



May 2018

TRACK L

FX RISK MANAGEMENT: EMBRACING DIGITAL TREASURY

The avalanche of innovation and technological change faced by today's treasury brings with it significant FX risk management challenges and opportunities. Join a discussion with Shell to hear about their digital treasury aspirations and experiences in embracing change as they build towards their treasury of the future

Terry Dennis

Cash Management Sales Head, EMEA
Treasury and Trade Solutions
Citi

Erik Johnson

Risk Management Solutions
CitiFX
Citi

Frances Hinden

Vice President,
Treasury Operations
Shell

1

Macro View: Digital

2

Bank View: FX Digitisation

3

Corporate View: Shell Case Study

4

Q & A

1

Macro View: Digital

2

Bank View: FX Digitisation

3

Corporate View: Shell Case Study

4

Q & A

We are Living in Changing Times

The **world** is changing

The **operating environment** is changing

The **needs and expectations** of Corporations and Consumers are changing



Globalization



Urbanization



Digitization

The Major Forces Driving Change



Globalization



Urbanization



Digitization

PAST (1990)

17%

Exports Share of GDP



43% World Population in Cities

9% World Population >65 Years Old



Internet Users: Nominal
Web Browser Introduced in 1992

PRESENT

30%

Exports Share of GDP (2014)



54% World Population in Cities (2015)

8% World Population >65 Years Old (2015)



Internet Users: 3.4bn
47% Global Penetration in 2016

FUTURE

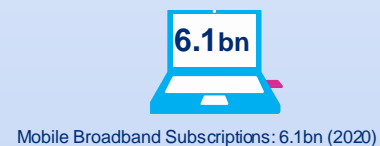
35%

Exports Share of GDP (2030)



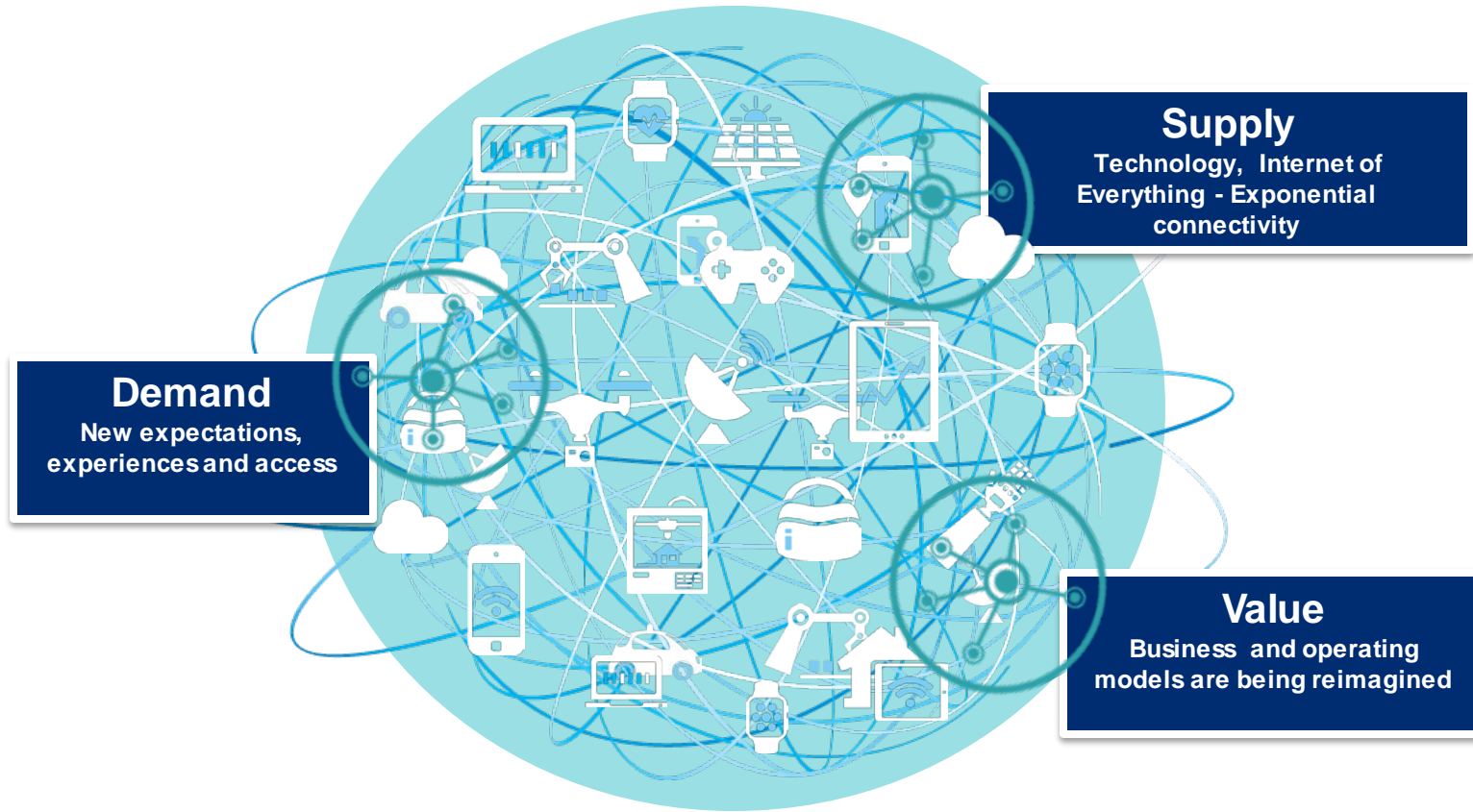
70% World Population in Cities (2050)

16% world Population >65 Years old (2050)



Internet Users: 7.6bn (2020)
99% Global Penetration

Digitization – what does it mean...?



“... the conversion of analogue information into digital information ...”



“... the use of digital technologies to create more value in core businesses, to change a business model and to provide new value producing opportunities while building the appropriate organisation capability and mindset...”

Digital Readiness

Formal Digital Strategy in Place

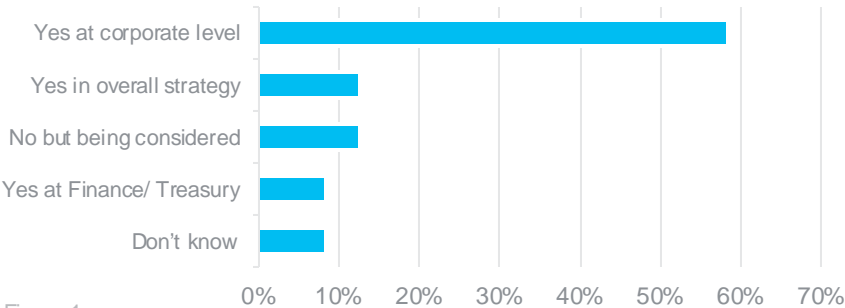


Figure 1

Digital Officer in Place

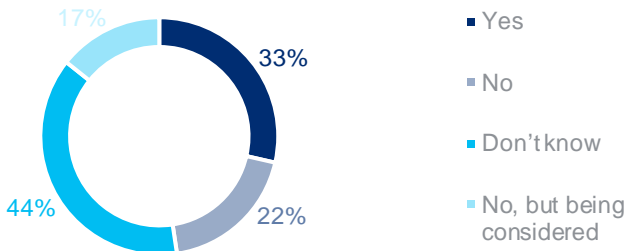
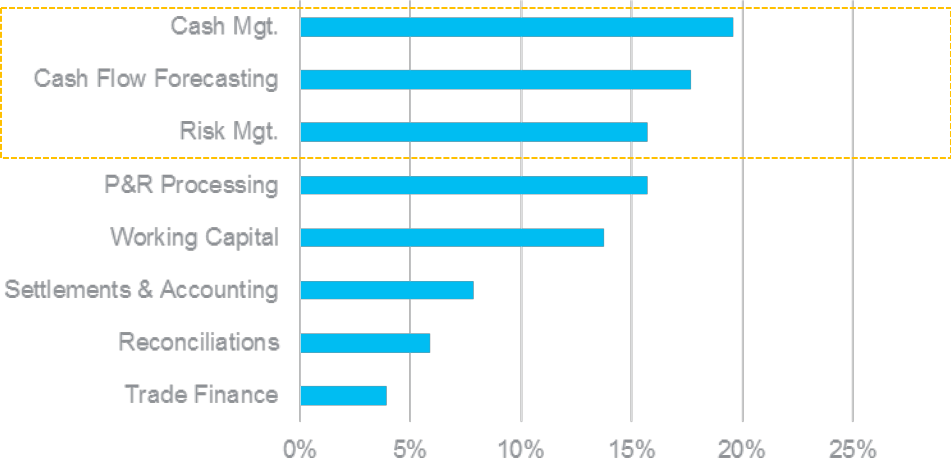


Figure 2

Processes impacted by Digital Transformation (+3 yrs)



Focus of Digital Strategy at Corporate level



Figure 3

Figure 1: Treasury Transformation Survey. Q5 Is there a dedicated Digital Officer in place within the organization?
Figure 2: Treasury Transformation Survey. Q3 Does your organisation have a formal Digital Strategy / Policy in place?
Figure 3: Treasury Transformation Survey. Q4 What is the key focus of your Digital Strategy?

1

Macro View: Digital

2

Bank View: FX Digitisation

3

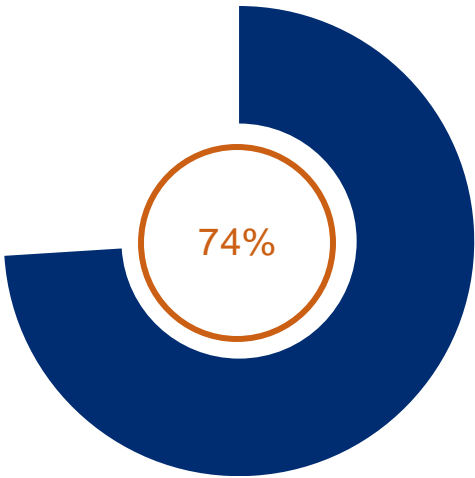
Corporate View: Shell Case Study

4

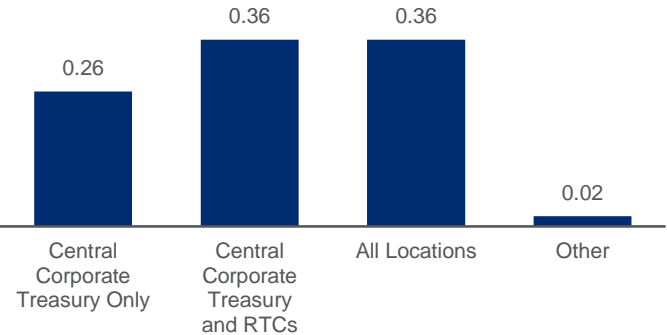
Q & A

Technology Today.....

Companies using Treasury Management System (TMS) or Enterprise Resource Planning (ERP) Treasury Module

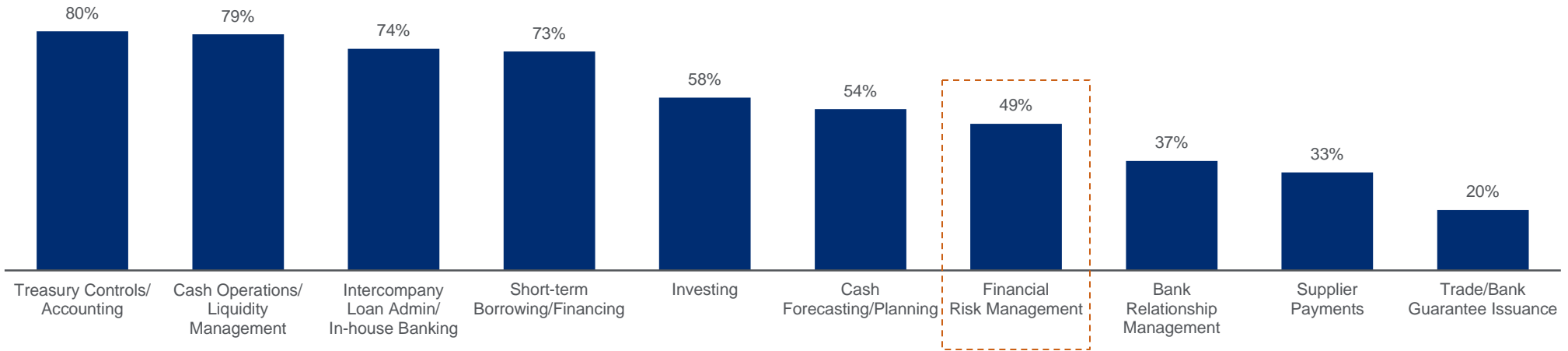


System Access



- Despite nearly three-quarters (74%) of respondents reporting using a TMS / ERP treasury module as well as the increasing recognition of technology as an important enabler to meeting risk management objectives, over half (51%) of survey participants reported that their treasury management system (TMS) does not support financial risk management processes

Processes Supported by TMS or ERP Treasury Module



Note: Sum of percentages may be greater or less than 100% due to multiple-answer questions.

Planning for your Treasury of the Future

What will treasuries be asked in the future when it comes to FX?
What hurdles will treasuries face to get there?



Benchmarking both internally and externally is critical to ensure success

1

Macro View: Digital

2

Bank View: FX Digitisation

3

Corporate View: Shell Case Study

4

Q & A

**PLACEHOLDER
- SHELL SLIDES -**

1

Macro View: Digital

2

Bank View: FX Digitisation

3

Corporate View: Practical Case Study

4

Q & A