Accelerate your treasury transformation journey

Finacle Treasury
Treasury management in banks is gaining strategic importance

Its performance will weigh extensively on banks’ outcomes

The banking business has faced challenges on multiple fronts for a while. Even before the pandemic, the geo-political and macroeconomic situation was uncertain and the global economy bogged down by sluggish growth and prolonged low interest rates. On the back of loan losses and inadequate uptick in non-lending revenues, margins were shrinking fast worldwide and hurting profitability. Covid19 escalated the situation and unleashed a cascading effect of economic disruption.

While battling headwinds in all directions, banks are increasingly looking at treasury management to improve revenue productivity and profitability. Reportedly, over the past five years, the treasury’s share in a bank’s overall income has grown by a fourth. In the wake of the pandemic, treasurers are stepping up investment strategies and expanding into new, innovative instruments to further elevate treasury’s role.

From book balancing and reconciliation, to driving funding and liquidity decisions, bank treasury has come a long way. Amidst rising market volatility and uncertainty, bank treasury management is front-ending the response to drive resilience, and assuming a more strategic role than ever before.

The readiness to respond and elevate treasury’s role is low

An important way to meet the emerging expectations is by enabling a modern and truly digital management of the treasury function. However, many banks are still relying on dated methods laden with inefficiency. System siloes and manual-intensive processes are causing banks to lose synergies across front, middle and back office operations. The overreliance on spreadsheets has not only hampered auditability but also posed major data management challenges. Fragmented data and liquidity trapped in multiple systems have compromised treasurers’ ability to accurately predict short-term liquidity needs and make effective funding decisions.

Inadequate modelling sophistication has weakened banks’ response towards market shocks – Covid-19 being a case in point. Reporting complexity, along with a lack of standardization, has made it difficult for banks to generate reports ad-hoc and comply adequately.

Lack of digitization – implications on treasury performance

• Low agility to respond to market dynamics
• Inefficient treasury governance and loss of control
• Lack of unified views and decision support
• Lack of robust balance sheet modelling
• Inadequate contingency for stress scenarios
• Excessive time and cost to compliance
• Few new treasury revenue streams
Modern treasury technology will require the right strategy

Five important virtues to consider

Progressive banks wanting to reimagine treasury technology should look for the following virtues in a new treasury platform:

**Unified yet componentized:** It is important to choose an integrated treasury platform that facilitates seamless operations across front, middle and back office, enabling easy trading, flexible risk management and robust reporting and settlement while ensuring information flows seamlessly through the treasury value chain. A componentized structure will give banks the flexibility to evolve at different speeds.

**Real-time capabilities:** The platform must respond to market changes and perform treasury operations in real-time; it should monitor risks, clear and settle trade transactions, have a holistic view of positions and exposures, and provide reports on-demand.

**Total cloud readiness:** To keep up with market and regulatory changes, banks need a cloud-ready platform that is scalable and flexible enough to make operations agile and cost efficient.

**Extensive automation:** Leveraging the power of RPA, AI and BPM technologies to automate voluminous, inefficient manual processes, the platform must enable straight through processing and process automation to reduce cost and risk, while improving speed.

**Powerful analytics:** The technology platform should have embedded or integrated analytics and ML capabilities across key treasury functionalities to generate real-time contextual insights to improve funding models, liquidity management, capital structures and risk-centric treasury management.

Five virtues to enable modern treasury transformation
Finacle Treasury

Accelerate your treasury transformation journey

Finacle Treasury is a front-to-back, cross-asset solution with comprehensive capabilities across trading, risk management and operations. Built on advanced architecture, the componentized solution is designed to accelerate treasury transformation journeys for universal banks, investment banks and asset management firms.

Finacle Treasury offers:

- A cross-asset, multi-entity enabled solution with extensive coverage across nine asset classes and full flexibility to create new instrument types on demand
- Real-time, comprehensive risk management, with extensive limits monitoring and collateral management capabilities to manage exposures and mitigate risks effectively across entities and asset classes
- Extensive automation enablers, powerful analytics and built-in interfaces for straight through processing and seamless operations

Flexible interfaces and fully parameterized business functionality make Finacle Treasury a truly agile solution that enables banks to change according to growing demands. With a rich experience of delivering treasury transformation across 50 countries with 125+ installations, Finacle Treasury has helped banks and financial institutions around the world reimagine their treasury business.

The Finacle Promise

- To empower banks so they can manage treasury with agility, drive trade excellence and respond to emerging market dynamics
- To improve banks’ risk management capabilities to make them resilient to external shocks and market volatility
- To provide an integrated, robust platform to streamline treasury operations with extensive automation and straight through processing

An industry-leading solution suite designed to accelerate your treasury transformation journey
Comprehensive, integrated treasury suite

Future-proof your treasury business

The Global Financial Crisis of 2008 was an inflection point for treasury, marking its evolution and subsequent positioning at the forefront of banking operations. Its strategic responsibility is a lot more pronounced today, particularly in the wake of the pandemic. Proliferation of risk amidst rising market volatility, tighter global regulation with regional compliance needs, growing liquidity constraints and the push for real-time operations are the key reasons creating new orders in the modern bank treasury management landscape.

To address these challenges and keep up with emergent market needs, banks need to power their treasury business with better visibility, automation and control. This is only possible when they modernize their legacy systems with a comprehensive, integrated treasury platform that is packed with the latest capabilities and has a proven record of transforming treasury management across the globe.

Finacle Treasury is a comprehensive integrated treasury solution designed as a unified, yet modular platform to manage the end-to-end treasury lifecycle across the front, middle and back office. A single platform caters to all aspects of a bank treasurer’s requirements, from trading and risk management to operations and trade processing. The solution’s multi-entity capabilities empower financial institutions to centralize treasury management across local and international subsidiaries to gain unrivalled business efficiencies. The Finacle Treasury solution is componentized to deliver future-proof and robust treasury management capabilities.

No matter how complex a bank’s treasury transformation requirements, Finacle provides a firm foundation of functional capability, architecture and delivery readiness.
The Finacle Treasury platform offers you comprehensive capabilities

Functional architecture – Key highlights

The product layer offers extensive coverage across 9 asset classes – FX | Fixed Income | Money Markets | FX & IR Derivatives | Equities and Mutual Funds | Hybrids and Structured Products | Credit Derivatives | Commodities | Islamic. Finacle also offers an extensibility toolkit through which banks can unlock new instrument types on demand.

The treasury core services layer offers key capabilities across the front, middle and back office. In the front office trading desk, the solution allows users to perform various activities such as pre-trade analytics and compliance, structuring and sales, deal capture, pricing, real-time position keeping, portfolio management and more. The middle office deals with risk management covering the entire spectrum of credit, market, liquidity and operational risk, with integrated VaR, liquidity management, stress testing and interest rate gap analytics. The back office provides deal processing and operations support with activities across collateral management, deal lifecycle management, confirmation and settlement, custodian views, accounting and Nostro reconciliation.

The infrastructure layer provides a suite of services for deal workflow, inbuilt reporting, audit management, multi-entity operations and more.

The Finacle integration platform acts as a gateway, enabling easy integration and seamless interoperability with other enterprise systems. The solution also enables seamless integration with external interfaces and ecosystems such as online dealing platforms, market infrastructure interfaces and market data sources through a suite of RESTful open APIs.
Centralized treasury transformation for a tier-1 global investment bank

Regarded as one of the best private banks in the world, the Europe-based tier-1 global investment bank leveraged Finacle Treasury to consolidate its disparate legacy treasury systems across 18 countries into a robust and centralized platform. The system’s extensive automation capabilities helped the bank automate deal flow across foreign exchange, money market, derivative, and fixed income products in over 30+ systems, to achieve full straight through processing and significantly reduce operational risk. Through multi-entity deployment, the bank quickly rolled out the solution in new locations and gained a consolidated view of risk across multi-country operations.
Treasury management today is extremely complex and at the intersection of several forces, such as macroeconomic uncertainty, market fluctuations, stringent regulation, and inherent operational challenges.

Digital-savvy banks expect technology to enhance the treasury value chain. But the archaic environment in many banks – complex legacy solutions built on obsolete technology and existing in silos – is not quite ready to change.

This stifles innovation and hampers banks’ ability to deliver the desired treasury outcomes. A modern treasury platform built on advanced architecture can help banks overcome this challenge.

Finacle Treasury, built on the most advanced architecture in the industry, is such a platform.

Key highlights

- **Multi-entity, multi-currency, multi-byte, multilingual and multi-time zone** capabilities to standardize and centralize operations across international and domestic subsidiaries and enable quick multi-country rollouts
- **Flexible cloud journeys** with partners, such as AWS, MS Azure, Oracle and IBM, for improving agility and lowering TCO
- **Powerful embedded analytical capabilities**, as well as the ability to integrate with external open source analytics tools
- **Finacle Scripting Studio**, an extensibility toolkit for customizing business rules, UI, processes and reports to empower banks to extend the product to meet their unique and business needs
- **A highly flexible configuration** mechanism to manage user privileges and accesses
- **Readymade integration adaptors** and compliance with industry standards, lowering integration costs and enabling enterprise-wide straight through processing capabilities
- **A solution that is platform technology agnostic** and operates with a range of database options
- **Layered services oriented architecture**, creating both fine and coarse-grained functionalities, extending reusability and increasing business agility
- **Comprehensive processes repository**, process orchestration and straight through processing capabilities to enhance system efficiencies. Business workflow management capabilities to automate, streamline and optimize processes
- **Scalable, secure and proven technology** consistently rated best-in-class by leading industry analysts
Industry's most advanced architecture empowering you to do more

Multi capabilities

Cloud ready

Powerful analytical capabilities

Proven scalability

Easy customization through Finacle Scripting Studio

Flexible configuration for user privileges

Interface with industry standard formats

Multiple platform support

Layered SOA

Process orchestration and STP

Process repository

Highly secure

Infosys Finacle positioned as a Leader in The Forrester Wave™: Digital Banking Processing Platforms, Corporate Banking, Q3 2020

“EdgeVerve’s corporate DBPP differentiates with state-of-the-art architecture. The vendor’s cloud strategy goes beyond cloud-based delivery models and also considers banking application ecosystems and platform-as-a-service plans, for example. Further strong points of the DBPP are its active ecosystem of system integrators and its support of APIs… EdgeVerve is a good option for corporate banks that want to mix, and match select Finacle capabilities within a digital transformation project and those seeking a technologically advanced and comprehensive DBPP that has strong technology strategy and shows a strong focus on the cloud.”

The Forrester Wave: Digital Banking Processing Platforms (Corporate Banking), Q3 2020
The fundamentals of bank treasury management are being disrupted in unprecedented ways, making way for new orders in place of legacy operations that are failing to deliver desired outcomes. As new technologies emerge, they open up opportunities for progressive banks that are willing to transform treasury technology and meet emergent expectations. Finacle enables banks to transform with agility, and in risk-mitigated fashion.

Whether it is a big bang switchover, progressive deployment or complete overhaul, Finacle helps banks and FIs transform at their own pace. The following tenets simplify transformation as well as minimize its risks:

**Finacle reference bank models for cutting complexity and time**
Banks and FIs can leverage Finacle's rich experience spanning 50 countries with 125+ installations, global best practices, and innovations to transform their treasury landscape. The solution's reference model provides best-practices parameterization to enable product rollouts to meet local requirements. Ready interface adapters facilitate connections with external interfaces, such as market data sources and trading platforms to further expedite the set up process. Banks and FIs can easily customize the best global process models to meet local reporting and compliance requirements.

**Phased transformation for maximizing business outcomes**
The fully componentized structure of the Finacle Treasury solution allows banks and FIs to set up flexible modernization milestones. This clearly reduces transformation risks while accelerating the benefits of modernization. The business priority mapping and value realization models continually assess transformation progress and outcomes.

**Agile delivery for progressive launches**
Finacle implementations are done with agile methodology. This approach enables banks and FIs to achieve solution excellence, while frontloading risks and practicing strong governance.
Transforming the treasury business in one of the largest public sector banks in India

One of the largest government-owned banks of India with 120+ million customers and a total business of US$106 billion executed a significant merger with two other banks. Multiple legacy systems and siloed approaches of the treasury systems of the two entities that were amalgamated with the parent company resulted in a suboptimal outcome and inefficient treasury operations across the group. To succeed, the bank wanted to transform its treasury operations with a unified platform that promised high scalability along with extensive automation and analytics capabilities. Finacle enabled the bank to achieve full straight through processing through automation, while improving risk management and comprehensively integrating treasury operations across all entities.
Agility to drive trade excellence

Respond better to emerging market dynamics

As its role expands, so do the expectations from the treasury front-office. Traders are expected to structure and price trades optimally. They need to manage trade positions in real-time, respond with agility to market fluctuations, and manage exposures adequately. Besides, in a multi-country operations scenario, they also need to pursue different trading strategies in different markets.

Banks need to keep pace and leverage technology to meet such expectations – a robust treasury solution with comprehensive front office capabilities and the agility to respond to emerging dynamics.

Finacle’s Approach

- Pre-trade analytics to help traders prioritize trade decisions and manage profitability
- Powerful pricing engine to drive derivative pricing methodologies such as Cash Flow Discounting, Black Scholes-Extension, Binomial-CRR and Binomial-LR and more
- Intuitive deal entry platform to price and capture deals from the Finacle Treasury deal loader or import these from external sources through integrated interfaces and dealing systems such as Reuters
- Out-of-the-box support for a wide range of instruments across nine asset classes, covering expansive requirements of capital market institutions and banking entities
- Extensive parameterization and user-driven configurations to create new instrument types on-demand with minimal effort
- Finacle Scripting Studio, an extensibility toolkit to help treasurers customize business rules, UI, processes and reports
- Access to global innovations built on best practices from treasury implementations in more than 50 countries, along with localization components to meet local requirements and extend the solution independently
- Finacle AppCenter, bringing an ecosystem of partners and Fintech startups to complement the Finacle solution suite, and providing a marketplace for accelerating treasury innovation
- Innovation flagship programs, such as the banking visionaries’ council, Finacle client advisory board, joint hackathons and design thinking-led workshops, bringing together Finacle thought leaders and banking experts from across the globe for enhancing treasury innovation

Flexibility to unlock new instrument types on demand
The treasury’s middle office function is gaining strategic relevance amidst the market volatility and economic turbulence in which today’s treasurers operate. As regulators worldwide pile on the pressure, the cost to compliance is on the rise. For banks with multi-entity operations, the complexity of managing risk is far higher - the propensity to manage and comply in an underdeveloped, siloed division is no longer an option.

Treasurers need a holistic view of risk – credit, market, liquidity as well as operational. Evolving technology will play an important role in building new capabilities in treasury risk management and surveillance. A real-time risk monitoring solution and other capabilities, such as automation and AI enablers, embedded analytics and decision heuristics, and early warning systems with smart visualization and risk reporting interfaces, is called for.

Finacle offers a broad suite of capabilities to help banks build a robust treasury risk management system with real-time capabilities.

Better risk management

Navigate market volatility with heightened resilience

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Finacle’s Approach

- Comprehensive real-time treasury risk management to cover all aspects of credit, market, liquidity and operational risk, across entities and geographies
- Integrated limits management for an aggregated real-time view of limits, along with alerts to optimize trade execution.
- Pre-settlement, settlement, counterparty, country, trading book, intra-day, overnight and gap limits management with drill-down features.
- End-to-end collateral management capabilities to enable a centralized view of collateral inventory, both at the deal and counterparty level
- Sophisticated modelling and stress testing capabilities with full support of back testing, covering BIS-recommended stress scenarios across FX, securities and equity portfolios
- Integrated asset and liability management to deliver a bank-wide aggregated view of all on-balance sheet and off-balance sheet exposures, to improve funding and liquidity decision making
Comprehensive coverage of risks across entities and geos

**Credit Risk**
- Counterparty/counterparty group
- Country
- Issuer and broker
- Hierarchical structure
- Cash, settlement and closeout limits
- Capital charge using standard approach
- Non-performance investments (NPI) - securities, equities and loans
- Collateral agreement management

**Market Risk**
- Real-time position and P&L
- Trading book and stop loss limits
- Industry / sector risk
- Scenario analyzer and What-if deal
- Concentration by ratings
- Gap views and liquidity views
- Currency risk, NPV, greeks, close-out and ATM
- Rate, amount and tenor tolerances
- Value at risk (V@R) back testing
- Stress testing (Basel III/RBI)
- Capital charge and risk weighted asset - SMM method and IMA approach
- Risk views on FX, securities, derivative
- IRR risk views and IRR by analytics
- Hedge effectiveness computation

**Liquidity Risk**
- Cash flow projections
- Gap analysis
- Nostro and CLS
- Nostro reconciliation
- Netting and novation agreements

**Operational Risk**
- Audit trail
- Deal versioning
- 4-Eye check - deal and static Data
- Permissions
- Holiday check
- Unscheduled holidays
- Straight through processing
- Maker checker
- Exception management

Multi-country treasury centralization for one of the largest banks in India

The largest public sector bank in India leveraged the unified, front-to-back integrated Finacle Treasury solution to centralize its treasury operations across 26 countries on a single system. With Finacle, the bank was able to drive effective regional trading strategies while meeting local compliance and reporting needs. Further, the bank achieved a holistic view of exposures across entities with centralized VaR, improving visibility and reducing operational risk.
Better treasury operations

Maximize efficiency, reliability and control

Complex legacy solutions existing in silos inhibit synergies across front, middle and back office treasury operations. Other factors, such as lack of integration between external as well as internal systems, high degree of dependence on manual, excel-based processes and fragmentation of data, prevent treasurers from having a unified, global view of their positions and exposures. This inhibits their ability to accurately predict short-term liquidity needs, make effective funding decisions and respond to market shocks in a timely manner.

To meet today’s requirements posed by changing market dynamics, banks need a robust platform with extensive automation so they can run seamless operations and maximize efficiencies across the treasury back office.

Finacle’s Approach

- Traditional automation levers, such as rule-based straight through processing and open APIs across treasury layers to automate integration and enable seamless information flows
- Enterprise-wide process engines to orchestrate business processes and enhance automation
- Embedded analytics with powerful data ingestion and integration tools for a single source of truth, ensuring complete traceability and auditability
- Configurable business dashboards to monitor limits, interest rate gaps, liquidity and deals. Real-time blotters for continuous monitoring and user responses
- Integrated, secure and scalable reporting infrastructure to customize and design reports on-demand; out-of-the-box availability of audit reports, front, middle and back office reports, general ledger-related reports, portfolio analysis reports and standing data reports
- Intuitive, trader-friendly screens with fully customizable UI and streamlined dashboards to optimize workflow control
- Real-time position keeping module to enable on-demand, online monitoring of positions and P&L across asset class, currency, trading portfolios and time horizons
- Nostro management capability to provide a clear view into the immediate availability of transaction and balance information across all Nostro accounts
- Seamless integration with external interfaces and ecosystems, such as online dealing platforms, market infrastructure interfaces and market data sources, to minimize delays and improve operational efficiencies

Extensive automation enablers across front, middle and back office

- Rule-based STP
- Open APIs driven automation
- BPM and workflow capabilities
- Excel integration for real-time analysis
Join the Finacle Digital Banking Community
Experience that speaks for itself

The industry-leading performance of Finacle clients reflects our commitment to scaling digital transformation. An assessment of the top 1000 banks globally revealed that institutions powered by Finacle enjoy –

- 33% higher returns on assets than others, with average returns on assets at 1.2% and top-performing client at 4.7%
- 19% higher returns on capital than others, with average returns on capital at 15.6% and top-performing client at 33%
- 3.9% points lesser costs to income ratio than others, with the average ratio at 47.2% and top-performing client at 16%

Source – Assessment of the top 1000 banks in the world by the Banker, 2020
Industry leading solution

Year after year, Finacle is chosen as a leader in independent industry assessments by major analyst firms.

GARTNER
Positioned as a Leader in Core Banking
2020 Gartner Magic Quadrant for Global Retail Core Banking

IDC
Rated as a leader in IDC MarketScape of Worldwide End-to-End Corporate Banking Solution providers

FORRESTER
Rated as a leader in The Forrester Wave™,
Global Digital Banking Platforms, Q3 2020
Rated as a leader in The Forrester Wave™,
Digital Banking Engagement Platforms, Q3 2019

CELENT
Rated as a leader in Modern Core Banking Systems, 2019
(North America Mid-Large Bank Edition)

Most awarded solution suite in the industry

Finacle and its clients have won 25 industry awards for exemplary transformation programs in the year 2020. This makes Finacle the most awarded solution suite in the industry.

Future Digital Awards
Presented by Juniper research
• Finacle Digital Banking Suite
• Finacle Trade Connect
• Emirates NBD Liv.

MEA Finance Award 2020
• Best Cash Management Technology Provider
• Best Mobile Banking Solution Provider

IBS Intelligence
Global FinTech Innovation Awards 2020
• Bank Rakyat Indonesia
• United Bank for Africa
• Bank of the West
• Aafaq Islamic
• Royal Bank of Scotland

Celent Model Bank 2020
• Emirates NBD Liv
• Australian Military Bank

Celent Model Bank 2020
• Emirates NBD Liv
• Australian Military Bank

Aite Impact Innovation Award
• Bank of the West

The Asian Banker
Middle East & Africa Regional Awards 2020
• Banque Misr,
• Emirates NBD,
• Equity Bank,
• Standard Bank,
• Paytm PaymentsBank

Banking Technology Awards 2020
• Bank BRI Ceria
• Emirates NBD Liv.
• Bank of the West
• DBS Bank
• Infosys Finacle Digital Banking Suite
The treasury digital revolution is on. Navigating economic uncertainty and keeping pace with market demands requires banks and FIs to reimagine treasury technology and prepare for new requirements. Join the global community of leaders who are innovating and transforming their treasury management with Finacle.

Start your journey, today.

Contact us:
www.finacle.com
finacle@edgeverve.com

Are you ready to start your journey?

Transform your treasury management today
Finacle is the industry-leading digital banking solution suite from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. Finacle helps traditional and emerging financial institutions drive truly digital transformation to achieve frictionless customer experiences, larger ecosystem play, insights-driven interactions and ubiquitous automation. Today, banks in over 100 countries rely on Finacle to service more than a billion consumers and 1.3 billion accounts.

Finacle solutions address the core banking, omnichannel banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, analytics, artificial intelligence, and blockchain requirements of financial institutions to drive business excellence. An assessment of the top 1250 banks in the world reveals that institutions powered by the Finacle Core Banking solution, on average, enjoy 7.2% points lower costs-to-income ratio than others.

For more information, contact finacle@edgeverve.com www.finacle.com