

FAST FORWARD

HOW WILL TECHNOLOGY CHANGE THE WAY THAT TREASURERS MANAGE CASH, LIQUIDITY AND PAYMENTS? KASHIF AHMAD TAKES A LOOK INTO THE FUTURE

The technological revolution of the past 40 years has profoundly affected both society and business. Now we take for granted computers, mobile phones and the internet in our daily lives. So it is hard to believe that Hewlett Packard only launched the first mass-marketed personal computer in 1968, while handheld mobile phones date back to just 1973 and the worldwide web didn't arrive until 1991.

And the technological revolution isn't about to end here; in fact, relatively speaking, it has probably only just started. Consumers around the world are taking up mobile devices, such as smartphones and tablets, at a much faster rate than they adopted PCs and laptops. According to research by Park Associates, there will be over two billion mobile phone users globally by 2015. That's more than a quarter of the world's population.

The advance of technology has already transformed the

way in which treasurers manage cash and liquidity within their organisations. Following the financial crisis, treasurers have achieved greater prominence and influence, which has helped to enhance their reputations. But it has also increased the pressure on them to have central visibility of their organisation's funds and to improve liquidity while taking advantages of economies of scale. Fortunately, a variety of different technologies exists to help them, ranging from internet banking portals through to host-to-host connectivity and SWIFT for Corporates.

Host-to-host connectivity enables a bank to link up directly with an organisation's own treasury management system and deliver payments into the clearing houses of overseas countries. Where treasuries use shared service centres, it is particularly useful since it improves the efficiency of processes. Corporate users of host-to-host connectivity

normally receive automated payment status reports from their banks, which they can import into their treasury systems for reconciliation purposes. They can also get balance and transaction reports to help them to match account entries to their instructions.

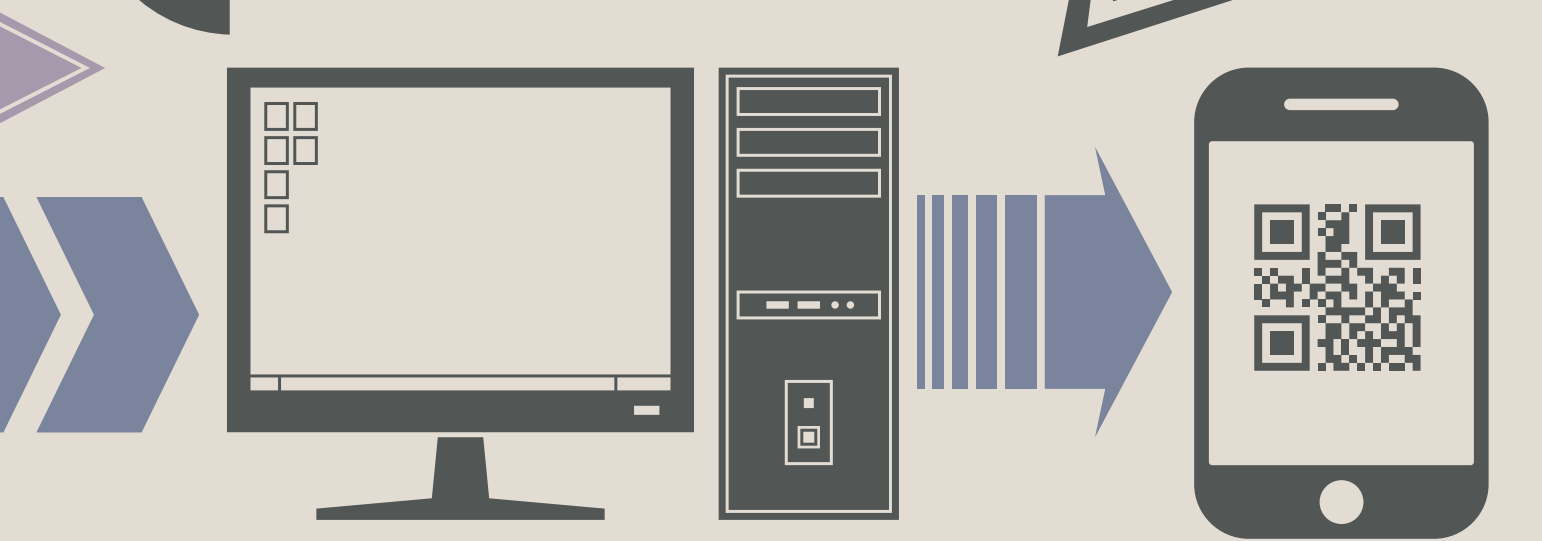
With SWIFT for Corporates, which itself can be a form of host-to-host connectivity, companies benefit from virtually 100% connectivity to the messaging service

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provider SWIFT. They are not reliant on the systems of individual banks, but they do benefit from straight-through processing and global visibility of all their bank accounts, which enables the efficient repatriation of funds back to the centre. Companies can also use SWIFT for Corporates to make very large payments.

When choosing a technology solution that will work for their organisation, treasurers need to consider a number of factors, including cost, the size of the organisation, its geographic spread and its strategic objectives. Internet banking might be suitable for an SME that does not operate outside its home country, but a large multinational or an export-based business is more likely to want 100% availability of its banking system, 24 hours a day, in every region in which it operates. It wants business-critical information on the whereabouts of its cash to be easily accessible at all times.

Thanks to technology, the treasurers of the future are likely to benefit from greater mobility and flexibility when it comes to managing their cash



The rapid growth of mobile technology will see banking platforms evolve even further. While take-up of mobile capability is still in its infancy as far as corporate treasurers are concerned, mobile will probably become an extremely important payment channel for them in the years to come. Indeed, at Barclays, we are already seeing a significant interest in the use of quick response (QR) codes to facilitate payments from sectors such as local authorities, education, telecommunications and utilities. [See box – QR codes explained, right.]

Besides using mobile technology as a mechanism for paying suppliers and receiving payment from customers, treasurers are also increasingly looking for e-channels to provide them with the tools they need to effectively manage their cash on a day-to-day basis. As they are pulling in information from an ever-increasing number of sources, they no longer extract much value from a single product channel. What they

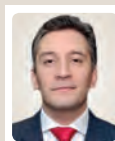
want is a single point of access that will provide them with real-time information on their complete portfolio.

Thanks to technology, the treasurers of the future are likely to benefit from greater mobility and flexibility when it comes to managing their cash. Already they can access their internet banking and relationship managers through a portal via their tablet if they choose to do so. But, ultimately, a tablet has the potential to become a treasurer's dashboard that allows them to effectively manage their organisation's cash position, wherever they happen to be.

An interesting outcome in the future could be that treasurers may not even have any actual cash to move at all if virtual currencies take off in the way that some experts have predicted. Jon Rushman, a professor at Warwick Business School, has argued that cyber money, such as Bitcoin, could put an end to central banks and FX in future since it is more

cost-effective to have a single global currency. Meanwhile, some businesses have already taken matters into their own hands. In May, US online retail giant Amazon launched Amazon Coins, its own virtual currency for owners of its e-book reader Kindle Fire.

Whether treasurers view all of these developments as good news is another matter, but the way they manage their cash, liquidity and payments in five years' time will almost certainly be very different from today. ♡



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QR CODES EXPLAINED

QR codes, which are scanned using apps on mobile devices, can be used to process payments if they are included on invoices such as utility bills. The customer simply scans the code and it will bring up all the information that they need to make a payment. As an alternative to cash, cheques and credit cards, QR codes represent a significant step in the direction of a cashless society. They are also an opportunity to make cost and process efficiency savings because fewer invoices will be printed and sent out and account reconciliation will become easier. That's why banks such as Barclays are developing tools to take advantage of this new channel.