TREASURY COMPASS 2026

YOUR ANNUAL GUIDE TO BEST PRACTICES, TRENDS & INNOVATION IN CORPORATE TREASURY

GUIDE

ATEL
Luxembourg Association of Corporate Treasurers

FOREWORD

The 2026 edition of the ATEL Treasury Compass arrives at a defining moment for our profession. For the seventh consecutive year, the EACT Treasury Survey — this time drawing on a record 283 responses from corporate treasurers across European multinationals — places cash flow forecasting at the summit of our collective priorities. The persistence of this result is not a failure; it is a diagnosis. It tells us, unambiguously, that the gap between what treasurers aspire to and what they can actually deliver remains the profession's most consequential challenge — and the most powerful driver of the technological transformation now reshaping our function.

Yet the 2026 survey reveals far more than a familiar hierarchy. Long-term funding has re-emerged with the highest weighted average score of any category, signalling that the era of cheap, abundant debt is definitively over. Treasury teams across Europe are rebuilding capital market strategies for a world of persistently higher rates and structurally elevated volatility. At the same time, three in five treasurers report that basic management reporting still requires manual intervention — even as the profession embraces AI, real-time dashboards, and digital payment rails at an accelerating pace.

This paradox — ambition racing ahead of delivery, technology advancing faster than governance — defines the treasury landscape of 2026. It is both uncomfortable and energising. Uncomfortable, because the distance between what is possible and what most functions have achieved is still wide. Energising, because the tools, the regulatory frameworks, and the practitioner community to close that gap have never been stronger.

The ATEL Treasury Compass 2026 is designed to help you navigate this landscape. Anchored in the EACT Survey results and enriched by the experience of ATEL members and the European treasurer community, it addresses the themes that matter most: working capital optimisation, treasury centralisation, transfer pricing governance, performance measurement, payment security, tokenisation, hedge accounting automation, short-term investment strategy, and the strategic posture demanded by an era in which uncertainty has become the new benchmark. It also gives voice to leading industry experts whose perspectives enrich and challenge the analytical threads of each chapter.

I hope this Compass serves you as both a practical reference and a source of strategic reflection. The challenges ahead are real. So is the talent in our community to address them.

François Masquelier | CEO, Simply Treasury | Chairman, ATEL | Chair, EACT
Luxembourg, 2026

SPOTLIGHT

VOICE OF THE INDUSTRY

The following quotes were gathered from European treasury practitioners, association leaders, and industry observers in the course of preparing the 2026 ATEL Treasury Compass. They reflect the diversity of perspective, the urgency of the agenda, and the candour that characterises the best conversations within our profession.

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"Cash flow forecasting has been our number one priority for seven years. That persistence is not a confession of failure — it is a statement that the problem is genuinely hard, and that we are finally building the tools to solve it. AI is the game changer we have been waiting for, but the data foundation must come first."

Senior Group Treasurer
European Multinational

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"The working capital problem is never a treasury problem alone. The day the CFO embeds DSO and CCC into the Sales team's bonus structure is the day we start making real progress. Treasury has the tools. The organisation needs the governance."

CFO
Pan-European Industrial Group

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"When Credit Suisse collapsed over a weekend, every treasurer in Europe rethought their investment policy on Monday morning. The lesson was clear: no bank is too big to fail fast. Money market funds and tri-party repos are not alternatives to deposits — they are the new standard."

Head of Treasury
Luxembourg-based Financial Services Group

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"Transfer pricing used to be a tax department problem that treasury was occasionally asked to help with. Today it is a treasury problem that the tax department is occasionally asked to validate. The shift in ownership — and in accountability — is total."

Group Treasurer
Multinational Manufacturing Group

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"Verification of Payee is not a fraud control. It is payment infrastructure. The difference matters: infrastructure is not optional, and it is not a project with a completion date. It is the foundation on which every real-time payment we process will rest."

Head of Cash Management
Major European Corporate

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"Tokenisation is where blockchain finally delivers on its promise for corporate treasury. Not speculative assets — tokenised deposits, programmable payments, and real-time collateral management. These are not experiments. Siemens issued a €300 million digital bond that settled end-to-end in minutes. That is production."

Treasury Technology Director
European Conglomerate

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"Uncertainty is not the exception — it is now the operating environment. The treasurer who waits for normality to return will wait indefinitely. The treasurer who designs their function to profit from volatility will define the profession's next chapter."

François Masquelier
Chairman ATEL | Chair EACT | CEO, Simply Treasury

ABOUT
THE ATEL TREASURY COMPASS 2026

The ATEL Treasury Compass is published annually by the Association des Trésoriers d'Entreprise au Luxembourg (ATEL) as the definitive reference guide for corporate treasury professionals operating in Luxembourg and across the European corporate landscape. Its purpose is threefold: to translate the latest empirical survey data into actionable practitioner guidance; to synthesise the most significant regulatory, technological, and market developments of the year; and to provide the strategic context within which individual treasury functions can benchmark their priorities, identify gaps, and calibrate their transformation agenda.

The 2026 edition is structured around eleven interconnected themes, each grounded in the findings of the EACT 2026 Annual Treasury Survey (N=283) and enriched by original practitioner analysis prepared under the Simply Treasury brand.

How to use this document

Each chapter opens with a set of Survey Findings drawn directly from the EACT 2026 data, followed by a Strategic Analysis grounded in practitioner experience and the most current available guidance. Callout boxes highlight key data points, practitioner quotes, and recommendations. The document is designed to be read sequentially as a white paper or consulted chapter-by-chapter as a reference. Sources are cited throughout.

THEME	CHAPTER	SURVEY ANCHOR
EACT Survey 2026 — Key Findings	**1**	All 13 topic areas, N=283
Working Capital Optimisation	**2**	#4 priority, 283 respondents
Treasury Centralisation: IHB vs. Payment Factory	**3**	TMS renewal, bank relationships
Transfer Pricing in Treasury	**4**	Regulatory compliance, governance
KPI / KRI / KVI Framework	**5**	Treasury governance, board reporting
Payment Security: From KYC to KYP	**6**	Fraud & cyber-risks
Tokenisation & Programmable Payments	**7**	AI, blockchain — low adoption, high intent
Uncertainty as the New Benchmark	**8**	Macro, geopolitics, AI-ready treasury
Hedge Accounting Automation	**9**	TMS gaps, FX risk management
Short-Term Investment of Excess Cash	**10**	Asset management, counterparty risk
Interviews of Experts	**11**	Industry voices
Conclusion & Five Imperatives	**12**	Strategic outlook for 2027 and beyond

1 THE 2026 EACT TREASURY SURVEY: WHAT EUROPE'S TREASURERS ARE TELLING US

283 Respondents — Record

#1 Cash Flow Forecasting (7th year)

87% AI adoption intent

61% ISO 20022 top reg. priority

1.1 The Most Significant Survey in EACT's History

The 2026 EACT Treasury Survey — the largest in the association's history — provides the empirical foundation for this entire Compass. With 283 respondents drawn from European multinationals across 13 topic areas, it delivers statistically robust signals on priority-setting, technology adoption, regulatory concern, and functional capability gaps. Its findings are simultaneously a mirror of where the profession stands today and a window onto where it must go.

1.2 Priorities: The Familiar and the New

Cash flow forecasting reclaims the top position — for the seventh consecutive year — with 138 weighted responses and a weighted average score of 2.35. This figure does not merely confirm a hierarchy; it underscores a structural failure. After seven years at the summit of the profession's priorities, the aspiration-execution gap in forecasting remains wide. The majority of treasurers place forecasting accuracy among their top two concerns, yet the proportion who describe their processes as highly reliable remains stubbornly low. This tension is the defining challenge of modern treasury — and the primary driver of AI-powered analytics investment.

Digitisation of Treasury ranks second (123 responses), followed by Organisational Structure (79), Working Capital Management (70), and TMS Renewal (65). The presence of Long-Term Funding in eighth place belies its structural significance: it carries the highest weighted average score in the entire survey — 2.38 — signalling that those treasurers who cite it treat it as an urgent, first-order concern. The era of near-zero rates that underwrote cheap long-term debt is definitively over.

1.3 Technology: The Real-Time Imperative

On the technology front, the 2026 survey delivers an overriding message: real-time capability is now a strategic imperative, not a preference. Real-time Reporting and Dashboarding leads the technology wish-list, followed by Real-time Liquidity and Real-time Payments and Collections. These numbers confirm that the treasurer's operational model is being rebuilt around continuous data flow rather than periodic reporting cycles.

"87% of treasurers express interest in AI adoption — yet practical deployment at scale remains the exception rather than the rule. The gap between intent and execution is closing, but it has not yet closed."

The AI picture is perhaps the most striking finding in the survey. Seventy-five treasurers are already using AI in some form; 57% of the sample express intent to deploy within 12 months. This represents a significant acceleration versus 2025. The barriers remain real: fragmented data architectures, legacy ERP

PRIORITY AREA	WEIGHTED RESPONSES	SIGNIFICANCE
Cash Flow Forecasting	**138**	1st — 7 consecutive years at top
Digitisation of Treasury	**123**	2nd — accelerating post-COVID
Treasury Org & Structure	**79**	3rd — centralisation, shared services
Working Capital Management	**70**	4th — self-financing imperative
Treasury Technology / TMS	**65**	5th — reporting & forecasting gaps
Bank Relationships	**58**	6th — rationalisation ongoing
Risk Management (FX/IR)	**55**	7th — volatility remains elevated
Long-Term Funding	**55**	8th — highest weighted avg score: 2.38

systems, and limited internal data science capability mean that genuine AI deployment at scale is still the exception. But the direction of travel is unmistakable, and the pace of change is accelerating.

1.4 TMS Shortfalls: The Systems That Still Let Treasurers Down

One of the most candid sections of the 2026 survey concerns the functional gaps in Treasury Management Systems that continue to require manual workarounds. Management Reporting is cited as a shortfall — meaning more than three in five treasurers cannot obtain their most fundamental TMS output without manual intervention or Excel. Long-term Cash Flow Forecasting, Risk Reporting, and Stress Testing / Scenario Analysis complete the top shortfall categories.

The pattern is consistent and concerning: the analytical and forward-looking capabilities that treasury needs most urgently in a volatile environment are precisely those that core systems deliver least reliably. For TMS selection and upgrade projects, this finding has a direct implication: reporting capability and forecasting depth must be weighted as heavily as — if not more heavily than — trading and confirmation processing.

1.5 The Regulatory Radar

ISO 20022 stands alone at the top of the regulatory priority list (61.3%). The progressive replacement of SWIFT MT formats affects every dimension of treasury operations and will absorb significant IT bandwidth throughout 2026 and beyond. ESG Reporting ranks second (45.1%), reflecting the impact of CSRD and SFDR — though the EU's 2025 Omnibus reform has recalibrated the scope significantly, reducing coverage by approximately 80% to companies with more than 1,000 employees and above €450M turnover. EMIR Review, PSD2 Review, MiFID/R, and Basel/CRR complete the regulatory radar.

1.6 Five Defining Themes of 2026

The EACT Survey identifies five overarching themes that define the European treasury profession in 2026:

- **Cash flow forecasting refuses to be solved** — after seven consecutive years at the top, the aspiration-execution gap remains the profession's defining challenge.
- **Funding strategy is back at centre stage** — long-term funding's highest-ever weighted average score signals that treasurers are rebuilding capital market strategies for a higher-rate world.
- **The real-time treasury is the north star** — the demand for real-time reporting, liquidity, and payments is a strategic imperative, not a technology preference.
- **TMS gaps are still limiting transformation** — until systemic reporting and forecasting shortfalls are addressed, the fully automated, real-time treasury will remain out of reach for most.
- **ESG and regulatory complexity are tightening** — ISO 20022 and escalating ESG obligations demand that treasury treat compliance as a transformation opportunity.

2 IDLE CASH, ACTIVE PROBLEM: THE WORKING CAPITAL OPTIMISATION IMPERATIVE

2.1 A Strategic Priority — But a Narrow Toolkit

Working capital optimisation has earned its place in the boardroom. The 2026 EACT Survey ranks Working Capital Management fourth among the profession's strategic priorities — ahead of bank relationship management, risk oversight, and long-term funding. In an environment of tighter credit conditions, geopolitical supply chain disruption, and persistent macro uncertainty, the ability to release cash from within the business has become more valuable than almost any external financing instrument.

Yet the survey reveals a striking paradox. Of all the instruments available, 72.6% of respondents rely primarily on payment terms management — the oldest, simplest, and most blunt tool in the arsenal. Supply chain finance and dynamic discounting — arguably the most sophisticated and scalable solution the market has produced in two decades — are used by fewer than 39% of respondents. Innovative payment methods (Request-to-Pay, e-invoicing, Link-to-Pay) are adopted by just 22.6%. The gap between the sophistication of available instruments and the narrowness of actual deployment is the animating tension of the working capital agenda.

INSTRUMENT	% USERS	KEY OBSERVATION
Payment Terms Management	**72.6%**	Dominant — widely used but often in isolation
Supply Chain Finance / Dynamic Discounting	**38.9%**	Maturing market; significant adoption gap remains
Cash Forecasting Platforms (WCO-focused)	**35.3%**	Digital enablement gaining traction
Innovative Payment Methods (RtP, e-Invoicing)	**22.6%**	EU e-invoicing regulation is accelerating adoption
Asset-Based Financing	**19.4%**	Underutilised relative to balance sheet capacity

2.2 The Three Levers: Receivables, Payables, and Process

Working capital optimisation operates across three distinct but interdependent levers. On the receivables side, the objective is to reduce Days Sales Outstanding (DSO) through e-invoicing, Request-to-Pay, dynamic discounting, and credit scoring automation. On the payables side, the goal is to extend Days Payable Outstanding (DPO) without harming supplier relationships — the primary instruments being supply chain finance, post-maturity financing, and payment terms optimisation. The process and inventory lever targets the cash locked in operational cycles through ERP integration, cash forecasting platforms, and digitalisation of approvals.

2.3 Supply Chain Finance vs. Post-Maturity Financing

One of the most practically valuable distinctions in the working capital toolkit is between supply chain finance (SCF) and post-maturity financing — instruments that are frequently conflated yet serve fundamentally different purposes.

In a classic SCF programme, the buyer negotiates extended payment terms with its suppliers. A financing platform then pays the supplier early, before the invoice due date, at a discount. The supplier receives accelerated cash; the buyer benefits from extended DPO; the financing platform captures the spread. The key characteristic is active supplier participation — requiring onboarding across procurement, IT, treasury, and the supplier base.

Post-maturity financing, by contrast, involves the financing platform paying the supplier in full on the invoice due date, and then extending the buyer an additional payment period beyond that date. Crucially, the supplier is not involved — they receive exactly what they were owed, when they were owed it. This design removes the need for supplier onboarding entirely, making it significantly faster to implement and 100% predictable in its working capital impact. The trade-off is cost: because the buyer absorbs all financing charges, post-maturity financing is structurally more expensive.

SCF VS. POST-MATURITY FINANCING — CHOOSING THE RIGHT INSTRUMENT

SCF: Supplier-led, early payment at a discount, requires procurement and supplier onboarding — multi-stakeholder but broadest market impact. | Post-Maturity Financing: Buyer-led, supplier paid 100% at due date, no supplier involvement — fastest to implement, fully predictable WC improvement, buyer absorbs financing cost. Both are complementary, deployed at different stages of organisational readiness.

2.4 The Real Barrier: Stakeholder Alignment and KPI Design

If there is a single thesis that emerges from the working capital debate, it is this: the working capital problem is not a treasury problem. It is an organisational design problem. Treasury has the instruments, the platforms, and increasingly the data. What it lacks — in most organisations — is the cross-functional authority to make working capital everyone's business.

The most visible manifestation of this problem is the Sales function. Sales directors are measured on revenue — top line, bookings, contract value. The speed at which those revenues are converted into cash is typically invisible to their incentive structures. Extended credit terms, late invoices, and unresolved disputes accumulate; DSO creeps upward; treasury absorbs the consequences of decisions made under entirely different incentive logic.

The remedy requires CFO sponsorship and deliberate KPI redesign at group level. Days Sales Outstanding, Days Payable Outstanding, and Cash Conversion Cycle must be embedded into performance frameworks that extend beyond the treasury function — into commercial teams, procurement, supply chain, and shared services. Without executive ownership of the cross-functional programme, treasury's efforts remain technically sophisticated but organisationally isolated.

"The gap in working capital optimisation is rarely a tool problem. The instruments exist. Supply chain finance is mature. Post-maturity financing is available. The gap is human — it is the Sales director whose KPI stops at revenue."

3 ONE FACTORY, ONE BANK — OR BOTH? DEMYSTIFYING TREASURY CENTRALISATION

3.1 A Confusion with Real Consequences

Ask ten treasurers to define an In-House Bank (IHB) and a Payment Factory, and you will likely receive ten different answers — some partially overlapping, others treating the two as synonyms. They are not. This confusion is not merely semantic. It has operational, regulatory, and strategic consequences for any multinational group seeking to centralise its treasury function.

According to the 2025 PwC Corporate Treasury Survey, 67% of companies with revenues above $10 billion have implemented an IHB, and 59% a Payment Factory. The fastest growth in Payment Factory adoption is occurring among mid-sized corporates (below $1 billion revenue) — up from 21% in 2021 to 37% in 2025. The democratisation of centralised payment infrastructure is well underway — but its pace is hampered by persistent conceptual confusion.

3.2 Two Different Animals — Properly Defined

An In-House Bank is an internal structure — typically a dedicated legal entity or a functional centre within a group entity — that replicates, for the benefit of group subsidiaries, the services that external commercial banks would otherwise provide. These include: intercompany current account management (with limits, interest, and periodic settlement); multi-currency, multi-entity cash pooling and internal funding via term loans or revolving intercompany facilities; consolidation of FX exposures to enable netting and centralised external hedging; and intercompany payment netting.

A Payment Factory, by contrast, is an operational architecture — not a legal entity — designed to centralise, standardise, and automate the processing of payment instructions across the group. At its most basic, it is a bank communication hub: a single layer through which all payment instructions are channelled, validated, formatted, and transmitted to banking partners. At a more advanced level — when the Payment Factory incorporates Payment on Behalf Of (POBO) and Collection on Behalf Of (COBO) mechanisms — it becomes deeply integrated with the IHB.

DIMENSION	IN-HOUSE BANK (IHB)	PAYMENT FACTORY
Nature	Quasi-banking structure — internal financial intermediary	Operational hub — centralises & automates payment processing
Core function	Banking services to subsidiaries (IC accounts, loans, FX, netting)	Payment flows on behalf of group entities (POBO/COBO)
Regulatory scope	Not a Financial Institution; internal structure only	Explicitly excluded from PSP licensing under PSR/PSD3
Liquidity impact	Direct: manages intercompany funding, cash pooling	Indirect: optimises outgoing/incoming cash timing & visibility
Complexity	High — legal, tax, transfer pricing, EMIR implications	Medium-High — IT integration, bank connectivity, workflow
Best for	Groups >€1bn revenue, multi-currency, multi-entity	Any group seeking payment automation — scalable from mid-size

3.3 The Maturity Ladder

The journey toward treasury centralisation follows a progression best understood through a maturity ladder. Neither an IHB nor a Payment Factory is built in a day — and attempting to leap multiple stages simultaneously is one of the most common and costly mistakes in treasury transformation projects.

STAGE	MODEL	KEY CHARACTERISTICS
0	Decentralised Cash Management	No centralisation — each entity manages banking independently. High cost, zero visibility.
1	Cash Pooling	First step: physical or notional pooling. Reduces external debt; improves yield on surpluses.
2	Basic Payment Factory	Central bank connectivity hub. Payment standardisation, STP, fraud controls.
3	Advanced Payment Factory + IHB	POBO/COBO introduced. IC current accounts. FX consolidation. Most MNCs target this stage.
4	Integrated Financial Shared Service Centre	Full POBO + COBO + ROBO. Shared services for AP/AR. Real-time reconciliation.
5	Single Bank Account + Virtual Accounts	Ultimate simplification. One physical account per bank, multiple virtual accounts per entity.

3.4 The Regulatory Clarity: PSD3 Resolves the Grey Zone

For years, European Payment Factories operated in a regulatory grey zone created by Article 2.2(m) of PSD2. This provision, intended to exclude intragroup payment transactions from PSP licensing requirements, was interpreted inconsistently across Member States. EACT engaged directly with the European Commission to seek a legislative resolution. The result came with the Commission's Payment Services Regulation (PSR) proposal, confirmed in the final PSD3 text: the amended Article 2.2(m) now explicitly covers the redistribution of funds received from external third parties on behalf of group entities. Payment Factories are fully codified as intragroup operational tools — not payment service providers. A level playing field is restored across all 27 Member States.

"The Payment Factory is the engine room. The In-House Bank is the treasury operating model that determines how the engine is fuelled and steered."

4 AT ARM'S LENGTH — OR AT ARM'S DISTANCE? TRANSFER PRICING IN TREASURY

>40% Cross-border tax litigation involves IC financial transactions (OECD)

84% EU-based MNCs document treasury TP annually (PwC 2023)

30–40% TP audit challenges relate to cash pool leader remuneration

15% Pillar Two ETR floor — reshaping TP strategy

4.1 Transfer Pricing: Now a Front-Office Reality

Transfer pricing is no longer a background tax risk for corporate treasurers — it is a front-office operational reality. Since OECD BEPS Action Plans entered European domestic law, DAC6 mandatory disclosure became fully operational, and the 2020 OECD guidance on financial transactions raised the bar for credit analysis, the tolerance for loosely documented intercompany transactions has narrowed sharply.

The numbers are stark: transfer pricing disputes now account for more than 40% of all cross-border tax litigation involving multinationals — and the single largest category within that figure is intercompany financial transactions. Not royalties. Not management fees. Treasury. Cash pools, intercompany loans, treasury centre margins.

4.2 The Structural Dilemma

The arm's length principle asks treasurers to price intragroup financial transactions as if the counterparties were independent — yet the entire rationale for centralising treasury is that they are not. This conceptual tension lies at the heart of every transfer pricing challenge in treasury, and it manifests differently across the three key transaction types.

Intercompany Loans

When pricing a loan between a treasury centre and an operating subsidiary, the treasurer faces an immediate methodological fork: should the rate reflect the subsidiary's standalone credit rating — as the OECD now explicitly requires — or the benefit of implicit group support? Tax authorities increasingly insist on standalone credit analysis. A simple reference to EURIBOR plus a judgement-based spread, without a formal credit assessment of the borrowing entity, is no longer adequate documentation. The preferred methodology remains the Comparable Uncontrolled Price (CUP) approach — comparing the intercompany rate to rates on comparable third-party loans using external databases such as Bloomberg, Refinitiv, or LoanConnector.

Cash Pooling: The Most Contested Treatment

Cash pooling is arguably the most widespread treasury centralisation structure in European multinationals — and it consistently generates the highest volume of audit disputes. The OECD's 2020 guidance is specific: a cash pool leader that acts as a mere administrator should earn only a limited service fee, in the range of 10 to 20 basis points. If the leader actively manages FX, interest rate, and liquidity risks, a market-based return is justified — but the functional analysis must be documented in advance, not assembled retrospectively.

Guarantee Fees: Under-Documented and Frequently Challenged

Intercompany guarantees may be the most consistently under-documented instrument in corporate treasury. The preferred methodology is the yield approach: compare the borrowing cost of the subsidiary with and without the guarantee, and charge a fee representing a portion of the benefit — typically 50% of the interest rate reduction achieved. Market comparable approaches — using third-party guarantee fees charged by banks as a benchmark, typically ranging from 25 to 300 basis points — provide corroborating evidence.

4.3 The Pillar Two Dimension

The interaction between Pillar Two and transfer pricing in treasury is one of the most consequential — and least understood — develop-

ments in the current landscape. If a treasury centre or in-house bank is located in a jurisdiction at or near the 15% effective tax rate floor, a transfer pricing adjustment — even one that the company ultimately wins on its substantive merits — can trigger top-up taxes in the jurisdiction that receives the reallocated income. Some treasury structures that were entirely defensible from a TP perspective before Pillar Two now create effective tax rate problems that were not modelled at the time of design. Treasury and tax need to be working from a shared model — not parallel ones.

4.4 Practical Framework for Best Practice

- Establish a documented TP policy aligned with OECD guidelines, with clear pricing methodologies per jurisdiction.
- Conduct formal standalone credit assessments for all intercompany borrowers, using external ratings agencies or calibrated internal models.
- Benchmark all intercompany loan rates against external databases (Bloomberg, Refinitiv, LoanConnector) and update benchmarks annually.
- Clearly define the functional role of the cash pool leader — administrator vs. risk-bearing liquidity manager — with contemporaneous functional analysis.
- Model the Pillar Two interaction with all treasury centre TP positions and confirm no structural exposure to top-up taxes.
- Implement TMS-based automation for interest rate calculations, intercompany settlement, and audit trail generation.
- Consider Advance Pricing Agreements (APAs) where TP risk is structurally high.

5 IF YOU CAN'T MEASURE IT, YOU CAN'T MANAGE IT — THE KPI FRAMEWORK

5.1 The Measurement Paradox

Ask any treasurer which KPIs they actively monitor, and you will often be surprised by the brevity of the answer. Ask to see those indicators, and in many cases you will draw a blank. They either do not exist in any formalised sense, or they are locked in a labyrinthine spreadsheet that only their creator can interpret, produced manually each month with considerable effort and considerable risk of error.

This is not a minor inconvenience. In a function that manages the financial lifeblood of an enterprise — cash, debt, risk, payments, investments — the absence of rigorous performance measurement is a structural governance failure. Without a KPI dashboard, how does a treasurer demonstrate to the CFO or the Audit Committee that the hedging programme saved €2 million last year, that the cash pooling structure liberated €15 million of trapped liquidity, or that the new payment factory reduced transaction costs by 18%? The value is real. Without measurement, it disappears.

5.2 Three Dimensions of Treasury Performance

A sophisticated treasury performance framework requires three complementary lenses:

DIMENSION	PURPOSE	CORE QUESTION
KPI — Key Performance Indicator	Measures efficiency and effectiveness of treasury operations vs. targets.	Are we performing well?
KRI — Key Risk Indicator	Signals emerging or latent risks before they crystallise into losses.	Are we safe?
KVI — Key Volume Indicator	Tracks operational scale and activity levels for cost benchmarking and capacity planning.	How much are we doing?

Most treasury teams operate on KPIs alone — and even then, incompletely. KRIs are the forward-looking early-warning system that no treasurer can afford to ignore in an environment of geopolitical volatility, rising interest rates, counterparty stress, and cyber-enabled fraud. KVIs, meanwhile, are the unglamorous but essential calibration tool: knowing that your treasury team processes 4,200 payment instructions per month, deals €180 million in FX annually, and services 47 group entities is indispensable for cost justification, headcount planning, and outsourcing decisions.

5.3 What Should Go to the Board?

Board-level treasury reporting deserves particular attention. Too often, Boards receive a single 100 basis-point interest rate sensitivity figure and a one-line FX exposure summary. A well-governed treasury function should additionally communicate: the rationale and performance of the hedging strategy; an EBITDA sensitivity matrix for the primary risk factors; a Transfer Pricing compliance status under BEPS; the value created by treasury through margins, spreads, and financing optimisation; and a roadmap of system and process developments underway. This is treasury as a value centre, not a cost centre.

5.4 Selected KPI Reference Table

CATEGORY	KPI / KRI NAME	TARGET / BENCHMARK	TYPE
Cash & Liquidity	Cash Forecast Accuracy (1–week)	> 95% accuracy	KPI
Cash & Liquidity	Idle Cash Ratio	< 5% of total gross cash	KPI
Cash & Liquidity	Liquidity Headroom	> 20% of annual turnover	KRI
Debt & Capital	Net Debt / EBITDA	< 3.0x; covenant typically 3.5–4.0x	KPI
FX Risk	Hedging Coverage Ratio	60–80% for core exposures	KPI
Interest Rate	% Fixed vs. Floating Debt	50–70% fixed in rising rate environment	KPI
Working Capital	Cash Conversion Cycle (CCC)	< industry benchmark; DSO+DIO-DPO	KPI
Payments	Payment Error / Rejection Rate	< 0.5%; zero for OFAC/sanction hits	KPI
Credit	Counterparty Credit Limit Utilisation	< 80% per counterparty; real-time monitoring	KRI
Strategic	Value Created by Treasury (€)	Quantify and report to CFO / Board annually	KPI

5.5 The AI & Automation Imperative

The emergence of AI-assisted treasury tools fundamentally changes the economics of KPI production. Indicators that once required hours of manual data assembly can now be generated automatically, reconciled against source systems, and visualised in real time. This removes the most common excuse for poor performance measurement: that it takes too long. It also raises the bar: if your competitors are producing real-time dashboards with AI assistance and you are still running a monthly Excel macro, the gap in decision-making speed is not cosmetic — it is strategic.

"A KPI that is read, noted, and filed changes nothing. A KPI that is read, acted upon, and tracked to resolution is the hallmark of a high-performing treasury function."

6 FROM KYC TO KYP: PAYMENT SECURITY IN A REAL-TIME WORLD

6.1 The Fraud Model Is Broken

Instant payments are transforming how money moves — but they are also breaking the fraud-prevention model built for ACH and cards. As transactions clear in seconds, fraud shifts to Authorised Push Payment (APP) scams, where traditional tools fail because the payment looks entirely legitimate. The speed of settlement is not just a feature of modern payment rails — in the hands of fraudsters, it is a weapon.

The experience of markets that introduced real-time rails before adequate defences were in place is instructive: Brazil's Pix, the UK's Faster Payments, and similar systems all experienced sharp rises in scams until robust front-end controls and network-wide intelligence started to catch up. The EU's response — mandatory Verification of Payee for all EUR instant payments — represents a structural upgrade to the payments infrastructure.

6.2 What Verification of Payee Actually Fixes

Verification of Payee (VoP) — known as Confirmation of Payee (CoP) in the UK — addresses a specific weakness: the disconnect between the account number and the name of the intended beneficiary. Before the payment is sent, the payer's bank checks whether the name provided matches the account name held at the receiving institution. The outcome is a clear signal: confirmed match (proceed), close match (double-check), or no match (stop and verify).

Where properly implemented, VoP has had a real impact. UK and Dutch experience demonstrates meaningful reductions in misdirected payments and impersonation fraud. For corporate treasurers, this directly addresses the classic IBAN fraud problem: the account exists, passes basic checks, but belongs to the wrong entity. Once funds hit that account, recovery is costly and often impossible.

6.3 Why VoP Is Necessary but Not Sufficient

It is tempting to see VoP as the long-awaited panacea for payment fraud. It is not. It is a necessary base layer — not the full stack. VoP has three structural limitations that treasurers must acknowledge:

- It validates ownership, not context. VoP answers 'Does this account belong to this name?' It does not answer 'Is this a legitimate transaction?' A CFO can still be tricked into paying a fraudster's account — even if name and IBAN match perfectly — because the entire context was manipulated.
- It is domestic, rail-specific, and fragmented. Most VoP/CoP implementations are national, built around a domestic IBAN format, with uneven coverage and no global directory. This leaves gaps for cross-border flows, non-bank rails, wallets, and stablecoin off-ramps.
- It generates ambiguous responses. In practice, many checks return 'close match' or low-confidence results that frontline users and shared service centres struggle to interpret consistently.

For corporates, VoP must sit alongside clean, tightly governed vendor and counterparty master data; segregation of duties and robust change-of-bank-details procedures; external databases and consortium-based solutions that monitor counterparties over time; and AI tools that score the behaviour of the payment, not just the static name and account fields.

6.4 Toward a Global Verification Fabric

The strategic question is not whether VoP is a good idea. It is how to move from a patchwork of domestic solutions to a coherent, global verification layer that works across rails, currencies, and jurisdictions. A future-proof model would have four characteristics: one API integration accessing multiple data sources; rail- and geography-agnostic verification logic; clear, risk-tiered, actionable responses; and continuous, network-wide learning that improves risk scoring across all participants. In that world, domestic VoP becomes one powerful data input — not the whole solution.

> **KEY TAKEAWAY FOR TREASURERS**
>
> **VoP is essential infrastructure — embed it immediately and treat it as a compliance baseline, not a differentiator. But build your fraud defence in depth: master data governance, change-of-bank-details controls, external consortium databases, and AI-based behavioural scoring are the layers that close the gaps VoP cannot address.**

7 THE TOKENISATION OF EVERYTHING: WHAT IT MEANS FOR CORPORATE TREASURY

7.1 From Concept to Reality

Tokenisation — the conversion of real or financial assets and processes into digital tokens on distributed ledgers — is no longer a theoretical concept for corporate treasury. It is unfolding in real-world operations today, albeit in early stages. From Siemens pioneering digital bond issuances that streamline capital raising, to JP Morgan enabling tokenised collateral for instant trading, to Ant Group and HSBC delivering 24/7 tokenised deposits for treasury transfers, the examples of tangible progress are multiplying. The EACT Survey's consistently low adoption figures for blockchain and crypto instruments among corporate treasurers reflect pragmatism, not ignorance — treasurers seek proven, regulatory-compliant solutions that address real operational problems. Those solutions are now arriving.

7.2 Key Applications Across the Treasury Function

TREASURY FUNCTION	TOKENISED ASSET/PROCESS	KEY BENEFIT	EXAMPLE
Cash Management	Tokenised deposits / Stablecoins / CBDCs	24/7 availability; instant settlement; improved liquidity control	Ant Group/HSBC tokenised HKD & USD deposits
Payments & FX	Digital currency tokens (stablecoins, CBDC)	Always-on cross-border payments; atomic FX swaps; lower cost	JPM Coin — instant global USD payments on Onyx
Trade Finance	Tokenised letters of credit	~90% faster processing; real-time status transparency	Cummins/Contour — LC from 5–10 days to 3 hours
Supply Chain Finance	NFT payment guarantees	Deep-tier supplier financing; IoT-integrated triggers	Kyriba deep-tier NFT guarantee model
Collateral Management	Tokenised securities on DLT	Instant pledging; intraday liquidity; automated margin calls	JP Morgan Tokenised Collateral Network (TCN)
Capital Markets	Tokenised bonds / digital securities	Direct issuance; T+0 settlement; reduced costs	Siemens AG €60M + €300M digital bonds

7.3 Cash Management and Liquidity: The Most Immediate Impact

The most immediate impact of tokenisation for treasurers is in cash management and liquidity optimisation. Tokenised deposits and stablecoins represent cash or deposit balances that can be transferred instantly, 24/7, across group entities — eliminating the delays of traditional intercompany transfers and bank cut-off times. BlackRock's tokenised USD liquidity fund (BUIDL), offering $1 digital tokens with instantaneous settlement, and Franklin Templeton's tokenised US government money fund shares demonstrate that the investable universe for corporate cash is broadening. For treasurers, this means faster movement of funds across global operations, the ability to transact outside banking hours, and potentially lower transaction fees.

7.4 Benefits of Programmable Payments

Smart contracts — self-executing code embedded in blockchain transactions — enable programmable money: payments that trigger automatically when predefined conditions are met, without manual oversight. For corporate treasury, this means supplier payments that release automatically upon delivery confirmation via an IoT sensor; interest payments on intercompany loans calculated and executed without human intervention; and collateral calls on derivatives positions that are assessed and posted in real time. The combination of tokenisation and programmable payments represents a fundamental shift in the economics of treasury operations — from reactive management to automated execution.

7.5 Regulatory and Risk Considerations

Corporate treasurers must tread carefully. Any token that represents an asset falls under existing or emerging regulations: securities law, AML/KYC requirements, accounting standards, and legal enforceability frameworks. The EU's MiCA regulation provides important clarity for crypto-asset issuers and service providers operating in Europe. Risk management in a tokenised environment requires new policies: wallet management policies instead of just bank signatories, smart contract risk assessments in addition to counterparty credit assessments, and robust contingency planning for technology failures or network halts.

"Tokenisation in Corporate Treasury — current and future applications are real. The 'Treasury tokenisation' is now a reality that is a game changer. Don't miss the technology train."

8 UNCERTAINTY IS THE NEW BENCHMARK: BUILDING THE CRISIS-READY TREASURY

8.1 The Paradox of 2026

The global economic and political environment entering 2026 is paradoxical: structurally fragile, yet still expanding. Growth is slowing in many advanced economies while inflation has retreated from its peaks but remains uneven and policy-sensitive. Geopolitical fragmentation, election cycles, and trade realignments keep risk premia elevated, even as equity indices and credit spreads suggest complacency. Traditional market compasses have lost their reliability — the historical pattern where rising uncertainty meant a stronger dollar has broken down in several recent episodes; correlations between asset classes have become unstable. For treasurers, 'good' no longer means stability — it means being structurally prepared for instability. Leading surveys of finance leaders highlight agility, data, and automation as the defining capabilities of 2026 treasury functions, rather than simple cost efficiency. The most advanced teams are shifting from predictive planning to adaptive execution: shorter planning cycles, dynamic limits, and scenario-based decisioning embedded in daily operations.

8.2 The Next Crisis: Where Could It Come From?

The frequently cited risk of a classic equity bubble bursting looks less convincing given more moderate aggregate valuations and real productivity expectations from AI investment. More plausible is a slow-burn stress scenario in private credit and leveraged borrowers — particularly around heavily financed AI data centres and digital infrastructure. Global private credit has grown rapidly, with large managers financing multi-billion-dollar, long-duration infrastructure-like deals that banks have stepped back from. High-profile problem cases and restructurings, together with concentrated exposure to AI-related data centres and power, show how a shock to cash flows, regulation, or technology assumptions could propagate through widely distributed debt holdings.

> **WHAT TREASURERS SHOULD MONITOR AS SYSTEMIC FAULT LINES**
>
> **1. Private credit exposures — particularly AI data centre and digital infrastructure financing. 2. Regulatory divergence between the US (deregulation) and EU (standards-setting) — creating asymmetric competitive dynamics. 3. Counterparty concentration in real-time payment rails as instant settlement becomes dominant. 4. Geopolitical supply chain fragility affecting working capital cycles and FX exposures.**

8.3 The Adaptive, AI-Enabled Treasury

By 2026, only a minority of treasuries have fully implemented AI, but a large majority of leaders expect AI to automate up to a quarter of current activities within a few years — particularly in forecasting, fraud detection, and liquidity modelling. The frontier is shifting from simple automation to 'agentic' AI, where systems not only analyse but propose and execute actions within defined guardrails: rebalancing cash, instructing short-term investments, optimising payment routing.

This does not eliminate the treasurer — it redefines the role. Routine tasks such as data consolidation, reconciliation, and basic reporting are progressively delegated to machines, while human judgement concentrates on risk appetite, scenario design, and strategic capital allocation. Treasurers move from being primarily guardians of liquidity to becoming orchestrators of financial data, risk, and technology.

8.4 Europe as Guardian of Standards — A Competitive Advantage

The regulatory pendulum is swinging differently on each side of the Atlantic. In the US, active deregulation debates reflect a desire to boost competitiveness and loosen constraints on innovation. In the EU, the trend is towards targeted, functional regulation that embeds digital standards into payment and data infrastructures. Instruments such as IBAN and ISO 20022 have already given the EU outsized influence over global banking interoperability. The Instant Payments Regulation, with mandatory Verification of Payee, extends this logic — less about constraining activity, more about creating trusted rails on which real-time, cross-border commerce can safely scale.

For treasurers, this standards-setting positioning is not a brake but a potential competitive advantage. Clear, harmonised standards in payments, identity, and messaging reduce operational risk, enable richer automation, and make multi-bank connectivity easier to industrialise. Companies that internalise these standards early can build more robust payment factories and more efficient KYC/AML processes — translating directly into cost savings.

"2026 is not the year for complacency. It is the year for building treasuries designed to profit from uncertainty rather than merely survive it."

9 BEYOND MANUAL HEDGE ACCOUNTING: WINNING BACK TIME AND CONTROL

9.1 The Paradox of Hedge Accounting

Hedge accounting has long been a paradox for CFOs and treasurers: essential to stabilise earnings, but notoriously painful to operate. Under IFRS 9 and local GAAP, derivatives are fair-valued from day one, while the underlying commercial transaction only appears in the accounts when invoiced, creating timing mismatches and unwanted net income volatility even when risk is perfectly hedged. Hedge accounting solves this by routing unrealised FX gains and losses through Other Comprehensive Income (OCI) and a hedging reserve, then releasing them into net income when the underlying cash flows materialise — restoring the matching principle. The catch is effort.

9.2 Why Manual Processes Are No Longer Sustainable

To qualify for hedge accounting, every relationship must be carefully documented: risk management objective, hedged item, hedging instrument, hedge type, and evidence of effectiveness. This documentation, combined with recurring effectiveness testing, fair-value measurements, and journal generation, makes hedge accounting time-consuming, resource-intensive, and error-prone — especially as the number of hedges and entities grows.

For a scaling hedging programme, manual hedge accounting becomes unsustainable. Every new hedge adds incremental documentation, testing, and booking work. The more dynamic the FX environment, the more valuations and effectiveness tests are required — increasing the risk of misstatements, delayed postings, and audit findings. In practice, this means P&L surprises from unanticipated fair-value swings, inconsistent treatment between entities, and heavy reliance on a few key individuals who understand IFRS 9 intricacies.

REQUIREMENT	DOCUMENTATION REQUIRED
Risk management objective	Protect the € value of a foreign-currency-denominated sale
Type of hedge	Cash flow hedge
Hedging instrument	Forward contract (with maturity and counterparty)
Hedged item	Foreign-currency-denominated receivable (with settlement date)
Effectiveness methodology	Dollar offset method or critical terms matching

9.3 What Automation Delivers

Specialised solutions are designed to break this deadlock by automating the hedge accounting workflow around cash flow hedging for FX risk. These platforms use API connectivity to pull in market data and client data, then automatically validate inputs, generate valuation curves, perform mark-to-market valuations, and run the required effectiveness tests — including prospective and retrospective testing using critical terms matching, dollar-offset, and regression analysis.

Crucially, automation goes beyond analytics to generate the actual hedge accounting outputs that auditors and controllers need: fair-value assessments, Other Comprehensive Income figures, measured ineffectiveness, and corresponding general ledger booking entries — all aligned with IFRS and local GAAP requirements, delivered in audit-ready reports and ERP-compatible export formats.

9.4 The Business Case

For CFOs, automation means fewer P&L surprises, greater visibility on the impact of hedging, and a stronger control environment. From a risk and compliance standpoint, automation reduces model and operational risk by replacing ad-hoc spreadsheet models with a governed, consistent engine. For organisations operating multiple entities and currencies, standardisation is particularly powerful — aligning practices globally while respecting local GAAP nuances.

Automating hedge accounting can save many hours per month on data gathering, testing, and posting — particularly for corporates with frequent rolling forwards, layered hedging strategies, or large portfolios of forecasted exposures. Freed from repetitive tasks, treasury teams can concentrate on designing better hedging strategies, enhancing forecasting, and advising the Board. In a world where FX volatility remains high and stakeholders have low tolerance for earnings surprises, automated hedge accounting is becoming a strategic enabler, not merely an efficiency tool.

10 UNLOCKING VALUE IN CASH: SHORT-TERM INVESTMENT OF EXCESS CASH

≠0%	3	2	72h
Rates are back — idle cash has a cost	Key investment layers: Operating / Core / Strategic	Flagship safe instruments: MMFs + Tri-party Repos	Max time a bank can survive a confidence crisis (SVB, CS)

10.1 The Return of Yield — and the Return of Risk

With interest rates firmly back in positive territory, leaving excess liquidity on current accounts is no longer a neutral decision — it is a value destruction decision. Every basis point of yield foregone on an undeployed cash balance is a cost that should be visible on a treasury dashboard and challengeable by a CFO. The equation, however, is not simply to chase yield: more return means more risk, and the events of Spring 2023 — the collapse of Silicon Valley Bank, the forced resolution of Credit Suisse, the failure of First Republic — served as a stark reminder that bank default is no longer a theoretical event. A weekend is sufficient to bring down an institution. Treasurers cannot rely on monitoring tools alone to navigate this risk.

The objective, therefore, is the same as it has always been in treasury investment management: optimise return, control risk, and preserve liquidity. The difference in 2026 is that the rate environment makes the optimisation meaningful — and the risk environment makes the governance non-negotiable.

10.2 The Counterparty Risk Challenge

Assessing counterparty risk remains one of the most complex — and least adequately resourced — tasks in corporate treasury. Even the most sophisticated monitoring tools cannot fully prevent the type of sudden, systemic event that characterised the 2023 banking stress. What can be managed is the structural exposure: through diversification, through instrument selection, and through the deliberate choice to delegate risk assessment to more specialised intermediaries.

Best practices in counterparty risk management include: gathering comprehensive information on all banking counterparties (credit ratings, financial statements, news flow, business history); conducting thorough credit analysis covering liquidity, profitability, and cash flow; reviewing contractual agreements including financial covenants and termination clauses; diversifying exposures to avoid overconcentration in any single institution or instrument; evaluating collateral and security options, including tri-party repo structures; and monitoring continuously — counterparty risk assessment is an ongoing process, not a one-time exercise.

KEY QUESTION FOR EVERY TREASURER

If your top three banking counterparties simultaneously faced a confidence shock this weekend, what proportion of your invested cash could you access on Monday morning? The answer to that question is your actual liquidity position — not the number on your TMS screen.

10.3 The Layered Approach to Cash Allocation

Any serious short-term investment strategy begins with a classification of the cash itself. The failure to segment cash by its intended use is one of the most common and costly errors in treasury asset management. The standard framework distinguishes four layers.

The objective is to access the maximum amount of cash available within the group, classify it according to the type of need, and allocate each tranche to instruments appropriate to its time horizon and liquidity requirement. This framework is simple in principle and, unfortunately, more theoretical than applied in practice by most finance departments. The gap between the elegance of the model and the messiness of actual implementation — driven by fragmented ERP data, multiple banking relationships, and limited centralisation — is where TMS and cash visibility platforms deliver their most immediate value.

CASH LAYER	CHARACTERISTICS	APPROPRIATE INSTRUMENTS
Operating Cash	Required within days/weeks for operational payments	Bank current accounts, overnight deposits, T-bills
Core Cash	Stable balance available for 1–3 months	Money Market Funds (LVNAV/VNAV), CDs, Tri-party repo
Strategic Cash	Available for 3–12 months; not needed for operations	MMFs, Short-duration bond funds, Government securities, Term deposits
Trapped / Restricted Cash	Subject to regulatory, legal, or structural restrictions	Identified separately; minimise where possible

10.4 Money Market Funds — Still the Benchmark, With Caveats

Money Market Funds remain the reference instrument for core cash investment, and for good reason. They offer daily liquidity, diversified portfolios of high-quality short-term instruments, regulatory oversight under EU MMF Regulation, Low Volatility Net Asset Value (LVNAV) structures that minimise principal risk, and competitive net yields relative to simple bank deposits. Access has been democratised by platforms that allow corporates to deal across multiple funds through a single integration and a single documentation set.

The caveats, however, are real and underappreciated. First, MMFs do not guarantee the principal — the risk is limited, but it exists. Second, and more subtly, investing across multiple MMFs does not always achieve the diversification that treasurers assume: different funds frequently hold overlapping positions in the same instruments, meaning concentration risk re-enters through the back door. Third, corporates should keep individual MMF investments proportionate to the size of the fund — investing more than 10% of a fund's AUM in a single corporate cash position is generally considered excessive and creates its own systemic pressure on the fund.

10.5 Tri-Party Repo — The Underutilised Solution

If Money Market Funds are the known benchmark, tri-party repo is the instrument that deserves far greater adoption than it currently receives among European corporate treasurers. A tri-party repurchase agreement involves three parties: the cash investor (the corporate); a securities borrower (typically a bank or financial institution); and a neutral tri-party agent (such as Clearstream or Euroclear) who holds the collateral securities on behalf of the cash investor and manages valuation and margining.

The mechanism is straightforward: the corporate provides cash; the counterparty delivers collateral securities (typically government bonds or high-quality paper) at a haircut above the cash value; interest is paid on the cash for the agreed term; at maturity, the counterparty repurchases the securities at a slightly higher price. If the counterparty defaults, the corporate can sell the collateral — providing a level of protection that a simple bank deposit entirely lacks.

Platforms such as Treasury Spring have significantly reduced the operational friction of accessing tri-party repo, enabling corporates to deal with a range of counterparties through a single documentation framework and pre-defined collateral baskets. The case for including tri-party repo as a standard component of any core cash investment policy is compelling — particularly for organisations with material strategic cash balances that sit beyond the optimal MMF allocation.

FEATURE	BANK DEPOSIT	MONEY MARKET FUND	TRI-PARTY REPO
Principal guarantee	Up to deposit insurance limit only	Not guaranteed (risk limited)	Collateral-backed — effectively guaranteed
Counterparty risk	Direct bank credit exposure	Diversified, but overlaps possible	Mitigated by collateral + tri-party agent
Liquidity	Overnight to term	Daily (T+0 / T+1)	Overnight to short-term
Yield vs. deposit	Benchmark	Competitive net of fees	Typically competitive or better
Operational complexity	Low	Low (via platform)	Moderate (pre-agreed collateral baskets)
Regulatory comfort	High (familiar)	High (regulated)	High but less familiar

10.6 IAS 7 and the Cash Equivalent Definition

Any short-term investment policy must be calibrated against the IFRS definition of cash and cash equivalents under IAS 7. For an investment to qualify as a cash equivalent, it must be: highly liquid; readily convertible to a known amount of cash at the date of acquisition and throughout the period of holding; subject to only an insignificant risk of changes in value; and acquired with an original maturity of three months or less. Investments that do not meet all four criteria must be classified separately on the balance sheet, which has implications for the presentation of net debt, covenant calculations, and working capital metrics. Treasurers should confirm with their accounting teams the IAS 7 classification of each instrument in their investment portfolio — particularly LVNAV MMFs, which have specific guidance from the IFRS Interpretations Committee on NAV stability and convertibility criteria.

"There is no panacea in short-term investment management. But there are simple, effective products that can reduce risk, increase process security, and optimise returns. MMFs and tri-party repo are the two flagships — and technology has made them more accessible than ever."

10.7 Building the Investment Policy

A robust treasury investment policy for excess cash should address: the classification of cash by layer (operating, core, strategic, trapped); maximum exposure limits per counterparty and per instrument type; minimum credit quality thresholds (typically A- or above for individual counterparties); maximum maturity profiles by layer; approved instrument types with rationale; the governance process for exceptions; and the frequency of policy review and board or audit committee sign-off. The policy is not a compliance document — it is the single most effective risk management tool available to the treasury function for the protection of corporate cash. In an environment where a bank can fail in a weekend, the time to have this policy documented, approved, and operationalised is before the next crisis — not during it.

11 INTERVIEWS OF EXPERTS

THIBAULT MALIN
DEPUTY HEAD OF GLOBAL MONEY MARKETS (BNPP AM)

Public debt money market funds: treasury's new liquidity tool

Public debt money market funds have gained significant traction as a liquidity management tool since 2022 — what specific operational and governance criteria should a corporate treasurer apply when selecting a public debt MMF, and how does this instrument compare to a standard LVNAV or CNAV fund in terms of credit risk, NAV stability, and regulatory treatment under the 2017 EU MMF Regulation?

Under the EU 2017/1131 MMF Regulation, a Public Debt CNAV MMF must qualify as a short-term MMF, invest at least 99.5% of its assets in government debt, cash or securities backed by governments. It must comply with the liquidity and transparency requirements of the MMF Regulation and is allowed to maintain a constant share value at 1.00€/$/£ under a robust monitoring of the marked-to-market NAV.

The most important operational elements to consider are the daily and weekly liquidity thresholds and how they are managed. The management of MMF, and particularly of CNAV Govies involves adapting liquidity pockets to the shareholder concentration, news flows and to the client's seasonality – not only to the minimums.

Portfolio quality also matters a lot. Despite the fund only considers Sovereign-related exposures, most CNAV Govies MMF seek for a "AAA" fund-rating that requires the highest quality standards both in terms of assets and management company's governance. Clear investment process and risk approach are excepted with ideally a long track-record in successfully managing large size MMFs with a demonstrated crisis management experience.

Key guidelines of the CNAV Funds are similar to the LVNAV's as they fall within the same regulatory framework: Short-Term MMFs. Their max. WAM (Weighted Average Maturity i.e. rate duration) is 60 days and their max. WAL (Weighted Average Life i.e credit duration) is 120 days. They maintain min. 10% overnight liquidity and 30% of weekly liquidity. VNAV funds can go up to 6 months and 1 year respectively in WAM and WAL, they have more flexibility to add rate and credit risks to seek for higher returns.

CNAV Govies MMF make a difference compared to other MMFs in its credit risk as it cannot be exposed to financials and corporates. Just like LVNAV funds, CNAV are allowed to maintain a stable NAV at 1.00€ with even greater stability of the returns thanks to the stability of short-term sovereign investments.

In a nutshell public debt CNAV benefits from the simplest and most conservative regulatory treatment and is built for capital preservation.

OSCAR MONTEIRO
HEAD OF INTERNATIONAL LIQUIDITY SALES (BNY INVESTMENTS)
Tokenised MMFs: the gateway to digital assets for corporate treasurers
With rates having structurally shifted since 2022, how are you rethinking the segmentation of your short-term cash portfolio, and at what point does the yield pickup from moving beyond MMFs justify the additional complexity and governance burden?
Since 2022, higher short-term rates have made cash segmentation a strategic treasury decision, not just a liquidity exercise. The key issue is less about chasing incremental yield beyond MMFs and more about ensuring that each pool of cash is invested in line with its purpose.
For many investors, the most effective framework remains a three-tier approach: operating, core and strategic cash. Operating cash prioritises same-day liquidity and capital preservation. Core cash can accept modestly lower liquidity in exchange for enhanced yield with limited price volatility. Strategic cash, meanwhile, can be invested over a longer horizon in pursuit of greater excess return.
Viewed through that lens, the decision to move beyond MMFs should not be anchored to a single yield pickup threshold. It should reflect whether the treasury function has sufficient visibility on cash flow stability, an appropriate risk budget, and the governance capacity to monitor credit exposure, liquidity terms, valuation sensitivity and duration risk on an ongoing basis.
In other words, the yield pickup only justifies the added complexity when the cash itself can support a different risk and liquidity profile. In today's environment, disciplined segmentation is what enables treasurers to capture higher yields selectively, without compromising operational resilience.

PATRICK SIMEON
HEAD OF MONEY MARKET (AMUNDI)
Tokenised MMFs: the gateway to digital assets for corporate treasurers
With rates having structurally shifted since 2022, how are you rethinking the segmentation of your short-term cash portfolio, and at what point does the yield pickup from moving beyond MMFs justify the additional complexity and governance burden?
Since rates reset higher in 2022, treasurers have had to stop treating short-term cash as one homogeneous pool. The right approach is to split it into operating cash, reserve cash and excess cash, with MMFs anchoring daily liquidity and more yield-seeking instruments used only where cash is not needed on tap.
The decision to go beyond MMFs comes down to a simple test: does the extra yield clearly outweigh the added governance, operational burden and complexity? For larger balances, it often does; for smaller ones, usually not.

ANNE MASSARDIER
DIRECTOR, FINANCE ADVISORY (PWC)
Idle cash optimisation
PSD3 is still in legislative transit, but treasury teams need to make connectivity and platform decisions today. Which specific provisions should a corporate treasurer be tracking most closely, and how should they future-proof their current ERP and TMS integrations against likely implementation requirements?
What our ongoing and recent transformation programmes initiated by our clients make absolutely clear is that data quality and data integration are no longer just operational concerns. They are strategic prerequisites for regulatory readiness.
PSD3 will accelerate the move to 24/7 payment flows, and that changes the fundamental operating assumptions of treasury. A cash forecast built on T+1 bank statements becomes structurally inadequate in a world of instant payments and continuous settlement. The latency that treasurers have historically tolerated in their forecasting cycle will become a genuine control risk, not just a missed yield opportunity.
The provisions to flag in particular are the extension of open banking access to corporates, and the likely tightening of payment initiation liability frameworks. Both converge on the same implication: you need real-time, accurate, consolidated balance and flow data, and you need it sourced from a single integrated environment, not reconciled manually from multiple bank portals and different ERP extracts.
This is why no TMS or ERP implementation can be treated as a standalone technical project anymore. The organisations that will be genuinely PSD3–ready are those where accounting, treasury and business controlling operate from a shared, governed data layer, so that forecasts are not just automated, but trusted and evolving. Because a forecast that management does not trust is operationally useless, regardless of how sophisticated the underlying model is.
The real transformation imperative, therefore, is not the technology itself, it is the complete IT landscape and data framework (security around flows, clear governance…) that makes the technology deliver cross-functional benefits. At the centre of successful transformation, it is not only the solution but the way they are connected and communicate.

JONATHAN PRINCE
CSO & CO-FOUNDER (FINOLOGEE)
Idle cash optimisation
How can a good bank connectivity hub solution help prevent idle cash and optimise the net consolidated liquidity position of corporations, without being over-dependent on one bank for cross-border cash-pooling?
Idle cash is mostly a visibility problem. Balances sit unnoticed in accounts that nobody consolidates daily, so they earn nothing and offset nothing. An orchestration layer solves this at the source: it aggregates positions from every bank automatically, across entities and currencies, so the net consolidated liquidity position is always up to date. From there, treasury can act on it - sweep surpluses, fund shortfalls, place excess cash - by initiating payments from the same platform, towards any of the group's banks.
The independence point matters just as much. Traditional cross-border cash-pooling concentrates accounts, data and decision-making with a single banking partner. A bank-agnostic platform connecting over SWIFT, EBICS and direct bank APIs keeps every relationship on equal footing: the group sees and moves its cash wherever it sits, and can rebalance between banks rather than around one of them.

PHOEBE ZHOU
HEAD OF CLIENT SOLUTIONS (HSBC GLOBAL)
The treasurer of tomorrow in Private Markets: navigating digital assets and treasury transformation
Beyond regulatory compliance, what concrete operational benefit has HSBC observed when corporates replace traditional overnight deposits with tokenised equivalents, and what remains the single biggest obstacle to mainstream adoption?
HSBC has seen a concrete operational benefit in real-time, 24/7 liquidity movement and instant settlement, which improves cash visibility and can eliminate costly prefunding float for high-volume, high-value fund movements. The single biggest obstacle to mainstream adoption is interoperability—today tokenised deposits are largely usable only within the issuing bank's client network. Scaling inter-bank tokenised deposits also requires a central bank settlement layer, with governments and central banks playing an instrumental role.

THOMAS CHENEAU
HEAD OF CORPORATE BANKING (BGL BNP PARIBAS)
Captive Insurance as a Treasury Tool
Why do corporate groups use captives?
1. Retention of underwriting value
In insurance, over the long term, the premiums paid by a large group of companies are usually higher than the claims paid. This difference helps insurers cover losses, build reserves and generate profit.
A captive allows a corporate group to retain part of that value within the organization, instead of paying all premiums to external insurers.
2. Better management of difficult or volatile risks
Some risks related to a company's sector or activity may be difficult to insure in the traditional market. A captive can help the group retain part of those risks and make the insurance program more flexible. In many cases, the captive covers the first layer of risk, which is similar to increasing the deductible and encouraging stronger internal risk responsibility.
3. Flexibility in a changing market
Captives provide flexibility when the insurance market becomes more volatile due to geopolitical uncertainty, cyber risks, climate events or inflationary pressure.

12 CONCLUSION: FIVE IMPERATIVES FOR EUROPEAN TREASURY LEADERS

The ATEL Treasury Compass 2026 has traversed eleven interconnected dimensions of modern treasury management. Each chapter has been grounded in the empirical reality of the EACT 2026 Survey and enriched by the practical experience of the ATEL membership and the European treasurer community. What follows is a synthesis: the five strategic imperatives that every European treasury leader should carry away from this document and act upon in 2026 and beyond.

01 **CLOSE THE FORECASTING GAP — WITH AI, NOT SPREADSHEETS**

Cash flow forecasting has ranked first in every EACT survey for seven consecutive years. This is not a reporting curiosity — it is a structural indictment of how treasury data is collected, governed, and analysed. The path forward requires AI-powered forecasting tools, clean and centralised data architectures, and real-time bank connectivity. The technology is available; the decision to invest is the only remaining barrier.

02 **TREAT WORKING CAPITAL AS A BUSINESS PROGRAMME, NOT A TREASURY PROJECT**

Working capital optimisation ranked fourth in the 2026 EACT Survey — yet 72.6% of treasurers still rely primarily on payment terms as their sole lever. The instruments are available: supply chain finance, post-maturity financing, e-invoicing, and Request-to-Pay. What is missing is CFO sponsorship and cross-functional KPI alignment. Embed DSO, DPO, and CCC into Sales, Procurement, and Shared Services performance frameworks — or accept that treasury will remain the only function accountable for a company-wide problem.

03 **BUILD YOUR GOVERNANCE INFRASTRUCTURE BEFORE THE AUDITORS ARRIVE**

Transfer pricing disputes now account for more than 40% of all cross-border tax litigation — and intercompany financial transactions are the single largest category. Pillar Two has raised the stakes further. Treasurers who invest now in contemporaneous documentation, standalone credit analysis, and TMS-based audit trails will manage their auditors from a position of strength. Those who do not will spend an increasing proportion of their time — and their budget — managing disputes.

04 **EMBED REAL-TIME INTO EVERY LAYER OF THE TREASURY OPERATING MODEL**

Real-time reporting (173 responses, 63%) leads the technology wish-list — ahead of real-time liquidity and real-time payments. The demand is not a preference; it is a statement that the monthly reporting cycle is no longer fit for a world of instant payments, volatile FX, and AI-enabled counterparties. Verification of Payee, ISO 20022–enriched data, real-time bank balances, and AI-powered anomaly detection are not future enhancements — they are the baseline infrastructure of a modern treasury function.

05 **DESIGN YOUR TREASURY TO PROFIT FROM UNCERTAINTY**

Uncertainty is now structural — geopolitical, regulatory, macroeconomic, and technological. The winning response is not to predict the next crisis; it is to build a treasury that is architecturally ready for frequent regime shifts. This means shorter planning cycles, scenario-based liquidity frameworks, AI-ready data foundations, and a measurement culture that makes performance visible and auditable. Treasuries with clean data, real-time visibility, and integrated connectivity will reprice risk, adjust buffers, and reroute flows far faster than their peers.

A FINAL WORD

The ATEL Treasury Compass 2026 is a document of its time — written at a moment of genuine transition for the corporate treasury profession. The tools available to today's treasurer are without precedent: AI-powered forecasting, real-time payment rails, tokenised assets, automated hedge accounting, and predictive KRI dashboards. The regulatory framework — ISO 20022, EMIR, PSD3, Pillar Two, CSRD — is demanding and complex but increasingly coherent. The practitioner community, as reflected in the EACT Survey, is engaged, articulate, and ambitious.

What separates the treasuries that will define the next decade from those that will follow is not access to tools or information. It is the decision to invest in governance infrastructure before it is required, to embrace measurement before it is mandated, and to treat uncertainty as the operating environment within which real value is created — not as an obstacle to be endured until normality returns.

Normality, as we know it, is not returning. The profession that understands this earliest will be best placed to serve its organisations, its stakeholders, and its members.

ATEL — Association des Trésoriers d'Entreprise au Luxembourg
www.atel.lu | EACT: www.eact.eu | Simply Treasury: www.simplytreasury.eu

SOURCES & REFERENCES

This Compass is founded on the following primary and secondary sources:

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