurers should be bold and position themselves as influencers and develop an ambitious roadmap towards 2030. Articulate the value that treasury can bring to the group to ensure funding and approval for modernization initiatives.
- Ensure close alignment with your corporate IT counterparts. Understand where data can support treasury; get involved in the group's data architecture and make sure treasury requirements are included.
- Broaden involvement in adjacent functions. Because the treasurer governs all financial transactions, they should therefore be close to procurement, O2C, and P2P teams. As a result, treasurers need to build knowledge of other group functions to provide thorough business and financial risk management input.
- Adopt a mindset of being the trusted financial innovation partner and be a leader in change.
- Develop talent. Treasury will change and expand in scope, but the core of what it does today will not disappear. Consider the skill set of the future treasury team, which may need data science, change management, business partnership, influencing, and process re-engineering. Meanwhile, active planning and development will be necessary to retain people while developing the next generation.

Technology Providers - Call to Action:

- Position yourselves as long-term partners. Be sure to fully understand corporate pain points. There is a real opportunity to be more than a provider, drive greater value, and earn client-for-life status.
- Traditional treasury technology providers, new best-of-breed providers, and ERP providers need to be more interoperable, combining core functionality and new applications through plug-and-play API connectivity.
- Bring tangible, proven solutions to market which exceed client expectations.
- Be driven and on the forefront to deliver solutions that support initiatives for corporations – but don't overpromise.
- Develop solutions where there are perceived gaps in the market.

"There is room in the market for a strong solution bringing mid-term forecasting and exposure management together."

Neil Wadey, Group Treasurer, British American Tobacco

- Foster greater collaboration with banks, bringing solutions to treasury that operates seamlessly across a typical large company's multiple banking partners, accelerating information flow, delivering standardization, and seamless connectivity.

Banks - Call to Action:

- There is a need to deliver advanced, borderless, and interoperable banking networks that can work in real-time. New technologies such as DLT and the tokenization of assets and liabilities offer exciting possibilities, but progress depends on industry-wide collaboration.

"I would like to see banks get together and build common networks of intrabank DLT settlement on a 24/7 basis."

Chris McLaughlin, Global Head of Group Treasury, Trafigura

- Banks can deliver higher value solutions by integrating closer with client company processes, technology, and supply chains. Broader collaboration with technology providers to companies will allow for greater functionality and integration.
- Banks should further promote the development and adoption of cross-industry standards. In conjunction with collaboration with corporate technology providers (as noted above), this will help lower the technical barriers to consuming and adopting new banking services.
- As treasury teams develop their skills in advanced analytics and AI, banks have a role to play both in supporting treasury's data foundations as well as valuable analytics and insights.
- Addressing KYC will require collaboration across the industry, clients, and regulators. The development of digital identity offers a key potential path.

Conclusion

"Human change management will be a vital role going forward and preparing for the future of treasury even for 2030 means we are going to need a dedicated change manager in the function – ASAP."

Joseph Neu, Founder and CEO, NeuGroup

As we know, a lot can, and likely will, change between now and 2030. To quote Dwight D. Eisenhower, "no plans survive first contact with the enemy." Our purpose here was not to try and lay claim to an accurate prediction for the future of treasury, but instead to present a vision for how this evolution can and, we believe, should progress.

The future of treasury will be strongly influenced by corporate growth aspirations, fueled by adoption of smart ecosystems that will empower treasury. The opportunity for treasury as we move toward 2030 will be to determine the right balance and focus between greater effectiveness in risk management and enablement of new valued services to support business growth.

To manage real-time cash flows and optimize liquidity, treasury will require novel ways of thinking and modern technologies. This will enable treasury to shift from reactive processes to proactive, predictive strategies.

Being key in demonstrating value to the success of the business, treasury will need to become involved earlier in strategic decision-making, ensuring better financial outcomes with the right balanced risk profile.

In the future, treasury will increasingly make decisions based on real-time data, and will rely on high process automation. This will be accomplished first through utilizing data and policy-led deterministic logic, and then through AI to support faster and more informed choices.

Chief amongst the areas of concentration for leading treasurers will be the need to ensure they have the right people and talent mix at all levels and across all functions. For many, this will necessitate shifting from the role of being an executer to one of influencer. In the future, communication and an embrace of change will be core to the DNA of the treasury workforce.

To achieve this vision for 2030, treasury technology providers, banks and FinTechs will need to work together and collaborate in the services they provide to companies. These stakeholders will have to work together in a choreographed way to enable real-time treasury operations and full automation, bringing bank-agnostic solutions for corporate treasury to succeed.

As treasury takes on an expanded role within the organization, businesses will be better equipped to meet the goals and objectives they have set for themselves. The road to 2030 is filled with opportunity for those that boldly embrace treasury as a key partner in success.

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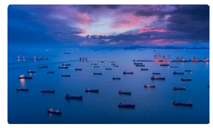

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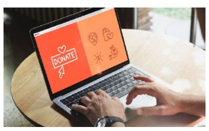

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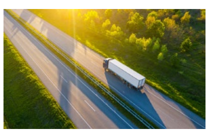

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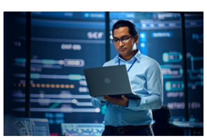

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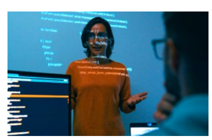

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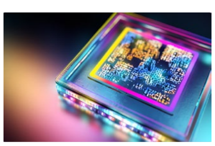

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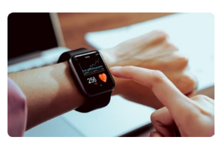

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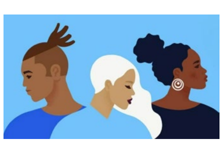

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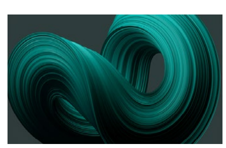

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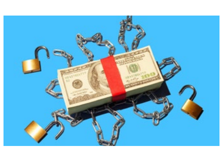

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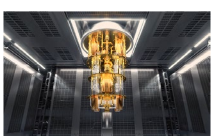

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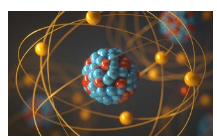

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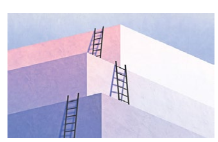

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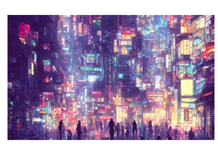

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