Treasury departments – key players in corporate management – are exposed to ever-challenging conditions. For the most part, this is caused by unpredictable volatility in financial markets; the result is the need to constantly be prepared for critical eventualities. Yet technological developments, recent regulatory changes and, in many cases, changes in corporate structures and business models also call for extensive changes in finance and treasury management.

Dynamic upheavals
To a varying degree, new circumstances in the market, regulatory, technical, structural and organisational fields are challenging the work of Treasury departments. Treasury departments not only face new tasks that affect them directly. Treasury departments are also indirectly confronted with changes, such as those affecting Controlling and Purchasing departments – both of which are becoming increasingly linked to Treasury departments.

Changes in business conditions are so profound and advancing at such a pace that there is limited time to respond. Structures, processes, plans and strategies need to be closely scrutinised; far-reaching professional expertise and knowledge of methods are essential for this. Extensive expertise of objectives and approaches, IT solutions as well as reporting, accounting and regulation is required. Tax and legal expertise is also indispensable.

In certain cases, a new approach to treasury management may make more sense than a series of adjustments. In any case, functional requirements as well as the design of processes, technical implementation and compliance must be considered alongside diverse legal standards. Organisational flexibility and the capacity to tackle multiple changes are the key success parameters; that said budget restrictions and HR limitations often negatively affect efforts.

In short: accounting principles, regulations, controlling concerns, IT strategies, as well as legal, tax and HR issues need to be addressed in a holistic manner. If this happens, challenges turn into an opportunity to make Treasury departments fit for the future in respect to their activities and importance.
The path to this destination: integrated work
Treasury challenges can be ordered by functional impact. First, methods and approaches need to be developed which strategically match the specified issues. Second, there is also the issue of operational processes and systems. Over the long run, overcoming this complexity is viable only if all aspects are coordinated together and approached as one task.

Based on more than 15 years’ experience with the most diverse projects in finance and treasury management, KPMG has developed one integrated model that covers all relevant areas. We always focus on selecting efficient means, paths and solutions that are appropriate to the scope of the challenge. In the case of compliance, our standard is set high as the number, extent and impact of legal and regulatory requirements, both at the national and international level, has reached an unparalleled scale.

Based on your individual requirements, your KPMG team spans the required specialist knowledge in all relevant disciplines. We always take account of the latest developments in the field of law and regulation; we explore the manner in which you can gain from the new technical resources and put to work the leading edge in knowledge that we have gained from comparable projects. Advisory expertise and implementation skills work seamlessly together at KPMG.

Areas of consulting

Financial risk management
Cash and liquidity management
Commodity and energy management
Payments

Implementation skills

Strategy, organisation and processes
Accounting and valuation
IT systems
Regulation, law and tax

Perfectly placed to serve you
Across Germany more than 50 members of staff put their extensive expert knowledge into finance and treasury management in order to serve you. We maintain an ongoing exchange with our 300 colleagues in our global network and can always draw upon all country-specific knowledge that may be required. We are always up to date on all methods and issues so that you can rely on us at any time for the latest insights and knowledge on trends in this field.

In addition, we maintain close working relations with leading IT and technology providers. While observing our stringent economic independence, we focus our attention wholly on the needs of our clients when making use of relevant information.

Learn more at www.kpmg-corporate-treasury.com or contact us directly. We would be pleased to hear from you.

* Legal services are provided by KPMG AG Rechtsanwaltsgesellschaft mbH
Your Treasury department: key issues and main tasks

- Accurately and exhaustively inventorying all of the financial risk positions as the foundation for effective risk management
- Clear and efficient hedging strategies to minimise risks effectively while optimising transaction costs
- Transparency about how financial risks affect the balance sheet and profit and loss as a precondition for clear communication with the capital market

- Precise knowledge of current liquidity and projected cash flows
- Identifying the relevant cash drivers and the levers to control them
- Reducing the cost of internal payment transactions
- Improving interest income through cash pooling

- Identifying and assessing enterprise-wide risk exposure
- Optimising suitable hedging strategies and instruments
- Centralising risk management and establishing suitable governance
- Selecting and introducing commodity trading and energy management systems
- Assessing and modelling hedge accounting measures

- Ensuring security and compliance in payment transactions
- Cutting costs through centralisation, automation and standardisation
- Integrating innovations and new payments such as mobile payments, eBAM and TWIST in the treasury function

Our skills, your performance

Financial risk management

- Identifying risk drivers and setting up an early-warning system for currency, interest, credit and default risk management
- Identifying your organisation’s risk appetite and its risk-bearing capacity
- Designing and testing of risk strategies and management models
- Supporting the financial risk management organisation and its operational processes
- Building an accurate reporting system (a ‘risk management cockpit’) tailored to the needs of its target groups

Cash and liquidity management

- Designing and handling the technical implementation of integrated liquidity planning and analysis
- Establishing a system of value-based liquidity management
- Assessing the risk/return profile for capital investments and developing tax optimisation concepts
- Designing and implementing an in-house bank to manage intercompany payments
- Setting up tailor-made cash pooling structures and assisting with the selection of banks
- Designing appropriate tax terms and charge rates for enterprise-wide cash management

Commodity and energy management

- Designing an exposure evaluation and Group-wide consolidation system
- Introducing ratios and scenarios for risk analysis
- Developing and optimising hedging strategies, end-to-end processes and risk management organisations
- Advising on the IT-related implementation such as market databases, inventory management systems and at-risk methods for commodity and energy risks
- Advising on appropriate charge rates when implementing central purchasing and hedging strategies

Payments

- Performing compliance checks
- Strategy consulting on payment transactions (business model, opportunity analysis, business case)
- Designing and implementing solutions for internal and external payment transactions (payment/collection factories, shared service centres)
- Assisting with the selection of banks (RFPs, beauty contests)
- Setting up technical connections (formats, connectivity, e-banking)
Strategy, organisation and processes

- Benchmarking and reviewing to ensure proper operations, security and efficiency
- Consulting on M&A transactions: establishing new treasury organisations or integrating existing treasury units
- Aligning treasury organisations with current challenges and cost targets
- Re-engineering processes in light of strategic objectives and compliance requirements
- Supporting the production of guidelines and organisational design

Accounting and valuation

- Analysing and optimising market data supply
- Launching and validating valuation models for financial derivatives, stock option programmes and complex financing structures
- Advising on how to implement and optimise the recognition of financial instruments in accordance with existing IAS, IFRS, USGAAP and HGB provisions, especially with regard to hedge accounting requirements
- Designing, implementing and testing/supervising the transition to the IFRS 9 provisions that will be applicable in future
- Defining and establishing a reporting system to meet disclosure requirements

IT systems

- Analysing and designing system architectures and interfaces
- Selecting, introducing and optimising suitable treasury management systems and reporting platforms
- Assuring quality and performing tests/inspections during projects to launch or improve IT systems
- Performing health checks for existing system environments with regard to process efficiency, functionality, system operations, costs and sustainability
- Designing and optimising the treasury reporting system

Regulation, law and tax

- Providing tax advice on the design of the treasury organisation and the treatment of financial transactions
- Analysing implications and advising on implementation of financial market regulations (EMIR, MiFID, REMIT)
- Performing the mandatory EMIR compliance audit stipulated by the Securities Trading Act in Germany
- Advising on supervisory implications for treasury organisation
- Analysing the impact of tax-related and supervisory initiatives (FATCA, financial transaction tax, Basel III)

Your Treasury department: key issues and main tasks

- Benchmarking the treasury function against your peer group and plotting a treasury roadmap
- Striking the right balance between efficiency and compliance requirements
- Reorganising and adjusting the treasury function in line with new requirements (centralisation, set-up of a finance company, corporate transactions such as carveouts or mergers)

- Implementing valuation methods in line with market requirements
- Applying accounting methods with secure audit trails, especially in hedge accounting
- Accompanying the transition to IFRS 9
- Cutting costs by standardising reporting

- Homogenising system landscapes that feature numerous interfaces and reduction of manual activities
- Sketching the future orientation of the treasury’s IT landscape
- Reducing the cost and effort involved in treasury reporting while making it more relevant to users
- Applying new technologies such as cloud computing and big data in treasury contexts

- Launching legally independent finance companies
- Implementing the requirements of EMIR and REMIT
- Assessing the impact of regulatory initiatives
- Minimising tax risks arising from cash pools and financing measures

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Treasury department’s customary areas of activity and responsibility

Financial risk management
- Risk strategy
- Risk-bearung capacity
- Risk ratios
- Credit risk management
- Interest rate management
- F/X management

Strategy, organisation and processes
- Finance company
- People and training
- Target operating model
- Corporate transactions (merger/careyout)
- Process efficiency
- Guidelines and procedures
- Compliance
- Fair value recognition
- Embedded derivatives
- Market data supply
- CVA/DVA

Accounting and valuation
- Explatory notes
- Platform design and selection
- IT security
- Cost optimisation
- Treasury robotics
- Change management
- System operation
- Interfaces

IT systems
- EMIR/DFA/REMIT
- Subsidiaries
- MiFID II/ MiFIR
- Charge rates and withholding tax
- Impact of Basel III

Payments
- Payment security
- Payment factory
- TWIST
- Banking policy and eBAM
- Global payment formats
- Bank connectivity
- Hedging strategy
- Exposure calculation
- Simulations and risk limits
- Commodity hedge accounting
- Market valuation of derivatives and supply agreements
- Selection of commodity risk management system

Commodity and energy management
- Mobile payments
- Payment factory
- Treasury Embedded derivatives
- Subsidiaries
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Cash and liquidity management
- In-house bank
- Treasury
- Bank account statement processing
- Financial status
- Liquidity analysis and management
- Financial status
- Liquidity analysis and management
- Liquidity forecast
- Financial status

Regulation, law and tax
- Treasury reporting
- Change management
- Treasury
-MiFID II/ MiFIR
- Charge rates and withholding tax
- Impact of Basel III
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Strategy, organisation and processes
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