



# Digital Treasury Transformation is Full Steam Ahead



Even before the pandemic brought far reaching changes in the way business is conducted, a major digital transformation was already taking place. This digital disruption has swept across nearly every business sector and nearly every aspect of business operations.

A recent survey<sup>1</sup> found that **47%** of corporates are advancing digital transformation plans across the enterprise, while **53%** are adopting new technologies gradually in silos, or are exploring more far reaching changes for the future. This same report found that **93%** of senior executives are convinced that digital technologies could fundamentally change the way people work in their organization.

<sup>1</sup> TEK systems, "2020 State of Digital Transformation," October 29, 2020, [https://www.teksystems.com/en/insights/state-of-digital-transformation-2020?ecid=ps\\_tek\\_p\\_cli-pro\\_xx\\_sttfdgtlrns\\_google\\_xx\\_xx\\_20191209\\_7475bd03&vendor\\_id=4100&qclid=Cj0KCQjwuL\\_8BRCXARIsAGiC51De9aRnWceg\\_BHAZapDJRCpTEFI-JelgUdF5eT5dtpOtwFTJIWAFt4aAv3aEA\\_Lw\\_wcB](https://www.teksystems.com/en/insights/state-of-digital-transformation-2020?ecid=ps_tek_p_cli-pro_xx_sttfdgtlrns_google_xx_xx_20191209_7475bd03&vendor_id=4100&qclid=Cj0KCQjwuL_8BRCXARIsAGiC51De9aRnWceg_BHAZapDJRCpTEFI-JelgUdF5eT5dtpOtwFTJIWAFt4aAv3aEA_Lw_wcB)

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## Factors driving today's treasury innovation

Next-generation technologies are literally recasting treasury processes. There are three primary factors driving this dramatic change.

1.

**The first is regulation.** Central Banks across the world have put in place their own unique regulations that govern innovation around payment systems and platforms.

For instance, Open Banking regulations have been established that provide open access to consumer banking, transaction, and other financial data from banks and non-bank financial institutions through the adoption of application programming interfaces (APIs). And in Europe, the Revised Payment Services Directive (PSD2) was issued by the European Union to regulate payment services and payment service providers throughout the EU and European Economic Area.

2.

**The second is demographics.** As Generation Z gradually begins to dominate the ranks of the workforce, businesses must meet the expectations and preferences of these technology savvy digital natives.

This generation is used to interfacing with technology 24/7, which has brought about a business imperative to embrace next-generation innovation.


3.

**The third is competition.** Banks are increasingly facing competition from non-financial services providers, who are leveraging the latest cloud-based technologies to introduce disruptive innovations to the marketplace.

This has spurred tremendous digital growth, as well as a trend toward partnerships across the industry. These competitive forces are speeding up the cycle of change, and introducing exciting new innovations that are transforming the treasury function.



# Technology advances are changing the way we think about treasury



A number of technology advancements are changing the treasury function for the better. Amongst these game-changing innovations are cognitive science, microservices-based architectures, cloud computing, mobility and quantum computing.

The advent of cognitive science is allowing the banking industry to look at historical trends gleaned from extensive customer databases to look in the rear-view mirror, so to speak, and better understand preferences and expectations. Armed with critical insights made possible by artificial intelligence and machine learning, banks are able to deliver a more personalize experience. By adding greater value through vastly improved and tailored solutions and services, relationships can be strengthened and opportunities for deeper, stronger partnerships can be uncovered.

Monolithic technology architectures are fast being supplanted by a microservices-based model. Microservices are modular in nature and allow for independent function, but can also be integrated with other micro-services. An example of this is domain-driven APIs, which can be used to seamlessly connect systems and services. One of the great advantages of microservices is that new applications can be developed and launched with minimal to no interruption to the end-user. This allows for a nimbler operation, and a far better customer experience.

While there is nothing radically new about cloud computing, as more organizations migrate functions to the cloud, major potential benefits to the treasury function are emerging. Instead of having to build massive physical data centers with server farms, virtual data centers can be scaled up easily to manage the load. And the reduced latency made possible by cloud-based functions is opening the door to nimbler, on-demand solutions that meet the immediate business aspirations of corporate customers.

Even as some businesses resume in-office operations, many employees remain uncomfortable with returning to shared workspaces. This has increased the importance of mobile connectivity. Fortunately, the ongoing transformation of the treasury function has included mobile access. Bank mobility platforms are highly secure, often relying on biometric security protocols, which has made treasury professionals increasingly comfortable with using these tools to execute critical tasks. These best-of-breed banking portals are playing a key role in today's treasury evolution, and will only grow more popular going forward.

As the traditional B2B business models evolve and companies look to engage their customers directly, the need for computing power that can handle the requirements for dramatically increased speed and larger volumes of transactions will only grow. Quantum computing's ability to process massive amounts of data at lightning speed will prove invaluable to the payment's marketplace. We can expect to see a larger role for quantum computing in the future for banks and corporates alike.

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## Ready today, preparing for tomorrow

The digital revolution taking place today is allowing banks and their corporate treasury clients to drive tremendous automation and process efficiency.

The technology being leveraged is enabling organizations to harness data to understand emerging trends, anticipate treasury needs, rapidly create innovative solutions, and bring them to market in a fraction of the time it took in years gone by. More nimble and agile architectures are expected to allow banks and corporates to stay relevant and thrive in this age of disruption.

<sup>1</sup> TEK systems, "2020 State of Digital Transformation," October 29, 2020, [https://www.teksystems.com/en/insights/state-of-digital-transformation-2020?ecid=ps\\_tek\\_p\\_cli-pro\\_xx\\_sttfdgtltns\\_google\\_xx\\_xx\\_20191209\\_7475bd03&vendor\\_id=4100&gclid=Cj0KCQjwuL\\_8BRCXARIsAGiC51De9aRnWceg\\_BHAZapDJRCpTEFI-JelgUdF5eT5dtpOtwFTJIWAFt4aAv3aEALw\\_wcB](https://www.teksystems.com/en/insights/state-of-digital-transformation-2020?ecid=ps_tek_p_cli-pro_xx_sttfdgtltns_google_xx_xx_20191209_7475bd03&vendor_id=4100&gclid=Cj0KCQjwuL_8BRCXARIsAGiC51De9aRnWceg_BHAZapDJRCpTEFI-JelgUdF5eT5dtpOtwFTJIWAFt4aAv3aEALw_wcB)





