



TreasuryPulse

Passion to Perform

Keeping Liquidity Flowing Throughout Turbulent Times



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While treasurers across the globe are under growing pressure to "do more with less" following the financial crisis, corporates based in Europe are under particular strain. This is because Europe, which is more than just the eurozone, is frequently oversimplified. And this can be to the detriment of optimum treasury management. Different countries comprise different tax laws, accounting structures and reporting requirements, all of which make traditional treasury management methods – such as pan-regional cash pooling – a significant challenge.

Despite the challenges, improving cash control and visibility is paramount to today's treasurers. If effectively managed, company cash and liquidity can be used to independently address working capital requirements and therefore decrease dependency on expensive external sources of both stopgap and longer-term funding. Enhancing cash and liquidity management is, however, a significant undertaking, and many treasurers will struggle to rise to the challenge in the current environment.

Treasury management is a delicate balancing act. While the current market forces and pressures warrant treasurers' immediate attention, they must maintain a future-focus if they are to safeguard the commercial longevity of their organisations. Savings made today could prove to be the great expenses of tomorrow, if treasurers fail to take the extended value chain into consideration.

Mitigating Risk and Managing Relationships

In recognition of the importance of analysing the broader risk framework, many corporates are performing detailed assessments of not only their own risks, but also those of their key trade counterparties. This is to ensure supply chain sustainability, as any disruption to the physical movement of goods will have adverse knock-on effects on company cash flow. The shift from improving supply chain efficiency to supply chain sustainability is a pre-crisis trend that is now rapidly gathering momentum as liquidity remains constrained and the effects of banking regulation and market turbulence remain uncertain.

A further trend that is fast becoming the mantra of the financial community is the importance of relationships. In an age where strong relationships and open and ongoing dialogue are vital, corporates are placing their banking partners under increasing scrutiny, with those unable to deliver falling by the wayside. While the corporate reduction of banking partners may seem counter-intuitive (as it increases concentration risk), it serves to decrease the number of accounts they hold, which makes it easier for treasurers to get an accurate oversight of cash amounts, currencies and locations. As a result, funding gaps can be plugged as company cash can be moved quickly and efficiently to where it is most needed.

The Role of Technology in Treasury Management

As crucial as risk assessment and relationships may be, they must work in conjunction with technology, which is essential for cash management. Although online banking control is not the sole method of cash control for treasurers – having signatory rights on accounts remains a prevalent option – it is by far the most efficient. Effective cash and liquidity management is, therefore, largely an issue of technology.

Technology has, of course, always been viewed as the enabler, but we are now witnessing a shift from the once dominant standardised solutions to bespoke products and services that reflect the individual nature of corporate concerns. While technology plays a key role in tailored solutions, they ultimately depend on insight and understanding, which reinforces the importance of relationships and dialogue.

Transaction banking is fundamentally a people and relationship-driven business, and we have never lost sight of this at Deutsche Bank. Our approach has always been to invest in both strengthening client relationships and state-of-the-art technology, and this manifests itself in the customisable and intuitive nature of our solutions – such as the Treasury platform on Autobahn, our award-winning electronic distribution service.

Autobahn offers clients web-based liquidity management and planning, foreign exchange and investment tools and services through a single entry point, with such easy access to a variety of services aiding cash visibility and control. The Treasury platform takes these benefits a step further by presenting vital transaction processing data and information in an intuitive graphical format via customisable dashboards. As a result, treasurers can access the exact information they need in a way that is best suited to their needs – meaning they are in full control at all times.

Moving Forward

The cash business requires constant attention, which corporates must recognise if they are to make optimum use of their fiscal resources. At Deutsche Bank, we understand that this is not possible without technical tools that not only provide maximum visibility of end-to-end process flows and relevant data and information, but ease of use. Our understanding is reflected in our client-centric and consultative approach to technology development and our ongoing commitment to providing innovative solutions to meet evolving client needs.

We also understand the importance of, and remain strongly committed to, solid and trustworthy bank-client relationships. As we strive to be the partner bank of choice of corporates in Europe and beyond, we will continue to provide our clients the sophisticated solutions and expertise they need to keep their commercial cycles turning throughout these uncertain times.