

# Time Flies so be the Pilot

## Automating Centralised Treasury Processes



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**Banking software giant Temenos tasked Cobase with devising a better system for the management of its global bank relationships, cash, and FX. The results have slashed manual processes and reliance on spreadsheets, saving the treasury team vital hours in the day.**

Temenos offers banking software solutions to financial institutions across the industry from Tier 1 banks to the smallest institutions worldwide. In November 2022, the company celebrated a milestone 850th client go live on its Temenos Infinity digital banking platform.

Supporting this global operation is a centralised treasury team of five people. Every payment that leaves the company goes through their hands, which also manages all funding repatriations. Group cash is centralised where possible, and funding is provided to local entities on an as-needed basis. The Temenos treasury also manages several cash pools across the US, Europe and Australia. Any excess cash is used to pay down debt or place on investments to maximise returns.

As Temenos is a billion-dollar company, the treasury needs to be incredibly efficient to manage the level of work that flows through the department. This was put under intense pressure back in 2015, when RBS retracted from the global banking market.

Joanne Blomfield, Group Head of Cash Management, Temenos, explains: "At that time, some 80% of our bank

accounts globally were concentrated at RBS. When they retracted, we evolved to a more regional banking structure, with one or two of the best banks per region in our banking syndicate. We hold most of our bank accounts with them but still have numerous legacy accounts in places our syndicate banks couldn't cover."

While this set-up helped Temenos retain its global banking presence, it also dramatically increased complexity. Today, the company banks with 45 different institutions in 52 countries, with a core group of eight banks that it uses for financing. All told, the company has 324 accounts globally. With the old structure, the treasury team used the RBS multi-bank platform, so the new structure created some challenges.

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"Initially, with 45 different banks, we were carrying around huge quantities of physical tokens to log into multiple banking platforms, which caused plenty of headaches," recalls Blomfield. "We also managed access for all the back-office users, such as the reporting and reconciliation teams. It got to the point where this was simply ungovernable, so we started looking for a payments solution provider."

Temenos put out an RFP for a payments solution and initially went to all the usual potential sources. However, it was one of its syndicate banks that pointed the team in the direction of Cobase.

"I was chatting with our relationship manager at ING at the time, who suggested looking at Cobase," recalls Blomfield. "From the first time we met with Cobase, we were highly impressed. Cobase was a new company at the time but completely understood our vision. Our team has worked on numerous banking platforms, both on the corporate and bank side, so we knew what we were looking for. We also came on board as co-creators, and it's worked out amazingly well for us."

Joost Kevelam, Head of Sales, Cobase, affirms there was a good fit between the two companies from the start. "The Temenos treasury team had the exact problems we wanted to solve for globally active corporates with many bank relationships," Kevelam says. "As a fintech, we experience different corporate cultures, from conservative and traditional companies to more forward-looking firms such as Temenos. It was good to have this common understanding of where we wanted to go together."

### Truth at your fingertips

Having implemented Cobase, the initial benefit for the Temenos treasury team was the considerable time savings unlocked by the set-up. "By logging on to one platform, we can approve all our payments, do the FX trading, and have a near real-time view of our bank balances," enthuses Blomfield. "This gives us a more holistic view of our entire cash position. I receive alerts when cash comes in, or a payment over a certain amount has

just gone out. I can answer questions of senior management as and when needed as it provides a single source of truth."

On the cash forecasting side, the team generally runs an eight- to 12-week forecast, depending on the time of the year. While the time horizon of the forecast has not changed, how the task is managed is now far more straightforward. "We used to manage our forecasting on Excel, including data dumps from our previous TMS and information from banking platforms," reflects Blomfield. "Now we have everything at our fingertips on Cobase, we don't need Excel files and the management reporting is on another level."

On the payments side, the automation that Cobase has brought to treasury combines efficiently with the company's ERP system to improve workflow. "We have a payments team that loads the payments via Oracle or manually for one-off payments," explains Blomfield. "My team receives a reconciliation file and can check that against what they see in Cobase and then approve it in bulk, signing off everything in one go. The time that saves and the ability to check it back in such a simple manner is great."

The company's FX trades have always run through 360T. Following the implementation, there is now a link directly to that through Cobase. "The FX set-up means that my back-office team is no longer manually inputting trades into a database as we can reconcile everything there," says Blomfield. "We can also manage the netting, as Cobase generates the netting notifications to the bank. Once it's agreed, we have a one-click method to approve the payment. Previously, we had to manually input all the FX payments."

With an implementation such as this example from Temenos, both the company and the technology provider must have the right priorities and have identified the project's key goals before any work is started.

Kevelam outlines: "Various elements could be important, depending on the specific client. For example, do they want to get several banks live as soon as possible? Is it important for them to have decommissioned an existing system before a certain timeline? We strive to make that clear to management at the highest level in the early stages of talking to the client. Ensuring that focus on what is important to them drives the delivery roadmap."

### Removing burdens, handling complexity

Cobase's initial goal for all its corporate partners is to remove the challenges around bank connectivity and file formatting from treasury teams.

"Treasurers can connect banks directly to their in-house system, but this is complex and typically not the core business of corporate treasury teams," comments Kevelam.

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"Even if treasurers establish that connection, they can struggle to get the files in the correct format for processing. We can take that burden away and then feed this harmonised bank data set into ERP or accounting systems, for example, for more efficient reconciliation processes."

The Cobase platform is modular, enabling specific functionality to be switched on as and when the treasurer needs it. "The typical starting point for clients is bank connectivity, but there are some that like to integrate the FX dealing or the in-house banking functionality, so they can add different modules as they go," continues Kevelam.

One distinction achieved by Cobase is that, since 2019, the technology provider has held a PSD2 licence from Dutch central bank De Nederlandsche Bank.

"While it is complex to maintain such a licence, for our clients it means that we offer bank-equivalent IT systems and security processes," adds Kevelam. "It proves we are a secure bank equivalent regarding processes and security."

For Blomfield, this peace of mind has been complemented by a smooth working relationship. "I promise they haven't paid me, but they have been absolutely great," she quips. "I can honestly not find a single fault in how anything we've requested has been handled. During the implementation, our input was minuscule. We provided introductions to the bank and the data it needed. Then we had a weekly call, and everything was done in the background, which is far removed from any implementation experience I've ever had. The transfer to Cobase's customer services since has been very smooth, and they're highly responsive."

### The importance of intangibles

Despite Cobase underpinning so many vital treasury processes at Temenos, Blomfield admits that there are still items on her technology 'to-do' list. "We are currently looking at automated confirmation matching," she says. "Our back office has been managing all the PDF documents,

sending them out to be signed and emailed back. We've got to the point now that we're trading enough to justify an automated solution. While most of our trades are made electronically, a small number are made over the phone, so we hope Cobase will be able to support sending a file across to the provider in those instances."

Another task on the agenda concerns the outflow approval reports. Blomfield is keen to find a solution to automate that chore. "Currently, that's a very cumbersome Excel file into which all potential payments are uploaded," she explains. "Somebody then goes through and approves it, based on certain criteria, and then somebody else takes it away and goes into Oracle to start uploading the approved payments. This is painful and, while it's not members of my team actually doing this, it does impact us, so we're looking for a solution there."

For corporate treasurers considering upgrading their treasury technology in the way that Temenos has achieved, Kevelam suggests looking at best-of-breed providers for solutions to the specific problems needing to be solved.

"Put together a list of two or three suppliers for your specific issue. Make sure that you understand how this would fit in with your total treasury system landscape and even your entire corporate IT landscape," he advises.

In addition to the technical specifications that an RFP can highlight, there are certain intangibles that also play a crucial role in a successful partnership. Critically, treasurers need to be confident that they will be able to develop a good rapport with the provider they choose.

"On day one, everything will be fine, but during the implementation process challenges will always arise," concludes Kevelam. "If the treasurer isn't comfortable with the working relationship at the outset, this will not improve when those issues crop up. The human connection must not be forgotten in projects such as these. If the treasurer likes working with a technology provider from the outset, the two can achieve great results together."

