



2016 AFP

# Treasury Management System Survey

REPORT OF SURVEY RESULTS

**AIFP**<sup>®</sup>

ASSOCIATION FOR  
FINANCIAL  
PROFESSIONALS

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2016 AFP

# Treasury Management System Survey

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**77%** of organizations that utilize a Treasury Management System (TMS) have had their systems for **at least three years**.



A majority currently use the most recent version of the TMS.

## STRUCTURE OF ORGANIZATIONS' TREASURY MANAGEMENT SYSTEMS

# TMS

**53%** Installed Systems

**27%** Delivered as Software-as-a-Service (SaaS)

**20%** Module within ERP System

2016 AFP  
**Treasury Management  
System Survey**

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*April 2016*

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ASSOCIATION FOR  
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# Bloomberg

Increasingly, Treasury departments are being asked to do more with less in today's evolving and fast-paced business environment. They must perform risk management and hedging, manage complex derivative accounting and satisfy increasingly onerous regulatory reporting regimes – all of this on top of the cash and liquidity management Treasury departments have historically been responsible for. Simply put, Treasurers must fulfill a more strategic role for their businesses.

Given this background, Bloomberg is pleased to once again partner with AFP to produce the *2016 AFP Treasury Management System Survey*. More than 350 organizations representing a strong cross section of size and region responded to this survey with slightly more than half reporting they are using a Treasury Management System (TMS). More European companies (63 percent) use a TMS compared to organizations in North America (40 percent) and the Asia-Pacific region (60 percent). More than 71 percent of companies with a TMS said their cash visibility was good to very good, demonstrating that using a TMS automates processes, improves cash visibility, and enables the Treasury department to spend more time on decisions that increase value to the firm. And, more than half of the companies with a TMS said the greatest single benefit is either more efficiency or that Treasury is able to do more with less. With a TMS, Treasury can spend more time on analysis, increase controllership, and fulfill its mandate to be more strategic. These benefits have been lost on smaller firms, however. The survey found that corporations with less than \$1 billion in revenue are less likely to be using a TMS because the benefits of using one aren't worth the fees, implementation burden and other costs. Instead, they continue to rely on spreadsheets for core treasury functions such as forecasting, cash visibility and bank account management. As smaller companies get past the growing pains around establishing their treasury structure and scope, their need for technology and automation increases as they grow larger. The research in this guide shows the tremendous opportunity for smaller Treasury departments to leverage technology to improve performance.

A strong TMS system can enable Treasury departments to focus on analysis, increase controllership and add value to the firm. As Treasury departments are tasked with doing more with less, technology and automation fill the gap. Companies that future-proof their treasury departments with the right technology provide a roadmap for success, better working capital management, and are able to be more proactive in a business climate that is often volatile and ever changing. If you'd like to discuss this research or learn more about Bloomberg's TMS, please contact us at [bbg\\_trm@bloomberg.net](mailto:bbg_trm@bloomberg.net) or visit us at [Bloomberg.com/TRM](http://Bloomberg.com/TRM).

## Introduction

Organizations' treasury departments are responsible for a variety of traditional functions, including account reconciliation, debt and investment management, general ledger posting, foreign exchange (FX) management and balance reporting. But today they are also tasked with managing more complex functions such as hedge accounting as well as specialized reporting to meet changes in government regulations. Treasury departments use numerous tools to perform these functions effectively and efficiently. One such tool is Treasury Management System (TMS)—also known as treasury workstations (TWS). TMS are usually automated systems or software packages that allow companies and their treasury departments to communicate and/or interface with banking partners, vendors and customers in real time.

While a small majority of organizations is using TMS, there is still a significant share of companies that have yet to adopt their use. While TMS do streamline processes and operations for organizations, there are still challenges associated with TMS. The cost of such systems and the resource constraints surrounding IT support for implementation and maintenance of them are two major reasons why companies are hesitant to adopt TMS. Additionally, some organizations are utilizing home-grown solutions while others are using a combination of Excel and online bank portals.

In order to examine trends in the use of treasury management systems, their structure and the complexity of the instruments transacted within them, the Association for Financial Professionals® (AFP) conducted a survey of corporate practitioners in February 2016. The 354 responses received were analyzed and the results are presented in this, the *2016 AFP Treasury Management System Survey Report*. The survey results and analysis reveal the current benefits of TMS, the challenges they present and opportunities for improvement. Results were compared across defined regions (based on organization location) and revenue categories.

AFP thanks Bloomberg for its underwriting support of the *2016 AFP Treasury Management System Survey*. The Research Department of AFP designed and implemented the survey questionnaire and analyzed the results. AFP is solely responsible for the content of this report.

### Prevalence of Treasury Management Systems

Slightly more than half (51 percent) of organizations use a treasury management system (TMS), a smaller share than the 58 percent reported in last year’s *2015 AFP Treasury Management System Survey Report*. Among those with a TMS, the percentage of companies that have built their own systems is unchanged from last year.

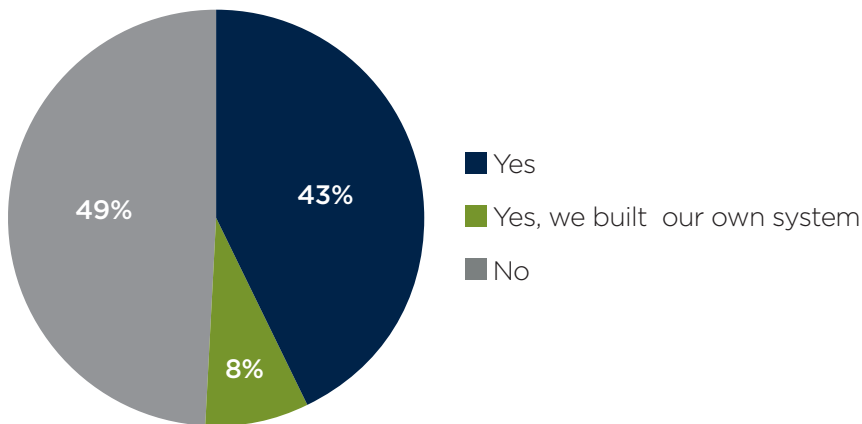
There are differences in the prevalence of TMS usage based on an organization’s location. The use of a TMS is more common among companies located in Europe (63 percent) and Asia (60 percent) than those in North America (39 percent). A larger share of companies based in Asia Pacific than in other regions use systems that they build themselves.

The use of a TMS is often determined by company structure. Organizations that have regional installations with shared-service centers or multinational organizations with greater need for global applications are more likely to adopt a TMS than are other companies, as they need higher levels of technology.

**51%** of organizations use a treasury management system (TMS)

### Prevalence of Treasury Management Systems

(Percentage Distribution of Organizations)



### Prevalence of Treasury Management Systems

(Percentage Distribution of Organizations)

	All	North America	Europe	Asia Pacific
Yes	43%	33%	56%	44%
Yes, we built our own system	8	6	7	16
No	49	60	37	40

There are also differences in TMS usage based on size as measured by a company's annual revenue. Larger organizations—those with annual revenues of at least \$1 billion—are far more likely than smaller companies (with annual revenues of less than \$1 billion) to utilize a TMS. Nearly 80 percent of respondents from companies with annual revenues of at least \$10 billion report using a TMS. In contrast, only 18 percent of companies with annual revenues of less than \$250 million use a TMS. Since larger organizations are more likely to be globally focused, they enlist the support of treasury technology so their treasury departments can do more with less; technology enables more economies of scale and scope in their applications.

### Prevalence of Treasury Management Systems

(Percentage Distribution of Organizations)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>Yes</b>	43%	13%	44%	56%	74%
<b>Yes, we built our own system</b>	8	5	7	7	5
<b>No</b>	49	82	48	37	21

### Structure of Organization's TMS

Treasury management systems are available in a variety of forms. It could be an installed TMS, a system delivered as “software-as-a-service”—SaaS/ASP—purchased from a bank or another vendor, or a module within an enterprise resource planning (ERP) system.

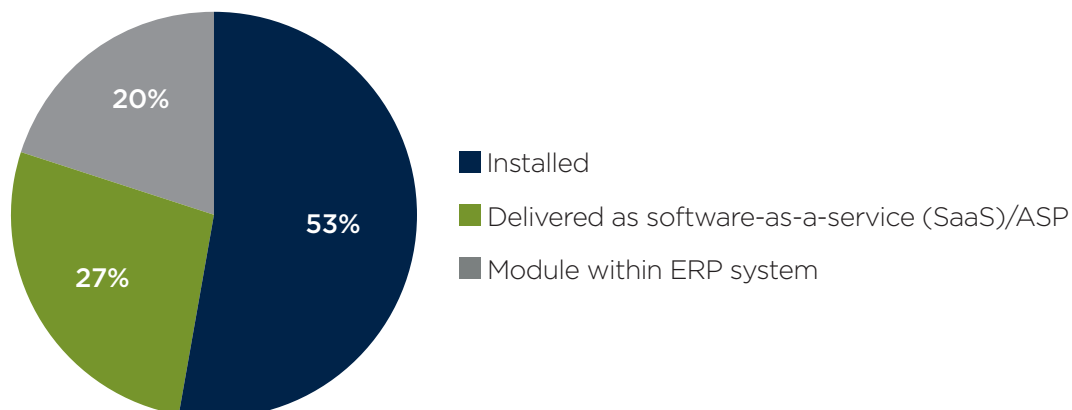
Of those organizations that have a TMS, 53 percent use an installed system. This share is very similar to the 54 percent reported in last year's survey. Twenty-seven percent of TMS are delivered as a SaaS/ASP, a lower share than the 33 percent reported in the 2015 survey. Twenty percent of such systems are modules within an organization's TMS system—seven percentage points greater than last year's figure.

There are advantages to each of these TMS structures depending on the requirements of an organization's treasury department and its tasks. Often a treasury department's needs are very specific and require a customized approach; thus, an installed or in-house built system may be the best TMS choice. Today's SaaS/ASP solutions are more robust than they were in the past; they offer greater functionalities and have the advantage of being IT “resource-light” (i.e., require limited IT support). Indeed, SaaS/ASP offerings are examples of “off-the-shelf” solutions that have worked well for many treasury departments. Other companies utilize their ERP module for Treasury. This could be the result of a corporate mandate to move to an ERP installation; Treasury receives the module as part of the process. (This approach also provides a business case to make at the corporate level when requesting any expenditure for the system.) The functionality of ERP modules is not as robust, yet serves departments well in core treasury activities.

Of those organizations that have a TMS, **53%** use an installed system

### Structure of Organization’s Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)



Companies based in Europe (66 percent) and those in Asia-Pacific (51 percent) are more likely to use an installed TMS than are their counterparts in North America (39 percent). North American companies are more likely to have their TMS delivered as software-as-a-service (SaaS)/ASP than are organizations located in other regions.

### Structure of Organization’s Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
<b>Installed</b>	53%	39%	66%	51%
<b>Delivered as software-as-a-service (SaaS)/ASP</b>	27	39	21	23
<b>Module within ERP system</b>	20	21	13	26

Over two-thirds of organizations with annual revenues of at least \$10 billion use installed systems while about half of companies with annual revenues ranging between \$250 million and \$9.9 billion use an installed TMS. Only 35 percent of respondents from smaller companies with annual revenues less than \$250 million report using installed TMS, suggesting that these smaller organizations are more likely to use a module within an ERP system.

### Structure of Organization’s Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>Installed</b>	53%	35%	56%	52%	68%
<b>Delivered as software-as-a-service (SaaS)/ASP</b>	27	29	30	31	19
<b>Module within ERP system</b>	20	35	15	17	13



### TMS Years Installed and Version in Use

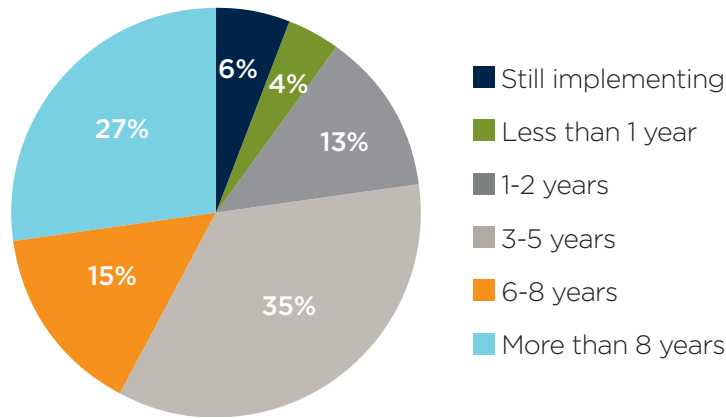
Three-quarters of organizations that utilize a TMS have had their systems for at least three years. More than 40 percent of them have had their current TMS in place for over five years; 27 percent have been using the same system for over eight years. Organizations in Europe and Asia are more likely to have been using their TMS for longer periods of time than are their North American counterparts. Forty-five percent of large organizations with annual revenues of at least \$10 billion have had their current TMS in place for over eight years, nearly twice the percentage of smaller organizations (annual revenues of less than \$250 million).

**3/4** of organizations that utilize a TMS have had their systems for at least three years

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### Number of Years the Current Treasury Management System Has Been Used

(Percentage Distribution of Organizations Using Treasury Management Systems)



Finance professionals make efforts to ensure that their companies are using the most recent version of their TMS. Currently, 54 percent of companies that have a TMS use the most recent version while 33 percent use systems that are one to two iterations behind the current version. These results are comparable to those reported in the *2015 AFP Treasury Management System Survey Report*.

**54%** of organizations with a TMS currently use the most recent version

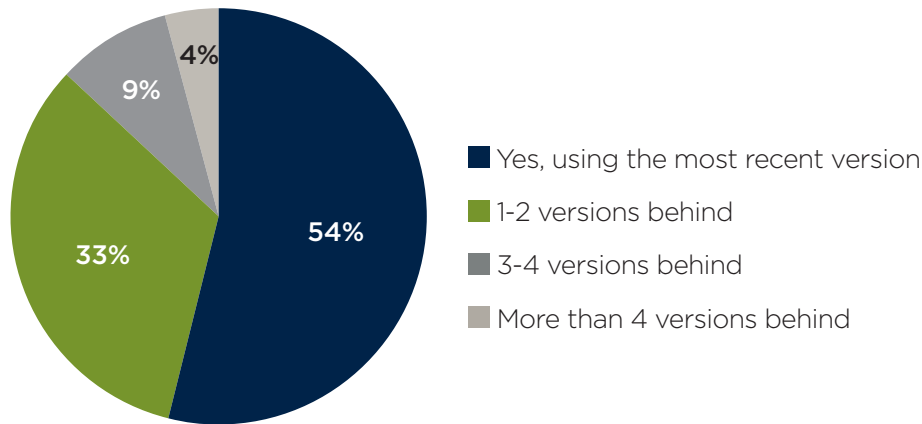
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Companies located in North America (58 percent) and those in Europe (56 percent) are more likely than those based in Asia Pacific (44 percent) to be using the most up-to-date version of their TMS. However, it should be noted that an equal share of companies in Asia Pacific are using systems one to two iterations behind the current system. A significant share of organizations with annual revenues of at least \$250 million is using TMS which is either current or just one to two iterations behind the current version.

ERP Treasury modules and installed versions include maintenance updates as new versions are created to comply with changes in the industry (regulatory) or as new requested features are added. Often those updates are both costly and timely as they need to be compatible with ancillary software and other corporate systems, support existing delivery and reporting protocols, etc. Significant testing and IT support is necessary to ensure they are effectively installed. SaaS/ASP and bank portals are not typically housed at the client so changes can be made with minimal disruption to the upgrade process and are typically seamless when installed. Still, testing is often needed to validate the changes. Using the current version of the TMS is often a function of time, resource dedication and/or direct costs weighed against the benefit of any new feature.

### Most Recent Version of Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)



**Most Recent Version of Treasury Management System**

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Yes, most recent version	54%	58%	56%	44%
1-2 versions behind	33	18	36	44
3-4 versions behind	9	15	5	9
More than 4 versions behind	4	9	2	3

**Most Recent Version of Treasury Management System**

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
Yes, most recent version	54%	41%	52%	60%	42%
1-2 versions behind	33	29	37	29	42
3-4 versions behind	9	12	11	9	13
More than 4 versions behind	4	18	-	2	3

## Treasury Centers/Hubs Linked to Treasury Management Systems

Organizations have the choice of either linking their TMS to one or more treasury centers or hubs, or maintaining them as standalone systems. A company's corporate mandate and structure often determine the structure and placement of treasury centers/hubs.

Three-fourths of survey respondents indicate that their companies prefer to keep these linkages to a minimum. Similar to results of last year's survey, 38 percent of respondents report that their organizations' TMS are linked to less than five treasury centers/hubs; 40 percent indicate their TMS are standalone systems. Larger companies (those with annual revenues of at least \$10 billion) are far more likely than smaller ones to link their TMS to treasury centers/hubs; 23 percent of finance professionals from larger organizations report their companies' TMS operate as standalone systems compared to 40 percent of those from smaller companies. Those organizations with systems *not* linked to treasury centers are typically smaller companies with less centralization or those that have grown through acquisitions that may have disparate systems across their corporate entities.

If the corporate mandate requires control and frequent reporting, a centralized hub with spokes in regional centers makes the connectivity more effective in supporting that mandate. Managing certain tasks centrally enables stronger economies of scale and control, especially for tasks such as foreign exchange and debt management where centralized reporting is important.

**40%** of finance professionals report that their TMS are standalone systems

### Number of Treasury Centers/Hubs Linked to Organization's Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Standalone	40%	34%	37%	27%
1-4	38	45	48	30
5-8	8	7	6	13
9-11	3	3	2	3
12 or more	12	10	7	27

### Number of Treasury Centers/Hubs Linked to Organization's Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
Standalone 40%	76%	57%	36%	23%
1-4 38	6	18	49	42
5-8 8	-	14	2	16
9-11 3	6	-	4	-
12 or more 12	12	11	9	19

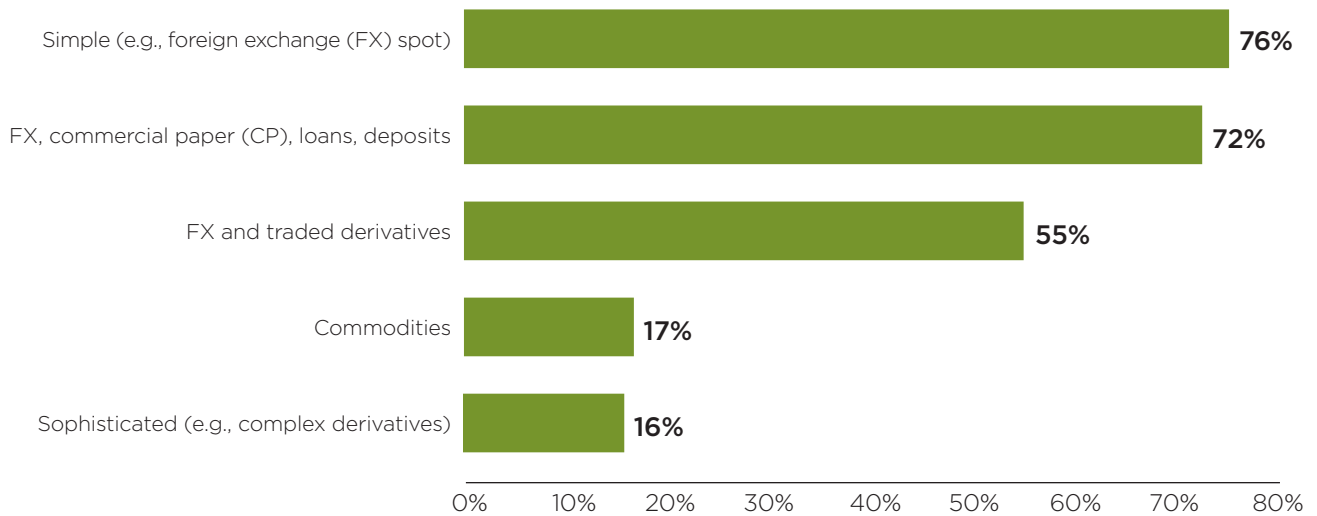
## Complexity of Instruments Transacted in the Organization's TMS

Companies can record a variety of financial instruments in their treasury management systems. These instruments can range from simple (e.g., FX spot) to the more sophisticated (e.g., commodities). The “simple” instruments most often being transacted via organizations' TMS are foreign exchange spot (cited by 76 percent of respondents) followed by FX, commercial paper (CP) and loans and deposits (72 percent). Over half of respondents (55 percent) indicate that FX and traded derivatives are being transacted via their companies' TMS. Complex derivatives and commodities which are categorized as sophisticated instruments are transacted at 16 percent and 17 percent of companies' TMS, respectively.

“Simple” instruments (e.g., FX spot) are most often being transacted via organizations' TMS

## Complexity of Instruments Transacted in Organization's Treasury Management System

(Percent of Organizations Using Treasury Management Systems)



These trends are similar regardless of organization location. Not surprisingly, a greater percentage of sophisticated instruments—complex derivatives (34 percent) and commodities (28 percent)—is transacted via TMS at very large companies with annual revenues of at least \$10 billion.

## Complexity of Instruments Transacted in Organization's Treasury Management System

(Percent of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Simple (e.g., foreign exchange [FX] spot)	76%	77%	78%	80%
FX, commercial paper (CP), loans, deposits	72	73	85	57
FX and traded derivatives	55	62	59	43
Commodities	17	12	24	10
Sophisticated (e.g., complex derivatives)	16	19	13	13

### Complexity of Instruments Transacted in Organization's Treasury Management System

(Percent of Organizations Using Treasury Management Systems)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>Simple (e.g., foreign exchange (FX) spot)</b>	76%	71%	79%	72%	83%
<b>FX, commercial paper (CP), loans, deposits</b>	72	35	61	85	93
<b>FX and traded derivatives</b>	55	18	43	60	76
<b>Commodities</b>	17	12	21	9	28
<b>Sophisticated (e.g., complex derivatives)</b>	16	12	7	11	34

The type of transactions that a treasury department processes depends on its company's domestic/global focus and the complexity of the tasks the department oversees. Matching treasury tasks with the technology capabilities is certainly the goal, but there are limitations with technology, especially for the more complex activities. For example, complex derivative transactions are often more esoteric and occur in a smaller number of treasury departments. Commodities also are not transacted by many treasury departments, instead being typically done in companies that have exposures to those commodities as well as hedging programs associated with them. Having a TMS that can accommodate these types of transactions is important for those companies' treasury departments that need to perform them.

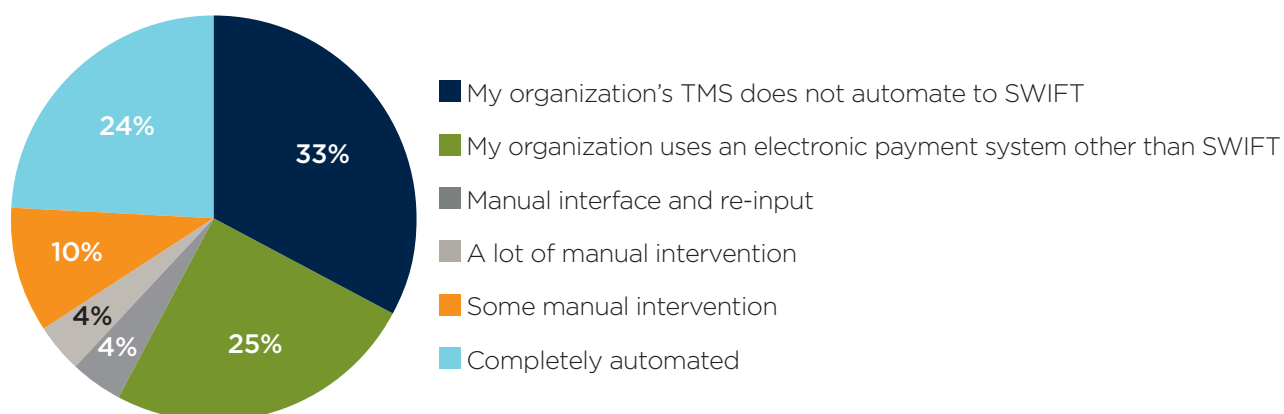
## Automating to SWIFT

Companies have the option of interfacing their treasury management systems to SWIFT. One-third of organizations with treasury management systems do not automate to SWIFT and 25 percent use an electronic payment system other than SWIFT. Forty-two percent are interfacing their TMS with SWIFT at various levels. Small organizations with annual revenues less than \$250 million are more likely to have their TMS interface with SWIFT than are larger organizations.

**42%** of organizations interface their TMS with SWIFT at various levels

### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations Using Treasury Management Systems)



### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
My organization's TMS does not automate to SWIFT	33%	39%	34%	33%
My organization uses an electronic payment system other than SWIFT	25	21	25	30
Manual interface and re-input	4	-	4	-
A lot of manual intervention	4	-	4	3
Some manual intervention	10	18	8	13
Completely automated	24	21	26	20

### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations Using Treasury Management Systems)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>My organization's TMS does not automate to SWIFT</b>				
33%	12%	41%	36%	31%
<b>My organization uses an electronic payment system other than SWIFT</b>				
25	29	26	22	24
<b>Manual interface and re-input</b>				
4	12	4	2	3
<b>A lot of manual intervention</b>				
4	18	-	4	-
<b>Some manual intervention</b>				
10	12	19	11	3
<b>Completely automated</b>				
24	18	11	25	38

Through a variety of connections to SWIFT—primarily Direct, Service Bureau or Alliance Lite—connecting to SWIFT allows more visibility of cash, better efficiency in reporting, and more control of data through the process. However, with better visibility and benefits comes a cost. Larger treasury departments can more easily justify any costs. Also, because not all banks are SWIFT-capable, a company would be wise to evaluate the capabilities of banks to which its treasury department wants to connect.



## Interfacing with SWIFT or other Electronic Payment Solutions

For the 35 percent of organizations that interface with SWIFT, these interfaces are completely automated. Fifteen percent of finance professionals report there is some manual intervention and less than 10 percent indicate their organizations' systems require manual interface and re-input of some data (each cited by six percent of survey respondents).

Four out of ten respondents from European-based organizations indicate their systems are completely automated; a smaller share of respondents from organizations based in North America (35 percent) and Asia Pacific (30 percent) report that their companies' systems are completely automated. Forty-five percent of organizations in Asia Pacific use an electronic payment system other than SWIFT.

Companies often use SWIFT as a means to automate or operate more efficiently, so it is more likely that those organizations that *are* implementing SWIFT have a higher automation percentage. Typically, the manual intervention is a function of new reporting requirements or system limitations for specialized reporting needs.

### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations' Treasury Management Systems that Interface to a SWIFT Solution or an Electronic Payment Method other than SWIFT)

	All	North America	Europe	Asia Pacific
<b>My organization uses an electronic payment system other than SWIFT</b>	37%	35%	37%	45%
<b>Completely automated</b>	35	35	40	30
<b>Some manual intervention</b>	15	29	11	20
<b>Manual interface and re-input</b>	6	-	6	-
<b>A lot of manual intervention</b>	6	-	6	5

### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations' Treasury Management Systems that Interface to a SWIFT Solution or an Electronic Payment Method other than SWIFT)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>My organization uses an electronic payment system other than SWIFT</b>	37%	33%	44%	34%	35%
<b>Completely automated</b>	35	20	19	40	55
<b>Some manual intervention</b>	15	13	31	17	5
<b>Manual interface and re-input</b>	6	13	6	3	5
<b>A lot of manual intervention</b>	6	20	-	6	-

### Spreadsheet Usage

The vast majority (85 percent) of organizations that are not using a TMS uses spreadsheets (usually Excel) for cash forecasting. This share is quite similar to the 86 percent in last year’s survey. Larger shares of organizations located in North America (87 percent) and Europe (89 percent) use spreadsheets for cash forecasting compared to the share in Asia Pacific (75 percent). Additionally, a greater share of large organizations with annual revenues of at least \$10 billion use spreadsheets for bank account management compared to smaller companies with annual revenues less than \$250 million (88 percent versus 64 percent).

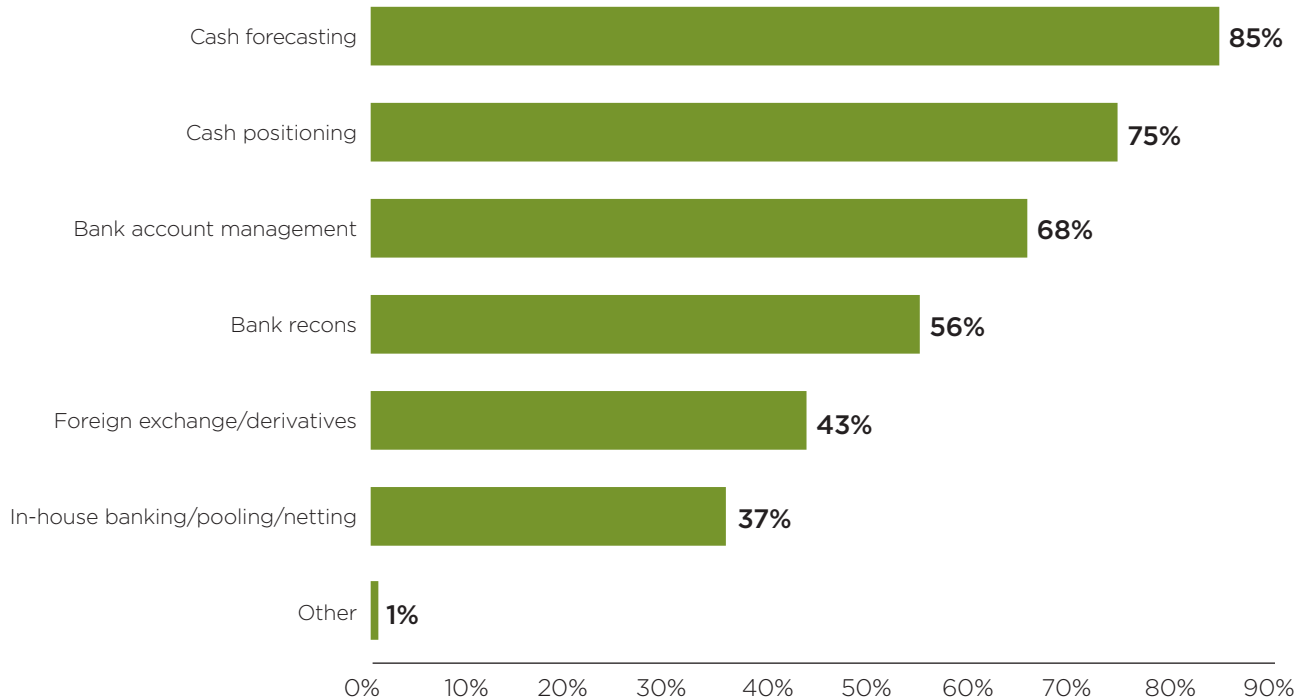
**85%** of organizations that are not using a TMS use spreadsheets for cash forecasting

Other often-cited uses of spreadsheets by survey respondents include:

- **Cash positioning** (cited by 75 percent of survey respondents)
- **Bank account management** (68 percent)
- **Bank recons** (56 percent)

### Uses of Spreadsheets for Organizations without a Treasury Management System

(Percent of Organizations that do not use a Treasury Management Systems)



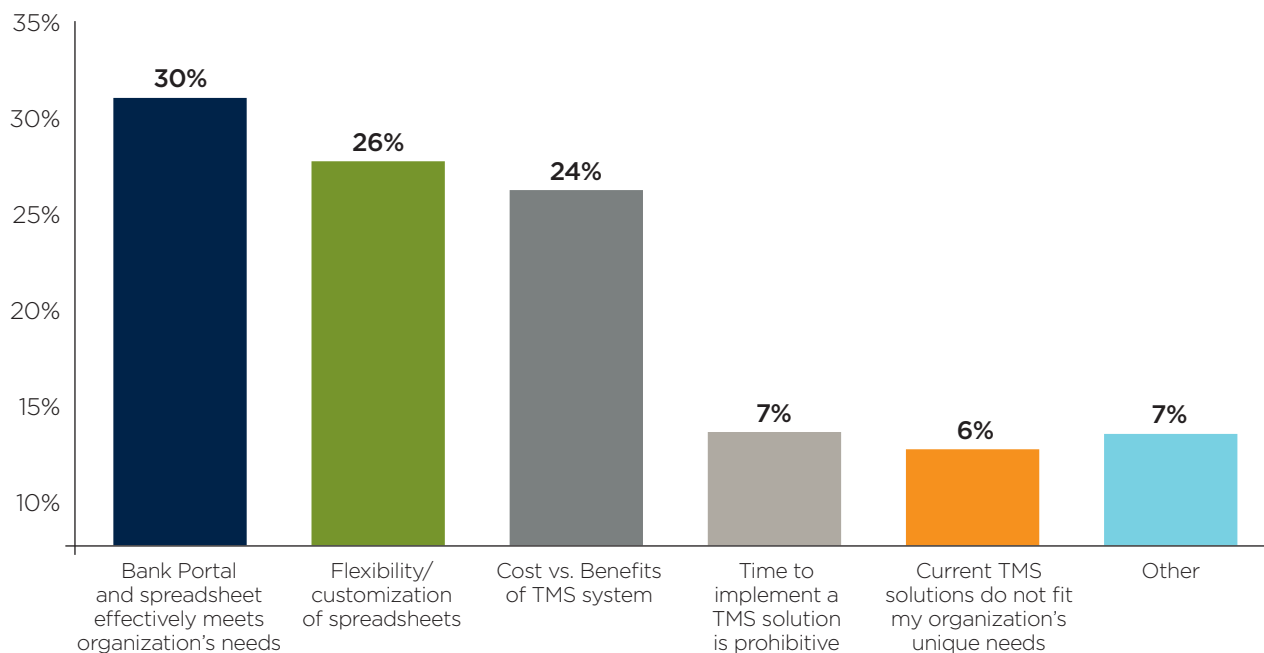
Finance professionals provide various reasons why their organizations use Excel for critical treasury functions. The three most-often cited reasons are:

- **Bank portal and spreadsheet effectively meet my organization's needs** (cited by 30 percent of respondents)
- **Flexibility/customization of spreadsheets** (26 percent)
- **Cost vs. Benefits of TMS system** (24 percent)

The flexibility and customization of spreadsheets is more important to finance professionals at organizations in Asia Pacific than to their counterparts in North America (36 percent versus 16 percent).

### Key Reasons Organizations Use Excel for Critical Treasury Functions

(Percentage Distribution of Organizations that Do Not Use A Treasury Management System)



### Ease of Updating Report and Workflows

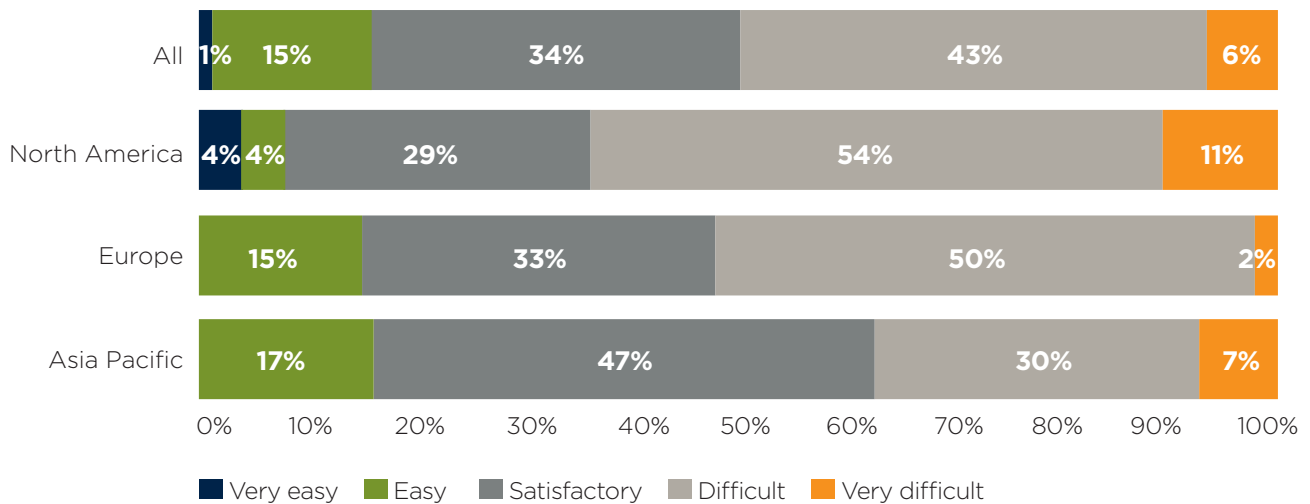
Generating reports for company management and financial oversight are key tasks for most treasury departments. Treasury management systems can be useful in this regard and can assist in streamlining the process. However, the survey results reveal different opinions about the ease with which TMS can help with this task.

Forty-nine percent of survey respondents report that updating reports and workflows via their organizations' TMS is difficult. Another 34 percent believe it is a satisfactory process but only 16 percent say it is easy to do so. The perception regarding the ease of updating reports and workflows is fairly consistent across organization size.

Updating reports and workflows is considered to be more challenging at organizations located in North America (65 percent) than those based in Asia Pacific (37 percent). The wide variance is likely due to the underlying complexity of the transactions that are being reported. As noted above, transactions involving more complex derivative products, commodities, etc., are more likely to be conducted by North American organizations; this may be one reason why the reporting requirements and workflows at these companies are more cumbersome to update.

**49%** of survey respondents report that updating reports and workflows via their organizations' TMS is difficult

**Ease of Updating Reports and Workflows in Organization's Treasury Management System**  
(Percentage Distribution of Organizations Using Treasury Management Systems)



## Effectiveness of Treasury Management Systems

Treasury management systems can support specific functions at an organization. Such functions can include transaction capture, business intelligence, forecasting and analytics/variance reporting. Survey respondents consider their organizations' TMS to be most effective in the following areas:

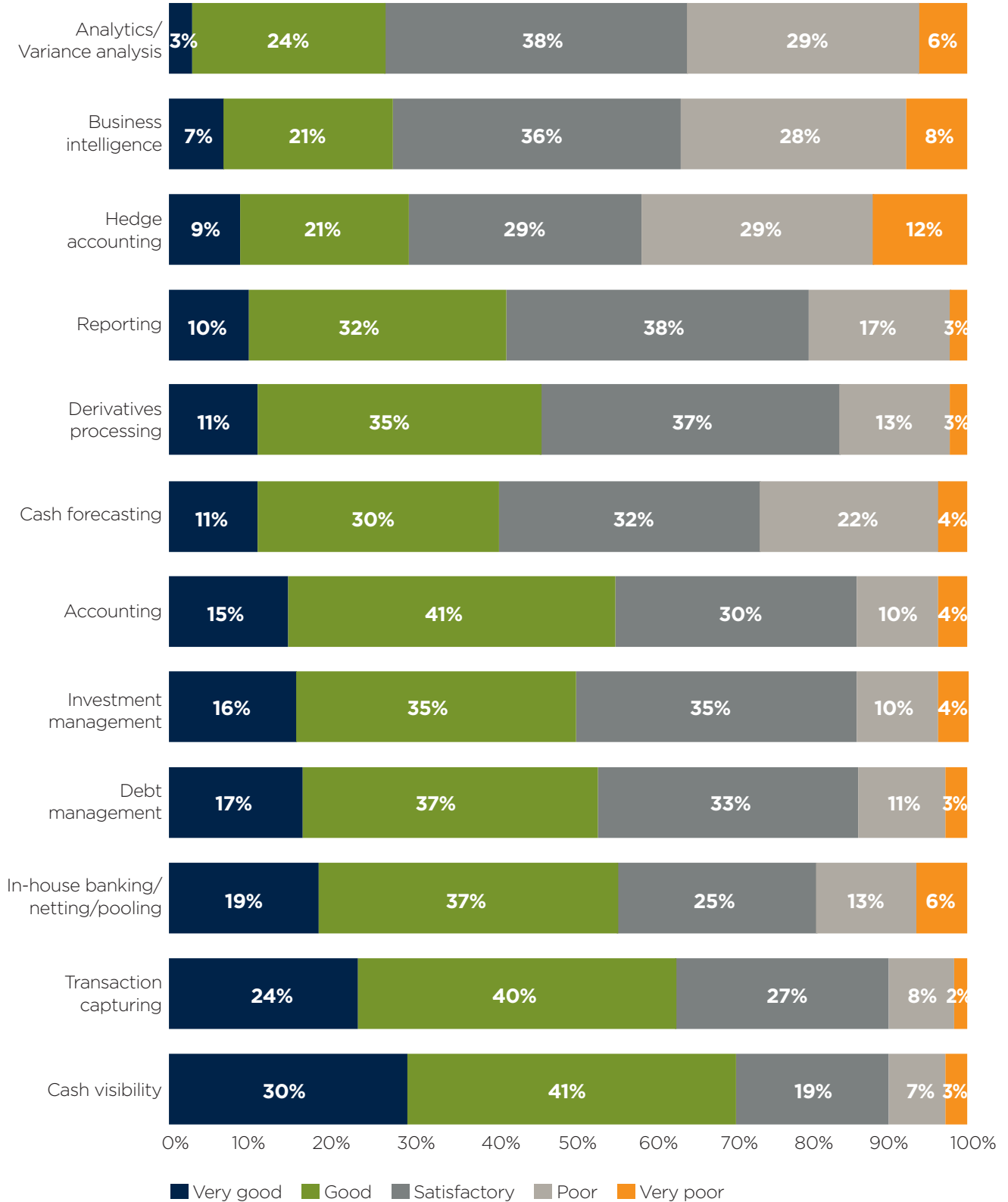
- **Cash visibility** (rated “good” to “very good” by 71 percent of respondents)
- **Transaction capturing** (64 percent)
- **In-house banking/netting/pooling** (56 percent)
- **Accounting** (56 percent)
- **Debt management** (54 percent)
- **Investment management** (51 percent)

But there are also areas where TMS are perceived to be less effective. Significant shares of finance professionals believe their organizations' TMS performs poorly or very poorly in hedge accounting (41 percent), in business intelligence (36 percent) and in analytics/variance analysis (35 percent).

Tasks such as analytics, business intelligence and hedge accounting require more complex and specialized uses across a wide variety of industries, geographies and regulatory environments. Perhaps as more needs drive treasury departments to look for more holistic approaches to managing information, the ancillary services will be more refined.

### Effectiveness of Treasury Management Systems

(Percentage Distribution of Organizations Using Treasury Management Systems)



## Benefits of Organization’s Treasury Management Systems

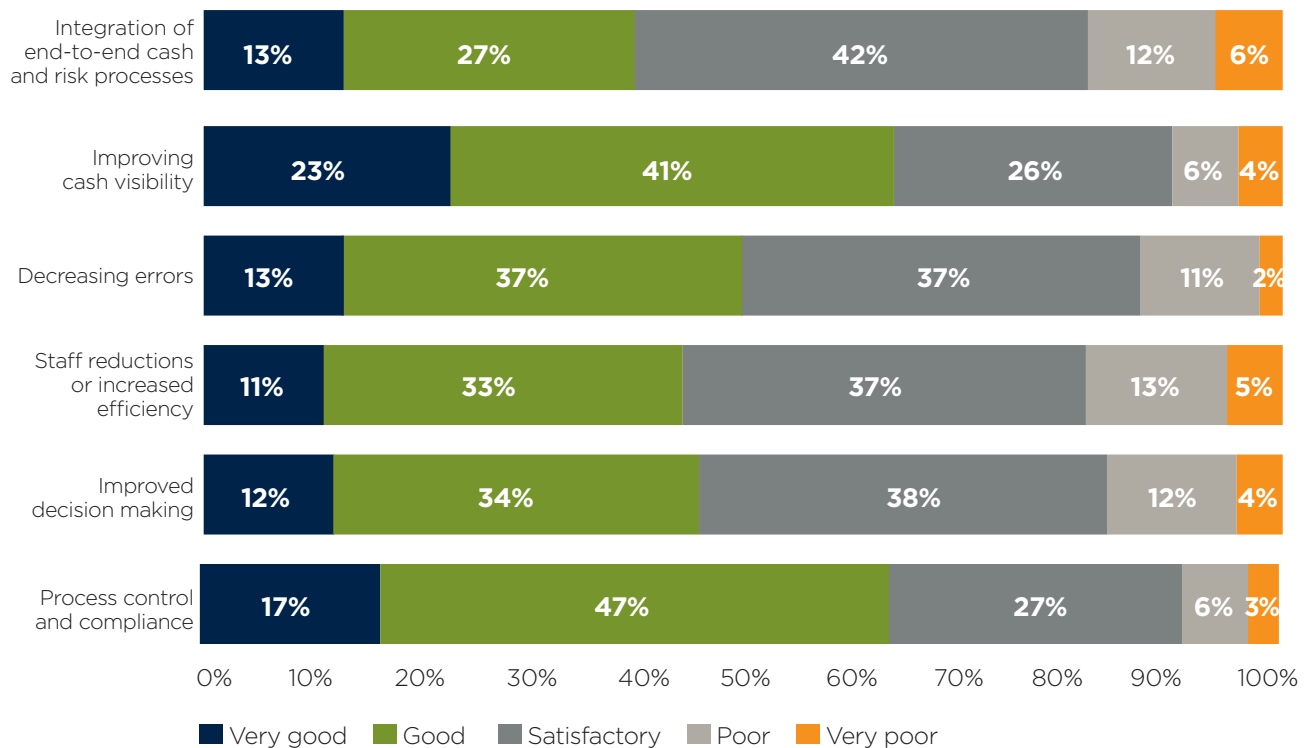
Organizations are satisfied with their organizations’ TMS in various areas. Many survey respondents indicate their companies’ TMS are “good” or “very good” in producing desired results. Features of TMS that are considered beneficial are:

- **Improving cash visibility** (cited by 64 percent of respondents)
- **Process control and compliance** (64 percent)
- **Decreasing errors** (50 percent)

Treasury management systems offer several advantages. They are sources of information for accurate reporting which supports control and compliance, thus decreasing errors and providing visibility through automation that did not previously exist. Ultimately this translates into improved operational controls, positive audit outcomes and an increased ability to focus on strategic activities.

## Benefits of Organization’s Treasury Management Systems Within Various Areas

(Percentage Distribution of Organizations Using Treasury Management Systems)



### Single Greatest Benefit TMS Provides the Treasury Department

Beyond the benefits a TMS can provide an entire organization, a TMS can also benefit a company’s treasury department itself. Twenty-seven percent of finance professionals report that the single greatest benefit of a TMS is that “Treasury is able to do more with less” as a result of economies of scale and the scope involved. A larger share of respondents from companies located in Europe (41 percent) than in North America (18 percent) and Asia Pacific (19 percent) perceive that the single greatest benefit of a TMS is that the “treasury department is able to do more with less.”

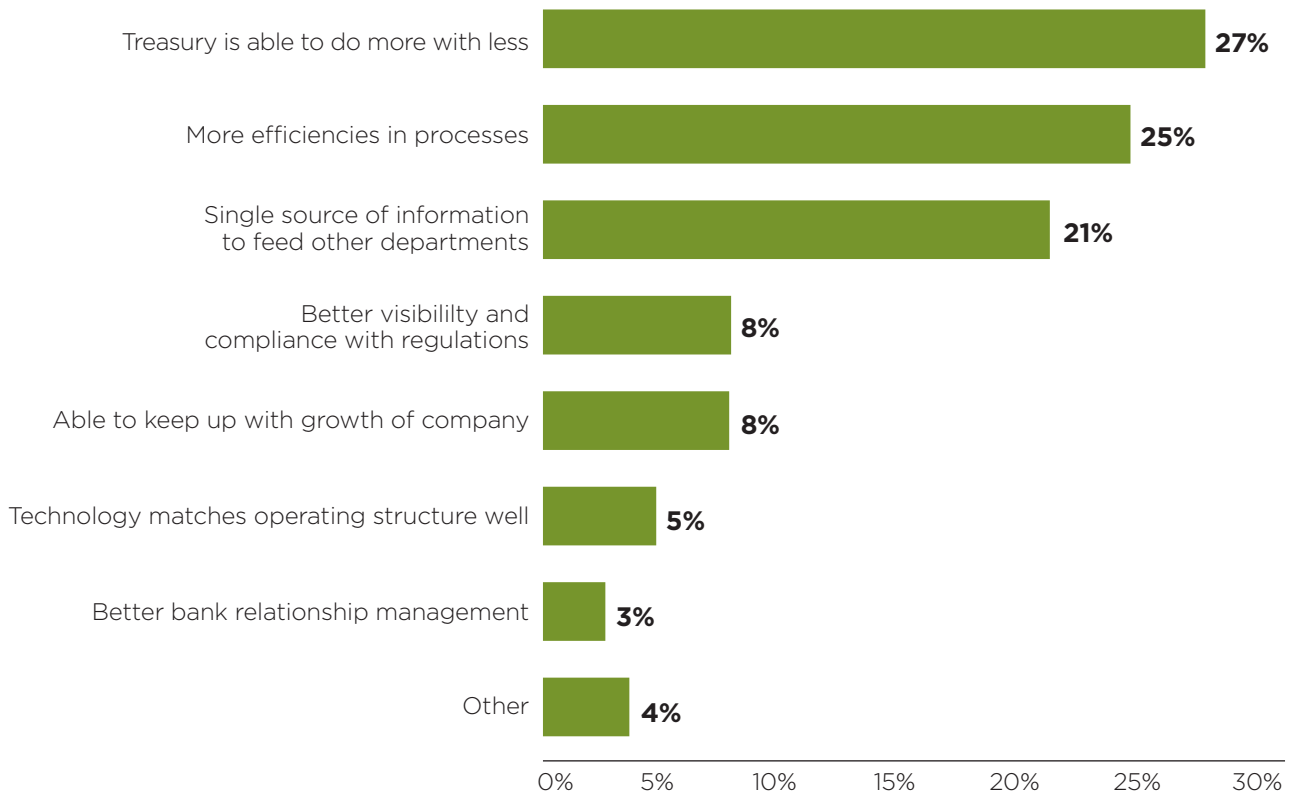
With the help of a TMS, treasury departments can manage more cash/investments/debt as a result of better systems that serve their needs. Likewise, they can achieve more by incorporating new processes that were previously done manually. As companies expand globally, they may have enhanced reporting requirements and thus are better able to meet them by utilizing a TMS.

Other benefits of a TMS that contribute to a company’s treasury department are:

- **More efficiencies in processes** (cited by 25 percent of survey respondents)
- **Single source of information to feed other departments** (21 percent)

### Single Greatest Benefit the Organization’s TMS Provides Its Treasury Department

(Percentage Distribution of Organizations Using Treasury Management Systems)





## Additional Functionality that would Improve Organization's Treasury Management System

Similar to other management tools, an organization's treasury management system can be improved on to enhance a company's efficiency and financial performance. Two additional features that finance professionals suggest will improve their organizations' TMS are cash flow forecasting (cited by 50 percent of respondents), followed closely by electronic bank account management or eBAM (49 percent). Other functionalities survey respondents believe will improve their organizations' TMS are:

- **Treasury governance/compliance** (cited by 39 percent of respondents)
- **Risk management** (37 percent)
- **Regulatory reporting** (30 percent)
- **Account analysis management** (29 percent)
- **In-house banking/cash pooling/netting** (27 percent)
- **Variance analysis** (26 percent)
- **Personal digital signatures** (25 percent)
- **SWIFT connectivity** (25 percent)

Smaller shares of finance professionals are confident that the following functions will augment the functioning of TMS at their companies:

- **Integration/inoperability** (cited by 24 percent of respondents)
- **Data feed connectivity** (20 percent)
- **Trading and/or trade statement process** (15 percent)
- **Commodity hedging** (10 percent)

Finance professionals from North America are more likely than their peers from Europe and Asia Pacific to indicate that cash flow forecasting and treasury governance/compliance would increase the efficiency of their companies' TMS.

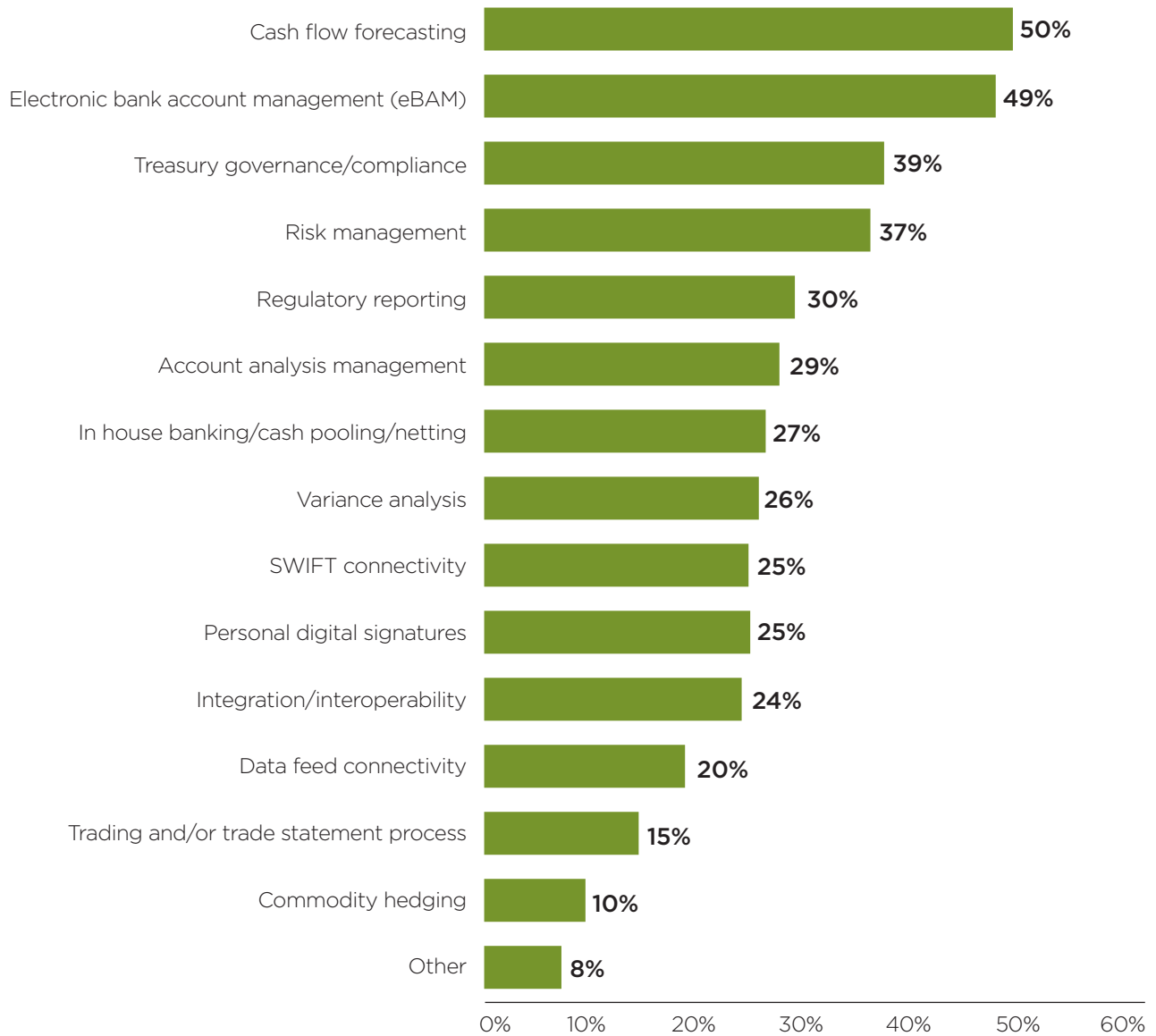
As the regulatory environment becomes more complex and the expansion of companies into global markets continues to raise the bar for their organizations' treasury technology needs, systems that provide governance/compliance and improved risk management are desirable. Enabling eBAM in these systems' applications is dependent on industry standards and adoption; it takes time to implement such initiatives. Customization often spurs improvements to an organization's TMS. Cash forecasting remains the predominant area where users would like to see greater improvement, and continues to be an area of focus for which many companies use spreadsheets to meet that need.

**Cash flow forecasting** and **eBAM enablement** are the two features finance professionals would most like to have in their companies' TMS

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### Additional Functionality that would Greatly Improve Organization's Treasury Management System

(Percent of Organizations Using Treasury Management System)



## Conclusion

The 2016 AFP Treasury Management System Survey results suggest that, worldwide, slightly more than half of organizations are using a treasury management system. The use of a TMS continues to be more prevalent among larger organizations, specifically those with annual revenues of at least \$10 billion. A greater share of companies in Europe use TMS compared to those located in North America and Asia Pacific. Very few of the companies using TMS are using systems they build themselves.

The majority of TMS are installed systems. Still, slightly over a quarter are delivered as software-as-a-service (SaaS)/ASP; companies in North America are more likely than those based in Europe and Asia Pacific to use a TMS that is delivered as SaaS/ASP. Companies that have resisted adopting a TMS use spreadsheets (usually Excel) for various key processes, primarily cash forecasting, cash positioning and bank account management. Finance professionals note that their companies are striving to ensure their organizations' systems are up to date. If they are not using the most current version, the TMS is just one or two iterations behind the most current version.

While TMS are known to streamline operations for treasury departments and enhance those departments' efficiency and effectiveness, a majority of finance professionals whose organizations are using a TMS reports that it is difficult to update reports and workflows via those systems. However, survey respondents are quick to highlight the benefits of their organizations' TMS, notable among them being process control and compliance, and improving cash visibility.

Survey respondents also note that their organizations' TMS are more effective in the areas of cash visibility and transaction capturing. About half of finance professionals believe that cash flow forecasting and electronic bank account management (eBAM) are two features that could improve the performance of their organizations' TMS.

Organizations that have not implemented a TMS might want to consider the advantages of doing so. Increased costs and strengthening the IT function to support such a system might be worth it in the long run.

## Key Takeaways

- **Just over half of organizations use a TMS;** 51 percent of survey respondents report that their organizations are using a TMS.
- **Installed systems are most prevalent within the TMS space;** 53 percent of finance professionals from companies with a TMS report that their organizations have installed systems.
- **Currently, over half of companies with a TMS use the most recent version of the TMS while one-third uses systems 1-2 iterations behind** the current version.
- **Updating reports and workflows within a TMS continues to be challenging** for organizations.
- The two most-often cited benefits of a TMS are **process control/compliance and improved cash visibility.**
- Finance professionals consider their TMS to be most effective in the areas of **cash visibility and process control and compliance.**
- **Cash flow forecasting and eBAM enablement** are the two features finance professionals would most like to have in their companies' TMS.

## About the Survey

In February 2016, the Research Department of the Association for Financial Professionals® (AFP) conducted the *2016 AFP Treasury Management System Survey*. The primary purpose of the survey was to examine the usage of treasury management systems (TMS) at organizations, their structure and the complexity of instruments transacted within those systems.

The survey was sent to a select audience of domestic and international corporate practitioners. Due to the limited sample size obtained, regional analysis was limited to responses from Asia Pacific, North America and Europe. The following tables provide a demographic profile of the survey respondents.

AFP thanks Bloomberg for its underwriting support of the *2016 AFP Treasury Management System Survey*. Both questionnaire design and the final report along with its content and conclusions are the sole responsibility of AFP.

## Annual Revenues

(Percentage Distribution of Organizations)

	All	North America	Europe	Asia Pacific
Under \$50 million	18%	17%	8%	31%
\$50-99.9 million	7	8	4	2
\$100-249.9 million	10	10	6	12
\$250-499.9 million	6	4	6	4
\$500-999.9 million	14	13	17	18
\$1-4.9 billion	22	23	34	8
\$5-9.9 billion	9	13	10	10
\$10-20 billion	6	4	5	4
Over \$20 billion	8	8	9	10

## Number of FTEs Working within the Organizations' Treasury Function

	All	North America	Europe	Asia Pacific
Mean	26	28	19	25

## Number of FTEs Working within the Organizations' Treasury Function

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
Mean	36	23	21	14	56

**Industry**

(Percentage Distribution of Organizations)

<b>Banking/Financial services</b>	18%
<b>Business services/Consulting</b>	3
<b>Construction</b>	3
<b>Energy (including utilities)</b>	9
<b>Government</b>	5
<b>Health services</b>	3
<b>Hospitality/Travel</b>	1
<b>Insurance</b>	3
<b>Manufacturing</b>	25
<b>Non-profit (including education)</b>	4
<b>Real estate</b>	3
<b>Retail (including wholesale/distribution)</b>	9
<b>Software/Technology</b>	6
<b>Telecommunications/Media</b>	5
<b>Transportation</b>	3

## Appendix

### Uses of Spreadsheets for Organizations without a Treasury Management System

(Percent of Organizations that Do Not Use a Treasury Management System)

	All	North America	Europe	Asia Pacific
Cash forecasting	85%	87%	89%	75%
Cash positioning	75	72	71	75
Bank account management	68	75	57	67
Bank recons	56	64	34	54
Foreign exchange/derivatives	43	34	54	42
In-house banking/pooling/netting	37	38	34	38
Other	1	-	-	4

### Uses of Spreadsheets for Organizations without a Treasury Management System

(Percent of Organizations that Do Not Use a Treasury Management System)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion	
Cash forecasting	85%	87%	88%	84%	75%
Cash positioning	75	76	77	75	75
Bank account management	68	64	73	72	88
Bank recons	56	61	58	50	50
Foreign exchange/derivatives	43	34	58	50	63
In-house banking/pooling/netting	37	32	42	44	63
Other	1	1	-	-	-

### Key Reasons Organizations use Excel for Critical Treasury Functions

(Percentage Distribution of Organizations that Do Not Use a Treasury Management System)

	All	North America	Europe	Asia Pacific
Bank Portal and spreadsheet effectively meets my organization's needs	30%	37%	25%	18%
Flexibility/Customization of spreadsheets	26	16	22	36
Cost vs. Benefits of TMS system	24	27	28	23
Time to implement a TMS solution is prohibitive	7	6	3	14
Current TMS solutions do not fit my organization's unique needs	6	2	13	9
Other	7	12	9	-

### Key Reasons Organizations use Excel for Critical Treasury Functions

(Percentage Distribution of Organizations that Do Not Use a Treasury Management System)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
Bank Portal and spreadsheet effectively meets my organization's needs	30%	34%	23%	28%	13%
Flexibility/Customization of spreadsheets	26	33	15	9	50
Cost vs. Benefits of TMS system	24	18	27	41	13
Time to implement a TMS solution is prohibitive	7	4	15	6	13
Current TMS solutions do not fit my organization's unique needs	6	4	4	9	13
Other	7	7	15	6	-

### Number of Years the Current Treasury Management System Has Been Used

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Still implementing	6%	9%	7%	6%
Less than 1 year	4	3	5	3
1-2 years	13	18	9	12
3-5 years	35	39	30	41
6-8 years	15	12	19	12
More than 8 years	27	18	30	26

### Number of Years the Current Treasury Management System Has Been Used

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
Still implementing	6%	12%	-	5%	3%
Less than 1 year	4	6	-	4	3
1-2 years	13	29	14	9	13
3-5 years	35	24	36	44	23
6-8 years	15	6	25	13	13
More than 8 years	27	24	25	25	45



### Treasury Management System Interfaces to SWIFT Solution

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
<b>My organization's TMS does not automate to SWIFT</b>	33%	39%	34%	33%
<b>My organization uses an electronic payment system other than SWIFT</b>	25	21	25	30
<b>Manual interface and re-input</b>	4	-	4	-
<b>A lot of manual intervention</b>	4	-	4	3
<b>Some manual intervention</b>	10	18	8	13
<b>Completely automated</b>	24	21	26	20

### Ease of Updating Reports and Workflows in Organization's Treasury Management System

(Percentage Distribution of Organizations Using Treasury Management Systems)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion
<b>Very easy</b> 1%	6%	4%	-	-
<b>Easy</b> 15	12	18	18	13
<b>Satisfactory</b> 34	29	43	31	26
<b>Difficult</b> 43	47	32	42	55
<b>Very difficult</b> 6	6	4	9	6

**Effectiveness of Treasury Management Systems**

(Percentage Distribution of Organizations Using Treasury Management Systems)

	Very good	Good	Satisfactory	Poor	Very poor
<b>Cash visibility</b>	30%	41%	19%	7%	3%
<b>Transaction capturing</b>	24	40	27	8	2
<b>In-house banking/pooling/netting</b>	19	37	25	13	6
<b>Debt management</b>	17	37	33	11	3
<b>Investment management</b>	16	35	35	10	4
<b>Accounting</b>	15	41	30	10	4
<b>Cash forecasting</b>	11	30	32	22	4
<b>Derivatives processing</b>	11	35	37	13	3
<b>Reporting</b>	10	32	38	17	3
<b>Hedge accounting</b>	9	21	29	29	12
<b>Business intelligence</b>	7	21	36	28	8
<b>Analytics/Variance analysis</b>	3	24	38	29	6

**Benefits of Organization's Treasury Management Systems**

(Percentage Distribution of Organizations Using Treasury Management Systems)

	Very good	Good	Satisfactory	Poor	Very poor
<b>Process control and compliance</b>	17%	47%	27%	6%	3%
<b>Improved decision making</b>	12	34	38	12	4
<b>Staff reductions or increased efficiency</b>	11	33	37	13	5
<b>Decreasing errors</b>	13	37	37	11	2
<b>Improving cash visibility</b>	23	41	26	6	4
<b>Integration of end-to-end cash and risk processes</b>	13	27	42	12	6

### Additional Functionality that would Greatly Improve Organization's Treasury Management System

(Percent of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Cash flow forecasting	50%	57%	47%	48%
Electronic bank account management (eBAM)	49	43	51	59
Treasury governance/compliance	39	54	24	44
Risk management	37	32	33	56
Regulatory reporting	30	21	38	26
Account analysis management	29	36	22	41
In-house banking/cash pooling/netting	27	39	24	33
Variance analysis	26	32	20	30
Personal digital signatures	25	18	31	22
SWIFT connectivity	25	11	27	33
Integration/interoperability	24	29	16	41
Data feed connectivity	20	21	9	33
Trading and/or trade statement process	15	21	9	22
Commodity hedging	10	7	7	15
Other	8	-	2	11

**Additional Functionality that would Greatly Improve Organization's Treasury Management System**  
(Percent of Organizations Using Treasury Management Systems)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion	
<b>Cash flow forecasting</b>	50%	65%	41%	55%	45%
<b>Electronic bank account management (eBAM)</b>	49	53	52	51	42
<b>Treasury governance/compliance</b>	39	53	26	42	39
<b>Risk management</b>	37	41	41	40	26
<b>Regulatory reporting</b>	30	29	22	30	35
<b>Account analysis management</b>	29	18	26	38	26
<b>In-house banking/cash pooling/netting</b>	27	35	26	28	19
<b>Variance analysis</b>	26	47	22	26	19
<b>Personal digital signatures</b>	25	12	33	26	23
<b>SWIFT connectivity</b>	25	29	37	23	13
<b>Integration/interoperability</b>	24	41	19	26	19
<b>Data feed connectivity</b>	20	35	15	21	13
<b>Trading and/or trade statement process</b>	15	29	15	15	6
<b>Commodity hedging</b>	10	12	11	2	23
<b>Other</b>	8	6	11	4	13

**Single Greatest Benefit the Organization's TMS Provides Its Treasury Department**

(Percentage Distribution of Organizations Using Treasury Management Systems)

	All	North America	Europe	Asia Pacific
Treasury is able to do more with less	27%	18%	41%	19%
More efficiencies in processes	25	29	26	26
Single source of information to feed other departments	21	32	9	30
Able to keep up with growth of company	8	11	4	7
Better visibility and compliance with regulations	8	-	11	11
Technology matches operating structure well	5	7	2	4
Better bank relationship management	3	4	2	4
Other	4	-	4	-

**Single Greatest Benefit the Organization's TMS Provides Its Treasury Department**

(Percentage Distribution of Organizations Using Treasury Management Systems)

All	Annual Revenue Less Than \$250 Million	Annual Revenue \$250-999 Million	Annual Revenue \$1-9.9 Billion	Annual Revenue At Least \$10 Billion	
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More efficiencies in processes	25	18	31	26	23
Single source of information to feed other departments	21	24	19	17	23
Able to keep up with growth of company	8	6	8	6	13
Better visibility and compliance with regulations	8	12	4	9	9
Technology matches operating structure well	5	12	8	-	6
Better bank relationship management	3	-	-	4	6
Other	4	-	4	2	10

## **AFP Research**

AFP Research provides financial professionals with proprietary and timely research that drives business performance. AFP Research draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. Study reports on a variety of topics, including AFP's annual compensation survey, are available online at [www.AFPonline.org/research](http://www.AFPonline.org/research).



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Headquartered outside Washington, D.C., the Association for Financial Professionals® (AFP) is the professional society that represents finance executives globally. AFP established and administers the Certified Treasury Professional™ and Certified Corporate FP&A Professional™ credentials, which set standards of excellence in finance. The quarterly AFP Corporate Cash Indicators™ serve as a bellwether of economic growth. The AFP Annual Conference is the largest networking event for corporate finance professionals in the world.

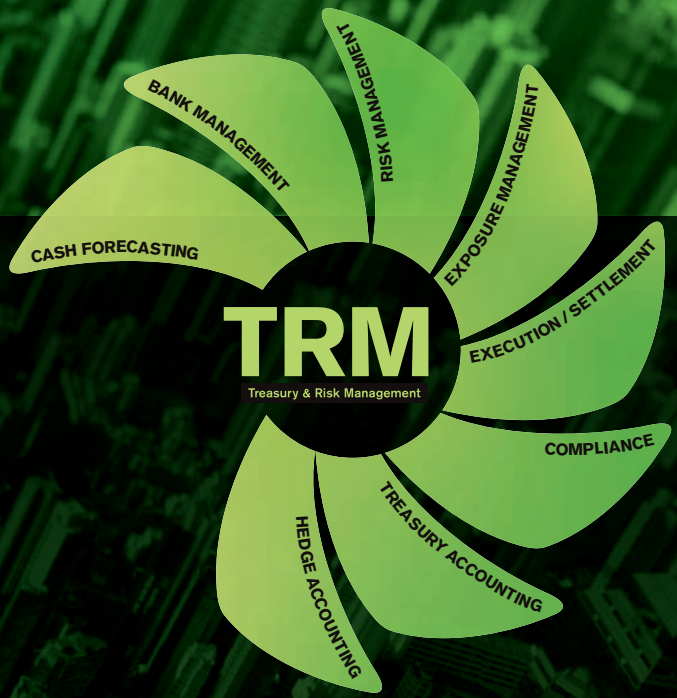
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