

In a fast changing world, agility is key

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No wonder liquidity has become a critical issue for corporates: an efficient liquidity management strategy translates into more financial power and agility to project into the future. Simply put: liquidity management means agility; and in a fast changing world, agility is the word.

As external liquidity has turned scarce, treasury departments have become the focus of attention. Yesterday perceived as an operational player, the treasurer is now seen as a strategic internal stakeholder. In organisations where cash is king, central treasuries have become fully-fledged in-house banks. If corporates tend to manage their liquidity like a strategic asset, it is because cash gives them the freedom to act, to invest, to develop and to transform. Yes, the treasurer's role is undergoing major transformations. But then it seems that everything around us is changing.

Taking advantage of change

To take advantage of change, corporate treasurers must first understand it. In which area of the world will growth be the strongest tomorrow? Is producing in a restricted market the right strategy? Which megatrends will impact my business and how? It is one thing to know that a middle-class is emerging in Asia, but understanding how it will transform the marketplace is another matter. And it's even more of a challenge to know how to manage my cash to grasp the opportunities that it will bring. Clearly, corporates must adapt, and improving the management of their liquidity can be a key part of their "taking-advantage-of-a-changing-world" kit.

A well-designed liquidity management strategy brings many benefits, in addition to traditionally improving control and visibility. Yet, both remain primary challenges for corporates of all sizes, and it's easy to understand why. In a global environment, keeping control over cash is much more difficult and as much essential.

A more sophisticated approach

But that is not all there is to it. As companies go global, new cash related challenges arise: from making successful international payments to releasing trapped cash. As a result, the treasurer's toolkit must have solutions to mobilise cash in a volatile market environment where risks -liquidity, currency and counterparty- must be anticipated upon and carefully managed.

Asia offers amongst the highest potential and the biggest challenges. From a cash point of view, it is made of restricted and regulated markets, plus others that apply pretty much the same rules as in the west. Operating in Asia means dealing with more currencies, languages and regulatory frameworks than ever before, which adds to the overall complexity of being far from home. The good news is: things are moving fast in China and change is expected in other parts of the region. With the RMB on the verge of deregulation, corporates can see their prospects broadening, and many are adjusting their cash approach accordingly.

'I do, because I can'

If change can be driven by technology, technology can also be driven by change. Whatever comes first is not that important after all. At the end of the line, there is always increased competitiveness, market share and leadership. Liquidity management is no exception to the rule, with technology leading to innovative corporate strategies.

BNP Paribas is constantly investing in technology. The Connexis Cash and Liquidity platform is one good example of the Bank's commitment. Extended to deliver improved visibility of cash positions, Connexis offers real-time views of all cash balances and significantly improves flexibility and productivity. Mobile services are another area of progress for liquidity management. Right now, mobile services are mostly focused on providing access to information and making remote signing possible, but over time, increased functionality will be added. Ultimately, it is expected that the full functionality of a desktop platform will be available for mobiles.

Our Solutions

Physical Cash Pooling

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One of the most significant cash management challenges for cash and treasury managers of multinational corporations is how to achieve visibility and control over cash at a regional and/or global level. Cash pooling is an essential technique for multinational corporations to manage liquidity and risk across accounts, entities and borders.

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