

Preparing for future growth and innovation: how to adopt open interconnected treasury services in the cloud at speed.

New banks need an operational system to book and process treasury trades, building on core banking and payments systems and providing a wider range of services to clients.

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As the role and underlying expectations of corporate treasury functions change, banks must revisit their treasury services value propositions and become true, integrated and innovative extensions of the client's corporate treasury team.¹

EY: Digital transformation in treasury services

The corporate financial services industry has been transformed over the past decade.

Today, along with well-established regional and global institutions, the sector includes stand-alone digital banks, digital entities within existing traditional banks, and start-ups providing financial services that rely on a relationship with a bank.

Financial services institutions with all three of those operating models have one fundamental challenge in common. They all recognize at some point that they need to grow beyond offering basic banking services to support the changing needs of their clients' treasury teams.

Conventionally seen as a cost center, the treasury department has changed focus in recent years to become the guardian of working capital. It is now expected to come up with imaginative and effective ways to help an organization operate more smoothly.

While traditional banks seek to replace siloed, often manual treasury management systems with modern applications and/or treasury as a service solutions, new digital banks are often at a different stage in their adoption.

They may well be responding to customer needs for treasury services with tactical solutions, but this is unsustainable going forward.

Challenges faced by digital banks

A bank that does not have a purpose-built treasury solution, but instead relies on core-based or ad hoc systems, may never be wholly effective in offering treasury services – which in turn will limit growth and lead to reputational risk.

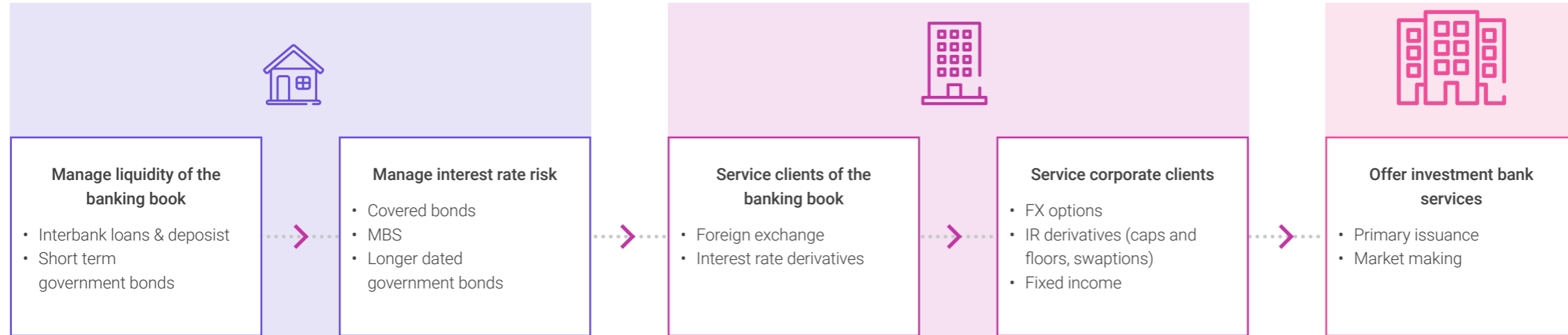
At the same time, solutions designed for big traditional banks are not fit for purpose for digital banks. They lack modularity, take too long to go live and require much more support than a digital bank has access to or can afford to buy in.

Instead of taking a piecemeal approach, digital banks need access to treasury services systems that help them remain compliant with regulation, but that also support richer functionality and greater asset class variety. Adopting these measures will enable digital banks to offer additional value-added services over time.

1. https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/banking-and-capital-markets/ey-digital-transformation-in-treasury-services-pov-final.pdf

Bank evolution

What do they need as they grow?



Digital Treasury

Digital Treasury from Finastra is purpose-built for treasuries and is particularly suitable for digital banks or entities that have secured a bank license and plan to grow their proposition base. It offers enhanced processing, the latest compliance regulations, and adequate risk management in an open, cloud-based environment.

Without innovative services with a competitive edge, new banks risk being threatened by other fast-moving competitors.

Crucially for fast-moving digital banks, Digital Treasury is very quick to implement and therefore fast to go-live. Banks can expand the services they offer as customer needs arise, rather than having to install a monolithic system that is simply overkill for their businesses.

Above all, Digital Treasury is available to banks at an accessible and affordable price point. Choosing a complete and open treasury solution provides digital banks with an efficient, durable and flexible way to prepare for future growth and innovation.

Digital Treasury capabilities are provided in line with FusionFabric.cloud, Finastra's platform as a service (PaaS) solution that provides access to a marketplace of third party applications together with open APIs.

As a result, digital banks can choose how to augment their treasury system as they build capabilities to meet their own and clients' needs.

Capabilities that can be built into Digital Treasury include:

- ☑ **Vector Risk**
Full end of day and real time solution for market and credit risk, including VaR, PFE, xVA and complete FRTB.
- ☑ **CloudMargin**
The world's first automated, single-instance, cloud-native continuously evolving collateral management platform.
- ☑ **DeltaconX**
A cloud-based transaction reporting solution helping firms comply with the latest reporting regulations.
- ☑ **Straterix**
ML-powered SaaS solution automating scenario generation, stress testing, expected credit losses and BS/IS projection.
- ☑ **Detech**
Dynamic optimization solution for strategic ALM and risk management in financial institutions and groups.

Digital banks can also choose how and where to implement Digital Treasury. This can include working with a managed services partner (MSP) that manages and assumes responsibility for providing a defined set of services to a bank using their own cloud infrastructure or on-premise platforms.

// *Although the classic build-buy-partner decision remains relevant, recent years have seen a decided tilt toward the partnership model within the treasury space. Banks and third-party solutions usually offer different functionality and strengths, with all groups increasingly realizing they can exist in harmony.¹*

McKinsey & Co.

1. <https://www.mckinsey.com/industries/financial-services/our-insights/how-transaction-banks-are-reinventing-treasury-services>

Finastra: Your trusted provider

Digital Treasury is a scalable system that:

- Enables clients to manage risk, and profit and loss, throughout the lifecycle of trades
- Always complies with regional and global banking regulations
- Supports quick go-live and onboarding

It is pre-integrated with fintechs via FusionFabric. cloud for a large variety of additional treasury related services, while the platform also supports an acceleration of private connections.

Finastra has implemented proven treasury solutions with over 400 clients globally and over 30 years working with global, regional and local banks for best market practices.

Digital Treasury is a standardized solution to meet banks' most common needs, including:

- Upgrading from tactical solutions that are slow and expensive to comply with regulations, causing reputational risk and potential fines
- Replacing manual processing that lead to complex integration and slow changes that cause additional effort and higher costs
- Staying relevant by outpacing competitors and building stronger revenue streams and relationships with customers

Could Digital Treasury help your digital bank or entity reach the next stage in the provision of treasury services? [Contact us to find out more.](#)

About Finastra

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top 100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at finastra.com

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