

# A New Path for Enterprises to Improve Funds Control - Building the Digital Intelligence Treasury

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**Abstract:** *As an important part of business management, funds are used in every aspect of production and operation, and the control of funds often affects all aspects of business development. In the age of information technology, the Digital Intelligence Treasury is a new way for enterprises to further improve their funds control. It can strengthen the allocation of funds, improve the efficiency of resource utilisation, empower value creation and assist in strategic decision-making. In this paper, the concept and development of the treasury, the advantages of the Digital Intelligence Treasury and the construction ideas of the Digital Intelligence Treasury will be discussed to some extent.*

**Keywords:** *Treasury management, Digital Intelligence Treasury*

## 1. Introduction

As the most basic business resource of an enterprise, funds run through every aspect of production and operation, and holds the lifeline of an enterprise's development. The implementation of centralized funds management has been proven to be an effective means of enhancing the efficiency of resource allocation and utilization, facilitating the integration of resources within the enterprise group and reducing capital costs. In the age of information technology, the centralized management of funds has moved to a higher level, which is the Digital Intelligence Treasury. It is a new way for enterprises to further improve the level of funds control.

## 2. Description of the Treasury

### 2.1. Definition of Treasury Management

The Oxford Dictionary notes that the treasury was originally thought to be a place for the safe storage of property or valuables, while other accounts suggest that the treasury originally referred to the ancient department or institution for the management of weapons and account books. Later, as time progressed, it evolved to mean a place for the deposit and disbursement of pooled funds.

For enterprises, funds are the basis of survival and the lifeblood of the enterprise. Managing and using enterprise funds well is a very important part of enterprise management. The concept of treasury was first applied to companies in the 1970s by some European and American companies. As most managers became more sophisticated in their business, they became more aware of the central role that the management of financial resources, such as funds, played in the management of the business. After several years of development, the corporate treasury has evolved from the earliest cash management to a more comprehensive financial resources management, and now the corporate treasury management business involves financial account management and settlement, liquidity management, the use of financial instruments, investment and financing decisions, financial planning and decision making and risk control, etc. Its focus is to co-ordinate and plan the pooling and use of funds and other financial resources, in an attempt to enhance value creation through the centralized management of financial resources[1-2].

In general, treasury management is a transcendence and innovation of traditional fund management, an upgrade from simple fund management to the integrated management of various types of financial resources. Treasury management is divorced from basic account management and fund concentration, placing greater emphasis on resource management and risk prevention and control. It is a powerful tool to help enterprises integrate internal resources, improve value creation and support the realization of

strategy.

## 2.2. Development of the Corporate Treasury

The development of the enterprise treasury has gone through five different stages, from germination to exploration and construction, and then to strategic transformation and upgrading, which can be summarized as: transaction processing stage, centralized integration stage, optimized service stage, operational excellence stage and digital intelligence management stage, based on the different values and characteristics presented in each stage, as shown in Figure 1.

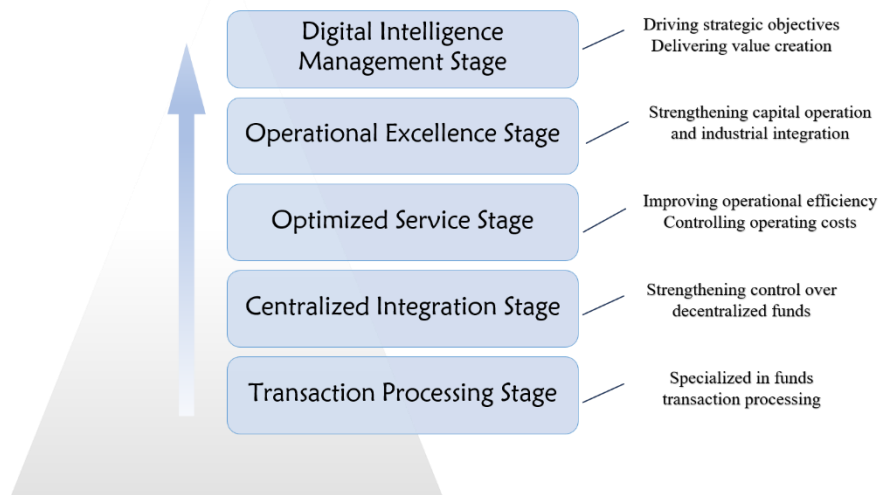


Figure 1: Stages of corporate treasury development

The treasury of an enterprise in the transaction processing stage focuses on the processing of fund transactions, and its daily operations are mainly focused on basic day-to-day transaction activities such as cash management, account management and income and expenditure management, which makes the function of the treasury is relatively homogeneous. The information on funds of the transaction processing stage is mainly processed manually by the relevant staff, which is a complicated and error-prone procedure and not very standardized, making the use of funds at this stage less efficient.

With the rapid development and expansion of enterprises, the demand for capital intensification has become higher and higher. Enterprises not only need to enhance the control of fragmented funds, but also require certain means to identify and predict the risks of funds, so the enterprise treasury has developed to the stage of centralized integration. At this stage, the corporate treasury further realizes real-time and visualized monitoring of funds, and further improves the treasury function as it continues to consolidate the core functions of funds management while exploring more value creation paths.

And the third stage of the treasury, i.e. the treasury at the stage of optimized service, begins to gradually transform its role, and in the process of further realizing the optimization of funds operation management, it can help enterprises realize the value of funding data mining and analysis, so as to enhance the operational efficiency of enterprises and control operating costs. The treasury at this stage has already taken the shape of a digital treasury, which is not only able to monitor and react dynamically to funding information, but also realizes certain data analysis capabilities, effectively aggregating the value of financial data and empowering enterprises to reduce costs and increase efficiency.

At the Operational Excellence stage, the treasury's service scope is no longer limited to funds, but extends to the entire financial resources of the enterprise, and can help the enterprise find new business growth points through data-driven accurate analysis and flexible mobilization of internal and external resources. In this stage, the treasury is able to allocate the financial resources of the enterprise in an integrated manner, so as to achieve more efficient operation and integration between the enterprise and the industrial chain.

With the support of today's more advanced network information technology and financial systems, the enterprise treasury has further achieved a qualitative upgrade, and the final stage of the treasury is the digital intelligence management stage. It is a new way for many enterprises to improve their funds control level, which aims to efficiently promote the realization and management of corporate value

objectives with a data-driven management model. It is defined as a modern corporate governance mechanism that relies on management platforms such as finance companies and capital centers, uses modern network information technology, focuses on centralizing funds and information, aims to improve the efficiency of funds operations, reduce capital costs and prevent and control capital risks, and is oriented towards serving strategy, supporting business and creating value, and carries out real-time monitoring and co-ordination of financial resources such as corporate funds. This stage of the enterprise treasury will focus on relying on the interconnection of technology, with the help of digital and intelligent technology, to achieve a high degree of intensive and integrated management of financial resources, with the strategic objectives of the enterprise as the guide, to help enterprises enhance value and make better decisions in a timely manner[3].

### 3. The Outstanding Advantages of the Digital Intelligence Treasury

The outstanding advantages of the Digital Intelligence Treasury are the scientific and rational allocation of funds, the realization of synergies and the provision of strategic support for enterprises, as shown in Figure 2.

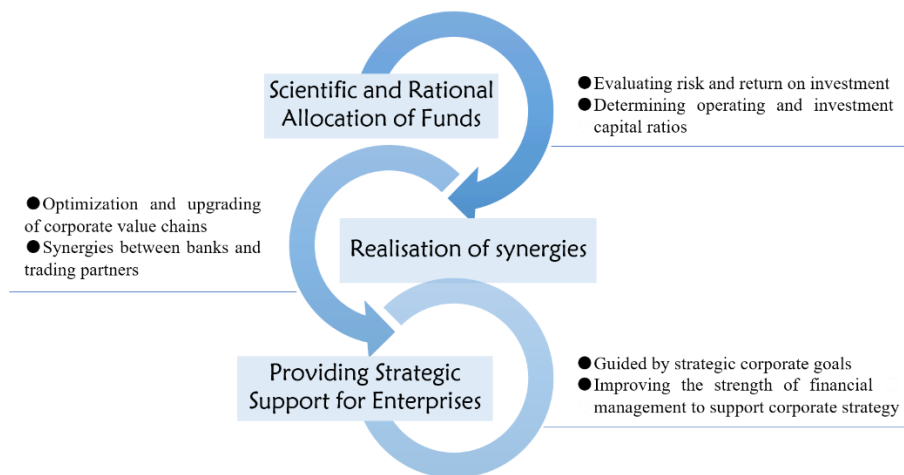


Figure 2: The advantages of the Digital Intelligence Treasury

#### 3.1. Scientific and Rational Allocation of Funds

By centralizing the management and operation of corporate funds and aided by data mining and intelligent financial analysis, the Digital Intelligence Treasury is able to allocate corporate funds in a scientific and reasonable manner and improve the return on capital investment. The essence of the treasury is to collect the funds in the enterprise group, and through the treasury management platform to unify the management of enterprise funds, in this case, the enterprise can obtain low-cost and highly accurate information on the stock of funds at any time. On the basis of this information, the enterprise can further make use of the Digital Intelligence Treasury to optimize the allocation of financial resources within the enterprise. When an enterprise has different funding requirements, the Digital Intelligence Treasury can use the data and information it has to make a comprehensive evaluation of the risk and return on investment of the different options, so that the funds collected by the enterprise can be invested in high-quality projects with relatively low risk and high return, and a reasonable ratio of operating and investment funds can be determined. By this way, the limited resources can be allocated to the investment option with the highest marginal benefit and the allocation of funds will be scientifically and rationally optimized.

#### 3.2. Realisation of Synergies

By centralizing the financial resources within the enterprise, the Digital Intelligence Treasury not only provides the enterprise with more convenient and efficient financial services, but also achieves certain synergy effects. By optimizing the management of funds, the Digital Intelligence Treasury is able to reshape the management process and improve the efficiency of the company's operations, so that in the long run all operations involving financial activities are included in the management of the treasury. The Digital Intelligence Treasury makes decisions and controls these business activities from the

perspective of value creation, and provides better support for other links in the enterprise business value chain with efficient funds management, which can further optimize and upgrade the enterprise value chain. It creates synergies within the enterprise to help it develop with high quality.

In addition, Digital Intelligence Treasury can also achieve synergy with banks and trading partners. Through financial systems such as the Bank-Enterprise Network, the Digital Intelligence Treasury can strengthen communication and collaboration with partner banks and other financial enterprises, unify the management and deployment of corporate financial resources, and enhance the flow of financial resources through digital funding information. For the upstream and downstream trading partners, by taking advantage of the data and information resources of the Digital Intelligence Treasury, we can optimize the management of funds and at the same time integrate upstream and downstream trading data in the supply chain, build a financial service platform for the supply chain to realize the synergy between the industrial chain and enhance the overall value of the industrial chain.

### 3.3. Providing Strategic Support for Enterprises

The modern Digital Intelligence Treasury is oriented to the strategic objectives of the enterprise, using intelligent technology to dig deep into the value of data, to assist the enterprise in scientific decision-making, and to provide strong support for the enterprise strategy. As financial resources are the core of enterprise management, it is not difficult to think that the effective management of the treasury will deeply affect the development strategy of the enterprise. The Digital Intelligence Treasury can integrate information technology, digital and intelligent means from the enterprise strategy to assist the organization in coordinating the overall funds management, human resource allocation, resource sharing and performance evaluation functions of the enterprise. Through the effective integration and rational allocation of various resources of the enterprise, it improves the capability of the financial management which can better services the enterprise's strategy, provides support for the leadership's strategic decision-making, promotes the achievement of strategic objectives and helps the long-term development of the enterprise.

## 4. Ideas for Building the Digital Intelligence Treasury

Currently, emerging digital technologies such as 5G, big data, artificial intelligence and cloud computing have become catalysts for the transformation and construction of enterprise treasury, using these technologies to integrate financial resources more efficiently and strengthen fund management. The construction of the Digital Intelligence Treasury should build four core platforms, namely Unified Settlement Platform, Business Finance Integration Platform, Financial Trading Platform and Treasury Decision-making Platform, so as to support the business operation of the treasury, help upgrade the treasury's digitalisation and guarantee the efficient operation and lean management of funds, as shown in Figure 3.

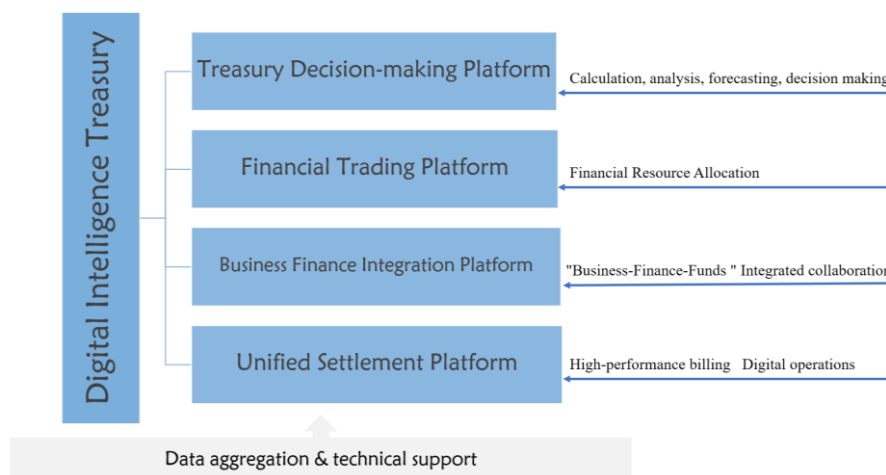


Figure 3: The Four Core Platforms of the Digital Intelligence Treasury

#### **4.1. Unified Settlement Platform**

The Unified Settlement Platform enhances the efficiency of fund settlement by linking the treasury with finance companies, commercial banks, international fund clearing systems and third-party payment systems, and centralizing account management, collection services and payment services, thereby realizing the high-performance settlement, digital operation and global fund visibility functions of the Digital Intelligence Treasury.

#### **4.2. Business Finance Integration Platform**

The Business Finance Integration Platform enables the integration of "Business-Finance-Funds" and improves operational efficiency by connecting internal systems such as the Finance Sharing Centre and business systems.

#### **4.3. Financial Trading Platform**

The Financial Trading Platform mainly connects with market data and various financial entities, efficiently coordinates the internal and external financial resources of the enterprise and unifies the dispatch on a global scale in order to achieve rational allocation and efficient trading of financial resources. In this way, with the help of the Digital Intelligence Treasury, we can improve the allocation efficiency of financial resources in the whole group, the whole system, the whole business and the whole industry chain, and realize value creation.

#### **4.4. Treasury Decision-making Platform**

The Treasury Decision-making Platform is an intelligent decision analysis platform that serves the strategic decisions of the top management. The platform calculates, analyses and forecasts the financial resources data within the Digital Intelligence Treasury, combining the use of a variety of analytical models and indicator systems to effectively support management decisions and comprehensively improve the digital and intelligent decision-making level of the enterprise.

### **5. Conclusions**

The role of the Digital Intelligence Treasury is to act as a strategic advisor to corporate decision makers, focusing on the management of corporate financial resources to create value and help achieve strategic goals. Building and utilizing the Digital Intelligence Treasury not only strengthens corporate financial management, but also effectively helps enterprises to enhance their value and make better strategic decisions.

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