What does AI mean for treasurers?

WHAT IS AI?

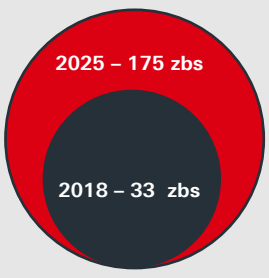
The ability of machines to perform tasks in ways associated with intelligent beings.

WHAT IS ML?

Machine learning is a subset of AI that focusses on using data-first, statistical techniques to enable machines to learn without being explicitly programmed

Global Data Growth 2018 - 2025

IDC Data Age 2025 study
Sponsored by Seagate, November 2018



zbs = zettabytes

AI could:

$13 trillion additional economic activity by **2035**

16% cumulative **GDP**

Source: McKinsey Global Institute.
Notes from the AI Frontier, September 2018

Who is using AI and ML so far?

Digital maturity

High AI adoption	High tech/telecom Automotive/assembly Financial services
Medium AI adoption	Retail Media/entertainment Consumer goods
Low AI adoption	Education Health care Travel/tourism

Source: McKinsey Global Institute.

The value of AI.

Senior executives say:

- **48%** ↑ revenue and profits
- **46%** ↑ customer experience
- **40%** ↑ decision-making
- **39%** innovate products
- **38%** ↓ costs

Source: PWC. AI Predictions 2019

Why is AI/ ML relevant to treasury?

Limited resources

- 45% treasury departments have <5 FTEs
- High levels of manual processing

Data and analysis

- Turn data into analysis and insights
- Need for strategic thinking

Source: Treasury Strategies. 2018 State of the Treasury Profession Survey

What problems could it solve?

Cash flow forecasting

2016 - 2018
#1 priority for treasurers

Source: Treasury Strategies. 2018 State of the Treasury Profession Survey

Opportunity	Improve accuracy and timeliness Get a better view of surplus cash
Data	Complete, correct and cleansed historic, budget and forecast data
Techniques	AI-based predictive analytics

Cash management

77% auto-matching hit rate <80%

55% using or planning to use AI for credit to cash

Source: FIS. Corporate Liquidity Receivables Management Report, 2018

Opportunity	Auto-reconciliation & straight through processing to enhance sales & working capital Reduce costs to process payments
Data	Banking remittance data, historic receivables and forecast invoice data
Techniques	Use algorithms to match data and identify and fill gaps

Fraud and control

59% treasurers very or extremely concerned about cybersecurity

Source: ACT. Business of Treasury, 2018

Opportunity	Reduce fraudulent payments Minimise impact of external and internal cyber threats
Data	Historic and forecast payment data, including bank account numbers and beneficiaries
Techniques	Identify outliers via pattern recognition; use workflow alerts to manually deal with exceptions

NEXT STEPS

Assess & organise data

Make data accessible and identify the 'golden source'; create a data taxonomy

Identify use cases

Model use cases that offer the greatest value; identify gaps in data or techniques

Introduce data skills

Connect with internal data engineers or introduce specialist skills to treasury

Learn by doing

Use banks to help you test, learn, iterate and deploy

Where do I find out more?

Contact your HSBC Global Cash and Liquidity Management sales representative or go to gbm.hsbc.com/insights/technology