



Report on 2020 Cash Management Survey

November 2020



On behalf of TD Securities, welcome to our inaugural Corporate Cash Management survey.

It is now trite to suggest that “innovation is proceeding at an unprecedented pace.” However, having spent 20 years with TD Securities across a few diverse product areas, my belief is that there is no other area of finance that is and will be more disrupted by technology than the treasury management function. The changes that we have witnessed over the past ten years are sizable, and the pace of this change is only accelerating.

Changes in treasury management are largely driven by technology. At TD Securities we are laying the foundation for a robust, technologically enabled future while continuing to meet your immediate cash management needs today. We are making the investments to augment our product offering and help futureproof the way you bank. The adoption of Application Programming Interfaces (APIs) is just one example of how we will evolve and transform our capabilities to better serve you.

The most common question that we hear from clients is “what are other companies doing?” This survey is our modest attempt to answer this question. We found the results highly instructive and hope that this survey contains new information that will help you improve your own operations and practices. Our further hope is that future iterations of this survey grow, in both scope and breadth of content, as well as number of respondents.

If you have any questions, please contact me directly or one of our Relationship Managers.

Vincent Iarocci
Global Head and Managing Director
Corporate Cash Management

Executive Summary

Priorities

COVID-19 and presumably any impactful global event has a tendency to shift priorities in favour of the tactical over the strategic outlook. This is not surprising as the ability to 'keep-the-lights-on' outweighs any long-term plans. This was evident in the survey results: the top two strategic near- and long-term priorities are also the areas that were most affected by COVID-19. Moreover, operational efficiency became a higher priority.

In normal times, the results indicate treasury operations have been optimized. However, this optimization is based on the technology that has been implemented; hence, a top priority for the near- and long-term is the enhancement of treasury platforms. Furthermore, the survey highlights the potential gap between the capabilities of current treasury platforms and the services provided by banks to manage intra-day liquidity.

The survey reinforces liquidity as the top priority for our clients. While liquidity is always near the top of the list, there is nothing like a global crisis to remind treasurers of why that may be the case. Superior liquidity management has always been a way to optimize funding costs, but knowing how much liquidity is available, in real time, has taken on increased importance. Providing this functionality to corporate clients will require some systematic changes to the payments system. We expect domestic challenges in Canada to be resolved before addressing regional or global issues.

Operational Strategy

Companies have tailored current operations to be efficient, within the context of their current technological and service limitations. However, automation through integration and consolidation between multiple entities is a challenge. With the amount of data aggregation and normalization necessary, companies are finding it difficult to obtain an accurate AP/AR position in a timely manner to manage their liquidity.

Responses indicate there are functional capability solutions in market, hence the reduced interest in cash forecasting and reporting innovation.

The challenge is in connectivity to either pull in data or push requests from and to a multitude of end-points in a standardized manner.

Companies feel technology is the key to resolving their issues, but also recognize that it needs to be a collaboration between their business partners, their ERP/TMS vendors, their financial services providers, and the market infrastructures. The financial supply chain is an ecosystem.

Tools and Technology

The variety in tooling is interesting: ranging from large ERP systems to in-house built tools. Much depends on the size and complexity of the business, as well as the availability of funding for IT expenditures.

Vendor solutions are in different stages of their life cycle, but the majority of platforms used seem to be keeping up with industry

evolution with less than half of respondents considering replacing their current systems. Shifting gears, respondents recognize FinTech will not be able to completely displace a bank; however, FinTechs do provide superior solutions that need to be integrated into their overall cash management and treasury strategy.

Connectivity, as previously indicated, is a key challenge. The need is to have real time connectivity, hence the interest in APIs. Respondents have indicated data is cumulatively the most important requirement, which confirms the need to understand their liquidity positions. At the same time, the ability to move money efficiently also confirms the strategy of resolving domestic liquidity management challenges.

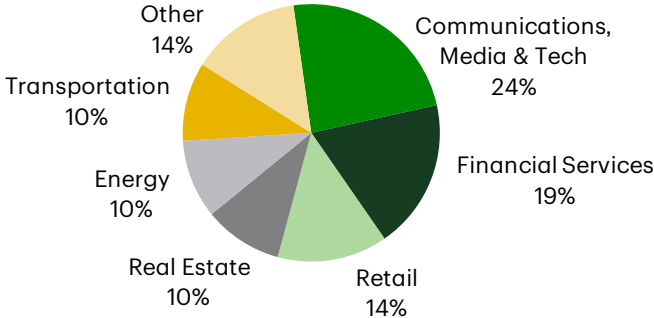
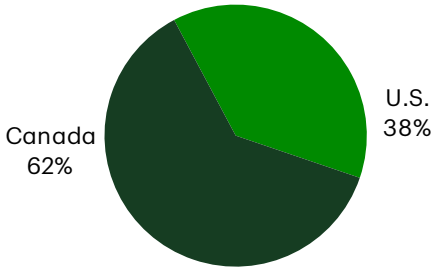
Relationship with TD

Personal and quick service are ranked as the most important ingredients to support treasury operations. Interestingly, while a personal touch is important, companies overwhelmingly prefer to be able to self-serve either through the bank portal or their own ERP/TMS solution.

Consolidation and integration have been a key theme, be it the client's internal systems or with their financial services providers. The North American market has been segregated, by nation, due to divergent bank regulatory regimes in each country. Companies have not been able to fully consolidate their treasury function; the ability to do so would be beneficial in streamlining their treasury operations and managing their liquidity.

Demographic Profiles of Survey Respondents

- TD Securities launched its inaugural survey for Corporate Cash Management Clients in Fall 2020
- There were 21 respondents in total, representing a sample of multi-national North American Clients



Treasury Strategy and Operations

Q1 With regards to Cash Management, What are Your Top Priorities?

Part One: In the Near-Term

Top 5 Topics for the Near-term

1	Intra-day Liquidity Management	33%	"Shoring up liquidity"
2	Treasury Platform Enhancements	22%	"Standardization of cash management practices within the company"
3	Treasury Service Enhancements	17%	"Simplification of banking structure"
4	Centralization of Cash Management & Global Visibility of Funds	12%	"Increase use of technology"
5	Operational Efficiency	10%	

Part Two: In the Long-Term

Top 5 Topics for the Long-term

1	Treasury Platform Enhancements	29%	"Building a robust, agile and up-to-date Treasury platform"
2	Intra-day Liquidity Management	21%	"Security of cash and automation of processes"
3	Centralization of Cash Management & Global Visibility of Funds	18%	"Utilizing regional staff support models"
4	Treasury Service Enhancements	15%	"Cash balance optimization"
5	Operational Efficiency	9%	

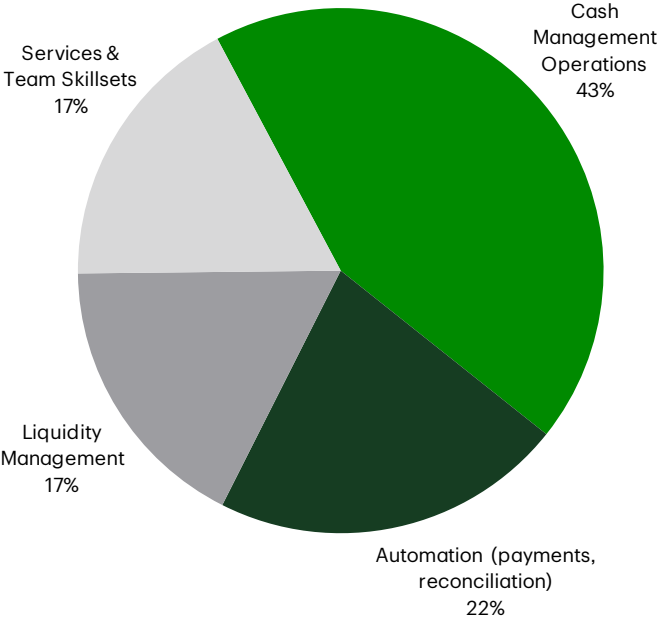
Part Three: Which priorities have been impacted by COVID-19?

Top 5 Areas Impacted by COVID-19

1	Treasury Platform Enhancements	45%	"Short-term focus has been redirected to operational topics"
2	Intra-day Liquidity Management	27%	"More focus on liquidity and visibility"
3	Operational Efficiency	19%	"We're working to move online faster since everyone is working remotely"
4	Treasury Service Enhancements	9%	
5	Centralization of Cash Management & Global Visibility of Funds	0%	"Focus on automation has increased due to COVID-19"

In Evaluating Your Treasury Operations:

Part One: What Processes are Working Best?

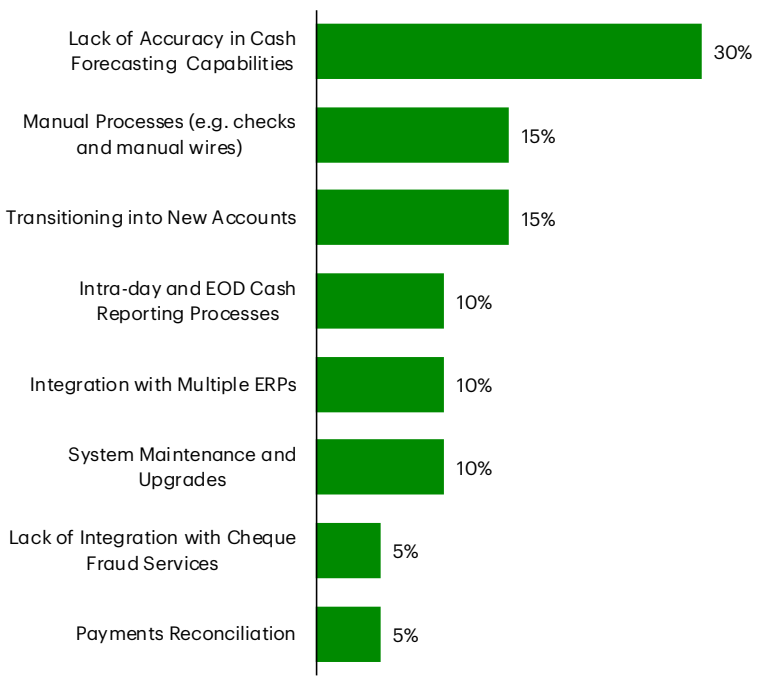


“We have pooled cash as much as possible”

“The dedicated team knows us well, moves quickly and is able to customize setup forms to meet our needs”

“We are able to meet the business’ cash management needs and support Working Capital without issue”

Part Two: What Processes are Generating the Most Challenges?



“We are using multiple ERPs and more than one cash management system which complicates processes and reporting”

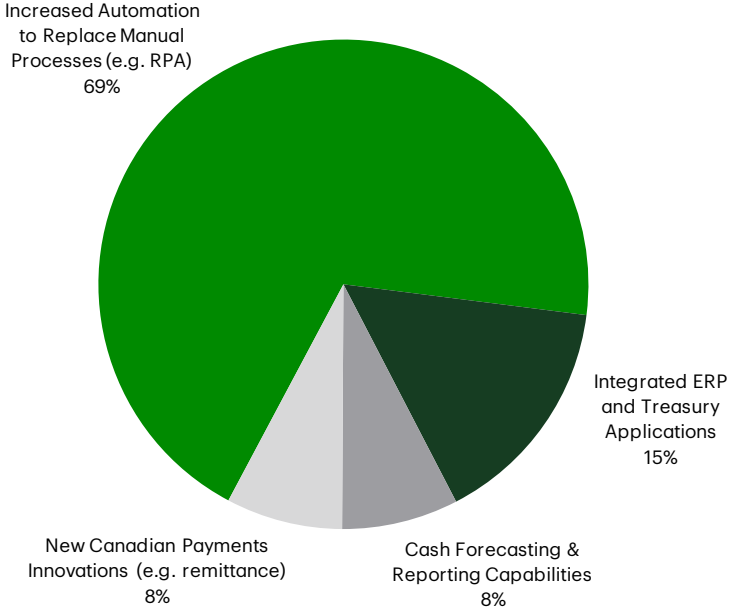
“The accuracy of our forecast”

We see the shift towards greater data transparency. We are making the investments to provide our Clients with on-demand data, the way they want, when they want it.

Q2

In Evaluating Your Treasury Operations:

Part Three: What Innovative Solutions are Most Interesting to Increase the Efficiency of Your Operations?

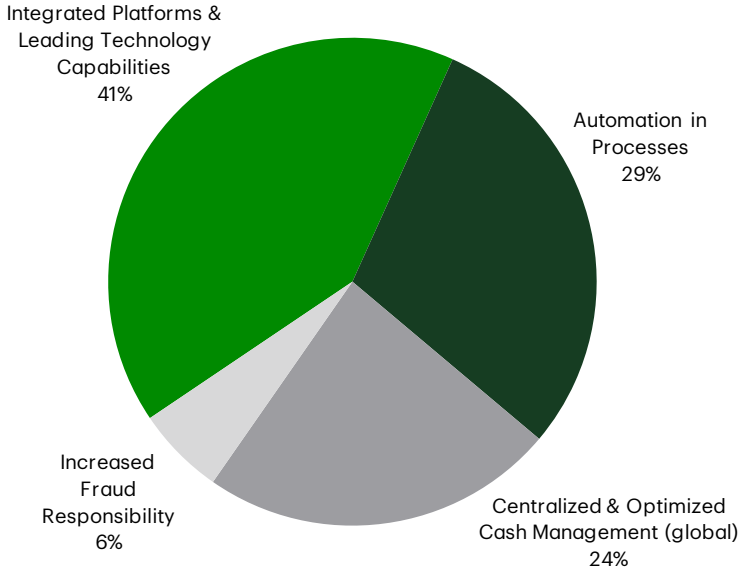


- “Better integration between Treasury and ERP systems”
- “Moving to modern Treasury platforms by leveraging enhanced automation”
- “Leveraging AI and API technologies to increase/improve efficiency”
- “Anything that can reduce manual procedures in processing payments”

TD was an early adopter of RPA technology within the Canadian Financial Services industry. We established a centre of Excellence (COE) that oversees separate, dedicated delivery Hubs that service all parts of the bank.

Q3

Over the Next 2 to 3 Years, What Structural Changes do You Anticipate Within Your Treasury Organization?



- “Further leverage technology, continue to reduce decentralized treasury structure, and automate processes”
- “A greater focus on cash management than currently”
- “Ongoing centralization as we continue acquisitions”

Tools and Technology

Q4

With Regards to Your Treasury Software Systems:

What Treasury Software are You Using Today?

Current Providers

- FIS
- Oracle
- SAP
- Kyriba
- Microsoft Excel
- GTreasury
- ION
- In-house Built

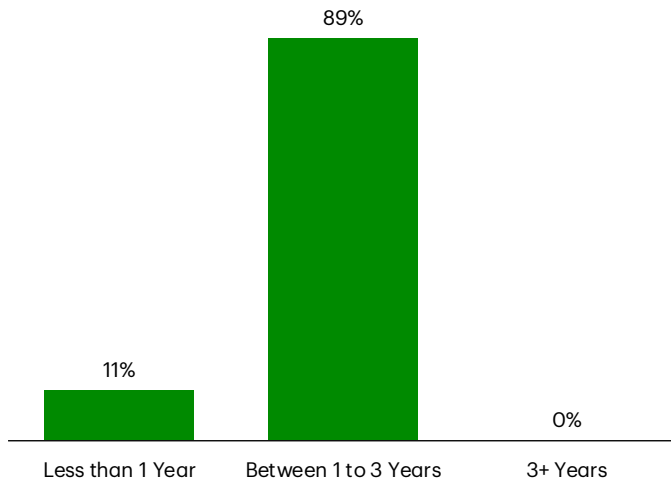
Do you Plan on Replacing Your Systems?

45%

plan to replace their current system

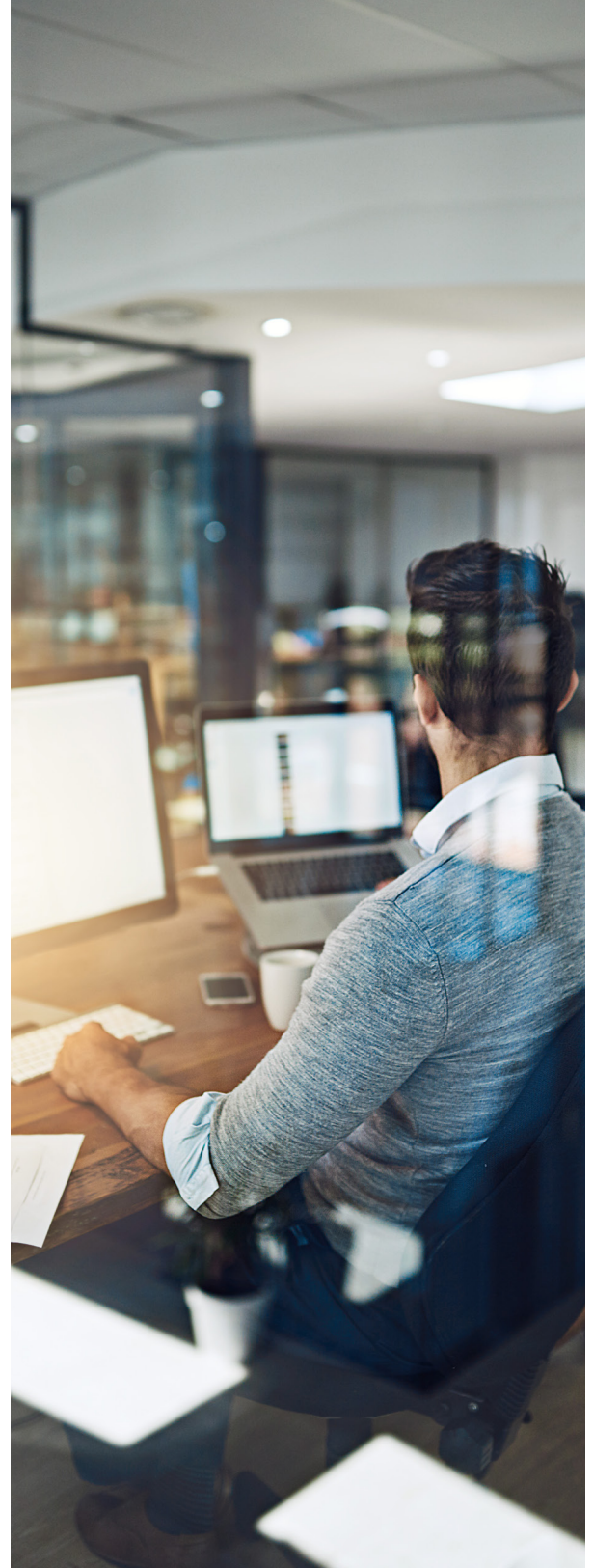
55%

do **not** plan to replace their current system



Other Relevant Tools

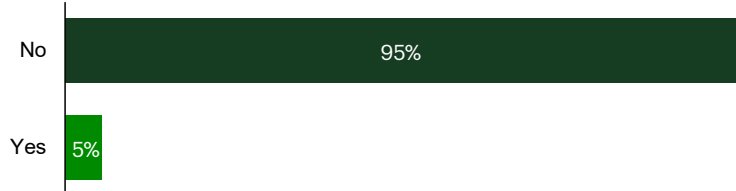
- Bloomberg
- DocuSign
- FXAll
- Reval
- Refinitiv (Reuters)
- Bloomberg FXALL
- Adobe Sign
- SGN Portal
- eBAM
- FXALL
- HelloSign
- SWIFT



Q5

With Regards to FinTech Solutions:

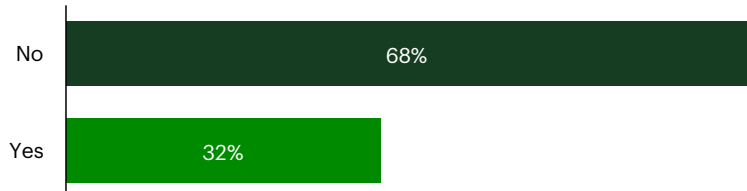
Part One: Do You Believe FinTechs will Displace Banks for Primary Deposits and Cash Management Needs?



“We would like to become bank agnostic and not having to rely on a bank platform”

“FinTechs have the potential to lead within investing and peer-to-peer transfer services”

Part Two: Have You Implemented or Considered FinTech Solutions to Upgrade or Augment Treasury Capabilities?



Q6

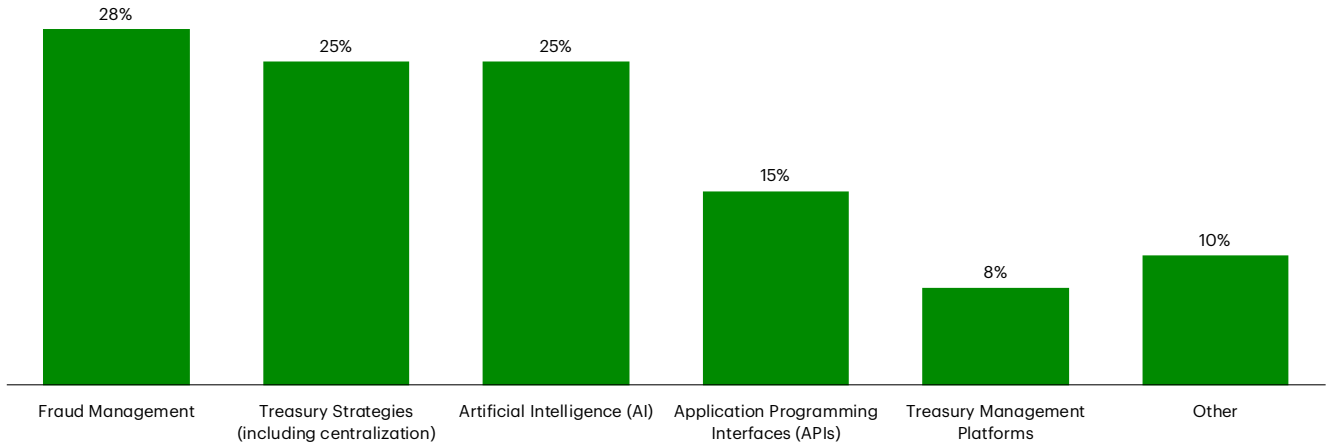
When Planning for Application Programming Interfaces (APIs), What Areas are You Most Interested In?



Relationship with TD

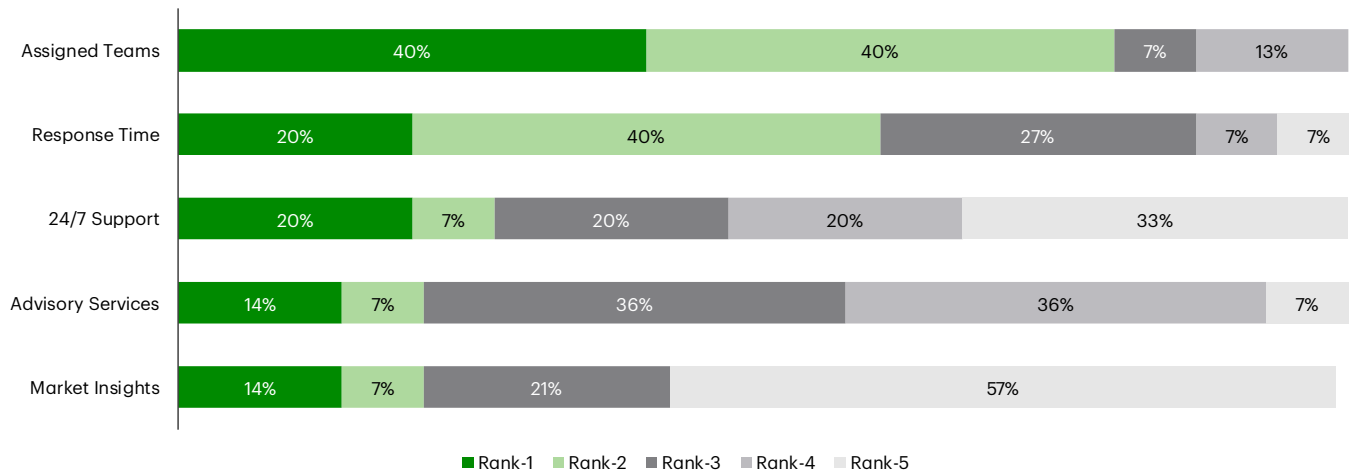
Q7

What Areas are You Most Interested in Learning About?



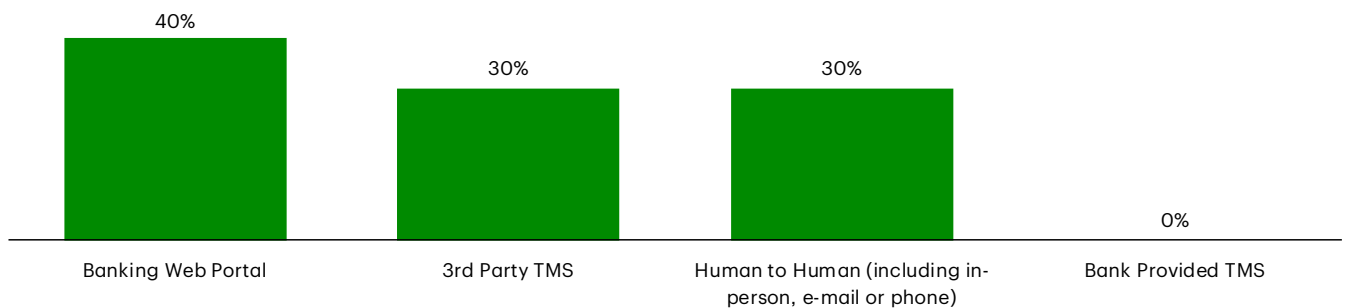
Q8

Rank the Importance of Each Cash Management Service Capability for Your Treasury Organization (1 = Highest/5 = Lowest):



Q9

What is Your Preferred Banking Interaction Channel?



We are building a modern banking portal with enhanced capabilities to replace our Web Business Banking (WBB) platform.

Q10

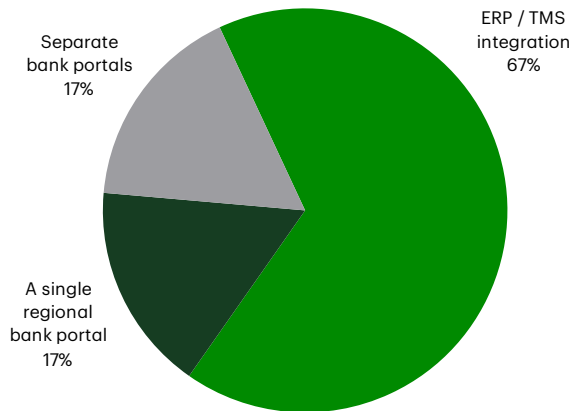
Do You Have Sufficient Activity in the U.S. to Require an Integrated North American Service Offering?

71%

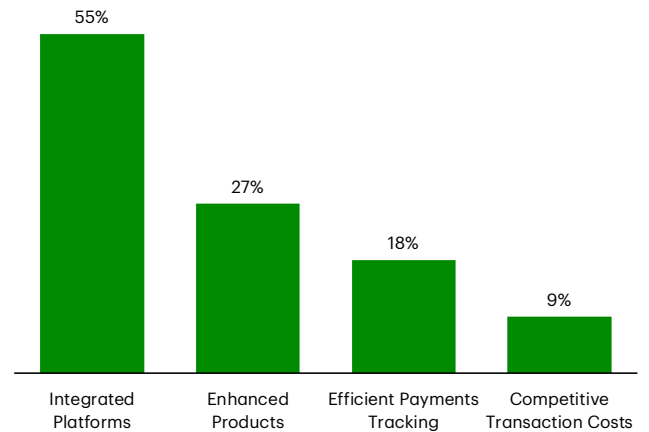
require an integrated North American service offering

What are Your Preferred Interaction Channels for the U.S. and Potential Capabilities You Would Like to See in Support of Your U.S. Banking Needs?

Preferred Interaction Channels



Capabilities to Support U.S. Banking



“We are looking for full integration between our TMS and ERP platforms”

“The idea of going with a TMS is to be able to link multiple banks from different countries”

“We would like to have capabilities in areas such as depository services, cash pooling, payment processing”



Key Takeaways

Operational Disruptions and Shifted Priorities

COVID-19 has disrupted the way we operate and dramatically shifted priorities, placing the focus on tactical needs vs long-term aspirations. This is not surprising as the ability to 'keep-the-lights-on' outweighs any long-term plans in this highly volatile and uncertain environment.

Prioritizing Liquidity

Liquidity remains a top priority to help reduce the cost-of-funds, increase hedging opportunities and speed up fulfilment, making the supply chain more efficient. The approach is systematic, with domestic challenges being resolved first before moving on to regional or global issues.

Importance of Operational Efficiency

Operational efficiency is more important now than ever before. Traditionally, budgets were slim and treasury optimization was restricted to the technology that had already been implemented. Corporates are exploring new ways of working to help shore up their operations, reduce costs and streamline their processes. In-house solutions or simple spreadsheets are not keeping up with the times.

Rising Demand for On-Demand Data

The need for on-demand Data is rising. Connectivity to pull in data or push requests from a multitude of end-points in a standardized manner is a challenge. Corporates feel technology is the key to resolving their issues but also recognize it is a collaborative effort between their business partners, their ERP/TMS vendors, the Banks and the market infrastructure.

Seamless Connectivity Throughout North America

Increased consolidation and integration have reached the tipping point. Seamless connectivity both north and south of the CAN-U.S. border is the future. It will be a game changer for North American Corporates to access fully consolidated statements or reporting through one system.

Relationship Manager Contact Information

Global Head of Corporate Cash Management

Vincent Iarocci
Managing Director
T: 416 982 8838
vincent.iarocci@td.com

Toronto

Mark Pooley
Director
T: 416 944 6167
mark.pooley@td.com

New York

Paul Marcato
Director
T: 914 826 7184
paul.marcato@td.com

Montréal

Christine Rourke
Director
T: 514 289 8340
christine.rourke@td.com

Vancouver

Robert Nernberg
Director
T: 604 654 3902
robert.nernberg@td.com

Calgary

A.H (Sandy) Celovsky
Director
T: 403 292 1174
sandy.celovsky@td.com

For more information, contact your Relationship Manager.

All trade-marks are the property of their respective owners. ® The TD logo and other TD trade-marks are the property of The Toronto-Dominion Bank.