The case for a modern transaction banking platform
Introduction

The global COVID-19 pandemic drove two major trends in the corporate treasury space. First, corporates accelerated the transition to a digital-centric business model by using technology and agile methodologies to optimize workflows and operational processes. Second, corporates accelerated the transition to a globally connected treasury by consolidating and centralizing treasury functions across regions to a single office under the global treasurer. Given this context, EY research shows that post-COVID-19, large corporates to mid-market banking clients expect intuitive digital channels to be their primary method for interacting with their banking partners. The research also demonstrates how corporate clients are looking for banks to provide new capabilities and services, sometimes enabled through partnerships and ecosystems, that address their evolving needs.

01 The COVID-19 pandemic accelerated the transition to global, digital-centric business models.

02 Treasurers now have greater focus on liquidity optimization, cash deployment strategies, efficiency gains and real-time insights to drive business decisions.

03 Transaction banking providers are considering the design and principles around their transaction banking platforms to meet the needs of end users.

Corporate treasury landscape and treasurer needs are quickly evolving

The current macroeconomic environment has heightened the focus on working capital metrics as key indicators of organizational health, pushing corporates to progressively focus on liquidity optimization and cash deployment strategies. Treasurers are also now influencing critical organizational and business development decisions and have become highly focused on efficiency gains, cost reduction, supporting revenue streams and seeking access to real-time insights to drive business decisions. This changing treasury landscape, coupled with the transition to digital, has meant that corporates are increasingly looking at scalable and flexible treasury setups that enable real-time visibility, efficient funds control, cash positioning functionalities and business support through constant change.
Leading with a modern, best-in-class transaction banking platform

The evolution of the needs of corporates’ treasury management presents an opportunity for banks to differentiate themselves by offering new, more comprehensive and sophisticated services. Enabling these new offerings requires a modern platform that can deliver a consistent client experience, while being flexible and capable of delivering tailored solutions. Key characteristics of such a platform include:

- **Global integration** that establishes the ability to provide clients with a unified global experience through integrated tools and capabilities and helps address unique problems while enabling scale to meet clients’ business objectives.

- **Expedited and smooth onboarding** that is accessible on different systems and is interoperable, has the ability to produce data-driven insights and cumulatively enables features to give users the benefit of enhanced decision-making and improved operations.

- **A modern architecture** that allows clients to optimize working capital and funding, integrate payments seamlessly into their respective value chains, benefit from tailored reporting and implement decisions based on data-driven insights more easily.

**Industry approach: a client-centric global transaction banking model**

Goldman Sachs’ recent entry in the global transaction banking space has enabled the company to carefully consider the design, deployment and principles around the platform from the very early stages of development. This provided the opportunity to deploy an agile, robust transaction banking platform that can readily adapt to changing market demands and serve as a cost-effective solution for the end user. Creating a single user experience for customers and offering consistency and an extremely nimble interface provide insight into the future of treasury.

To address market and client needs, Goldman Sachs built a modern technology stack and a global, cloud-based platform complete with modularized services accessible via multiple channels. The focus was on simplifying internal processes by emphasizing consistency: one place where data gets stored and reported across all channels, one ledger and one instance of the platform using the same connectivity channels across regions.

As a result of a client-centric design that included enhancements based on customer feedback, the platform is highly compatible with client infrastructure as well as third-party partners. This means that it was designed in response to market demand and customer needs. Furthermore, it is not constrained by old, legacy technology, nor is it hampered by the need to layer new functionality onto multiple disparate systems, which is time consuming and costly. Setting up an infrastructure that allows for customization is a differentiator in the market that enables greater flexibility and responsiveness.
Preparing to meet changing market demands

Goldman Sachs has built a modern, robust transaction banking platform and is committed to maintaining its pace of expansion and innovation while listening to and addressing client needs. As treasury continues to witness innovation across all areas, Goldman Sachs’ nimble, responsive approach means it continues to offer a wide variety of innovative services that are easily integrated into a client’s treasury system.

Summary

Recent trends illustrate how corporate clients are gravitating toward digitalization, real-time insights, and real-time cash management and cash positioning. At the same time, treasurers seek greater customization and control over treasury solutions. The time is right for banks to examine and assess the case for a modern, cloud-based transaction banking platform that is equipped with capabilities and technologies that position treasurers at the forefront of treasury transformation, now and in the future.

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