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Reconfiguring supply chains

What is the right supply chain set-up to ensure resilience in the face of geopolitical and climatic uncertainty?

The Corporate View

Julia Donegan

Global Treasury Director

Newell Brands

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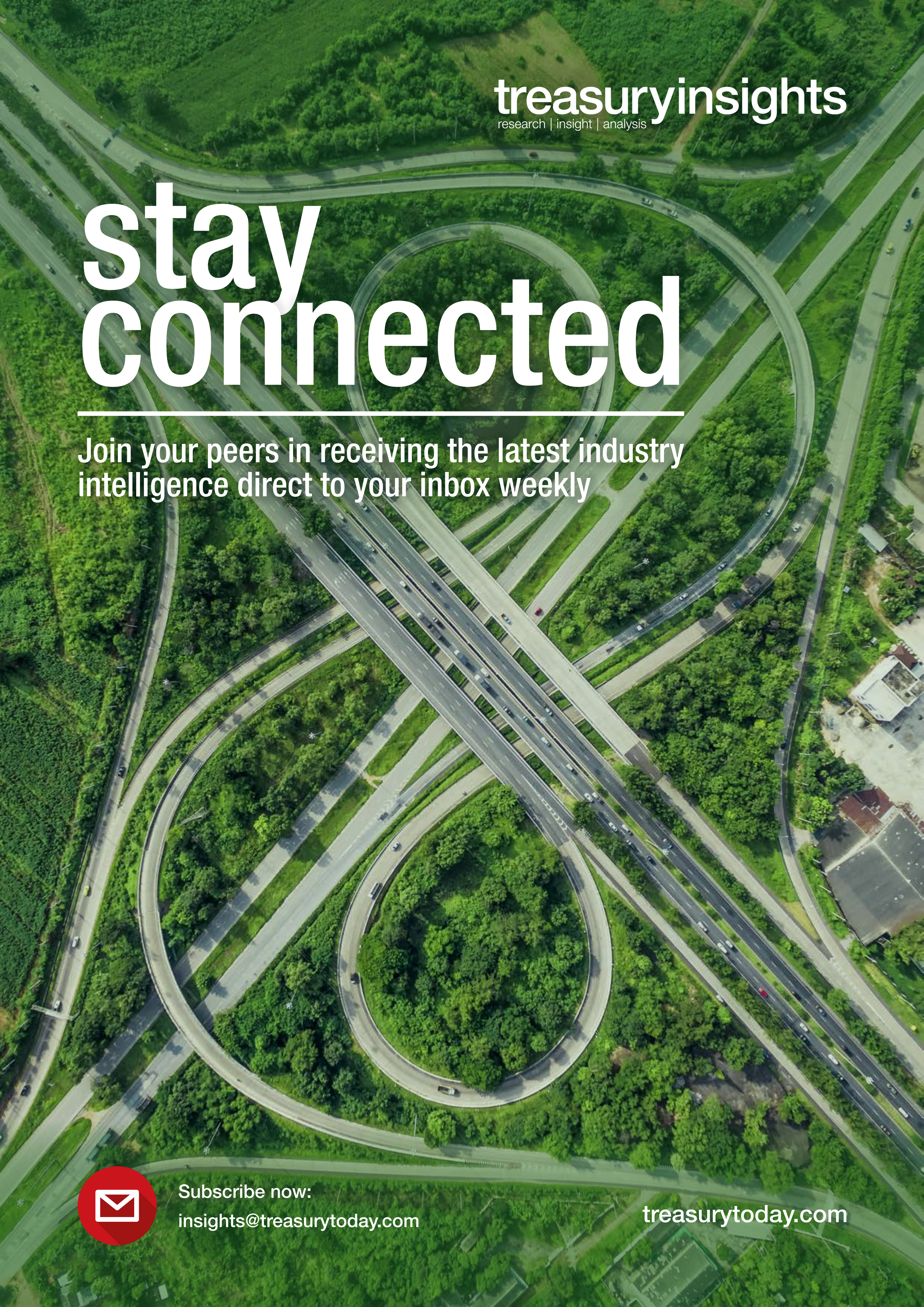
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Calm in the storm

US President Donald Trump's rollout of sweeping tariffs on imports and retaliatory measures from trading partners around the world has upended financial markets and triggered fears of inflation and recession. The corporate world is reeling, profit outlooks have been rewritten and many fear global growth will fall as the President and his team overhaul US economic policy and reverse decades of globalisation.

As companies scramble to secure their supply of crucial inputs, materials and manufactured products, this edition explores what constitutes the optimum supply chain set-up to ensure stability in the face of geopolitical uncertainty and how supply chain finance can help build resilience.

Our interviewees report a notable shift towards nearshoring, especially in regions like North America, Europe and Asia Pacific and we find corporate treasurers working with banks to leverage numerous working capital techniques such as receivables, payables and inventory financing to enable business, derisk supply chains, improve financial indicators and build more sustainable value chains.

During times of uncertainty and volatility, the importance of smooth technological processes and real-time visibility also comes to the fore. We report how treasury is benefitting from scalability, and the ability to respond to increased demand, accessibility and cost efficiency by hosting TMS as a platform in the cloud. Cloud solutions also go hand-in-hand with demand for compute coming from AI but involve treasury grasping an OPEX model of using technology.

This edition's Corporate View features Julia Donegan, Global Treasurer at Newell Brands. In a timely reflection, she considers the role of treasury when economic conditions grow challenging and advises on the importance of a clear view of the end goal and the value of drawing on the lessons from the past.

Elsewhere we explore innovation in real-time payments in the US, a market that has lagged other regions but where the arrival of two separate instant payment systems, RTP and FedNow, has stepped up the pace of change.

Our Question Answered delves into the do's and don'ts when setting up an in-house bank and we also explore the key themes driving corporates to establish regional treasury centres in MENA. In a trend that is being fanned by geopolitics, we find many MNCs seek to differentiate between restricted and free-market treasury operations by creating a new base in the Middle East. The benefits span real-time oversight, faster decision-making and regional insights on capital controls, repatriation constrains and compliance requirements, more valuable than ever in a changing world.

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Reconfiguring supply chains

What is the right supply chain set-up to ensure stability in the face of geopolitical and climatic uncertainty, and how can supply chain finance help build resilience?

Five years on from the severe disruptions in global supply chains caused by the Covid-19 pandemic and many companies are still rethinking their supply chain strategy. Ensuing exogenous shocks, including geopolitical instability, natural disasters and rising costs due to inflation and increasing labour expenses, have continued to expose the risks inherent in long and complex supply chains.

US President Donald Trump's punitive and wide-reaching tariffs, announced on 2nd April, has thrown yet another spanner in the works of global trade flows, as other countries respond in kind. "No one wins in a trade war" has become the mantra of those wishing to avoid the slippery slope towards deglobalisation. In light of these developments, many corporates are looking at building regional supply chains and diversifying their suppliers to improve operational and business resilience.

According to the **Trade in Transition 2025** report, businesses are split between spreading supply-chain risk across regions and staying close to home. Almost half (46%) are diversifying geographically to enter new markets and hedge against disruptions, while 42% are localising supply chains to cut transport costs and improve oversight.

Three-quarters are diversifying their supplier base, spreading risk and increasing resilience by working with more partners. However, that brings with it other challenges, such as lower quality and consistency, weaker relationships and higher administrative costs.

"The biggest risk in today's supply chains is an over-reliance on a single region, supplier or logistics route. Many businesses are still exposed to long, complex supply chains, which can make it difficult to anticipate or respond to disruptions," says Arpana Amin, Global Product Head of Supply Chain Finance (SCF) at HSBC. "From a treasury perspective, these risks can potentially translate into liquidity stress, production delays or increased working capital needs."

Closer to home

Kemi Bolarin, Head of Treasury – Europe, GXO Logistics, has seen significant change in the company's supply chain, driven by the need to bolster resilience, enhance service levels and minimise risk exposure for its blue-chip customers. She reports a notable shift towards nearshoring, especially in regions like North America, Europe and Asia Pacific (APAC).

"Trade uncertainties and supply chain disruptions have prompted businesses to reassess their logistics strategies, prioritising proximity, flexibility and adaptability," says Bolarin. "As we look ahead, we foresee a global rebalancing of trade, fuelled by nearshoring and reshoring trends."

She points to third-party forecasts that estimate US$3.5trn in global trade could shift by 2027. "For every 1% of trade that is reshored, a US$1bn warehouse revenue opportunity arises, accompanied by a 3-4% increase in inventory levels to provide greater certainty," she adds, which bodes well for the global contract logistics company that manages outsourced supply chains and warehousing. The wave of nearshoring and reshoring is also driven by shifting consumer expectations and technological improvements. "The rapid expansion of e-commerce and omnichannel retail has heightened demand for faster, more efficient fulfilment, leading to increased investment in micro-fulfilment centres and urban warehousing," Bolarin says.

Arnd Weckes, Head Working Capital D/A/CH at Deutsche Bank, highlights the role that technological advancements, as well as government inducements, are playing in manufacturing, for example. "Many goods that used to be produced offshore for labour cost reasons can today increasingly be done by robots, which has led manufacturers to reshore production," he says. "Additionally, reshoring has been incentivised by governmental programmes, such as the US inflation Reduction Act under the [Joe] Biden administration, which brought a lot of new investment into the country."

Weckes reports European companies returning to Eastern Europe and US companies moving out of China and into Mexico. "Due to concerns around developments in China, many companies – especially in Germany – are looking to diversify supply chain risk by moving into other Asian countries, such as India, Vietnam and the Philippines," he adds.

Natasha Condon, Global Head of Trade and Working Capital Sales at J.P. Morgan Payments, also sees a noticeable shift towards both nearshoring and 'friendshoring', as evidenced by world trade data.

"ASEAN members and Mexico have successfully attracted local production that was once concentrated in China," she says. "However, it's important to remember that changes in trade flows take time; while a ship on the water can be diverted easily, relocating industrial manufacturing capacity requires time and significant capital investment."

Climate change and sustainability concerns are also fuelling the nearshoring trend, as carbon emissions are lower when transporting goods from nearby countries. "Climate change leading to rising physical supply chain risks has led to a greater focus on sustainable supply chain practices, including local sourcing and reducing carbon footprints," says Cynthia Tchikoltsoff, Head of Global Trade Solutions, APAC at BNP Paribas.

GXO views nearshoring as a major growth opportunity, as businesses increasingly look to localise their supply chains to improve agility, manage costs and mitigate risks, according to Bolarin.

"In the US, companies are reshoring manufacturing and distribution centres to diversify supply sources and shorten lead times," she says. "In response, we have strategically expanded our regional infrastructure to better support these evolving needs. Similarly, in Europe, we are scaling multi-client warehousing and regional distribution hubs to navigate supply chain complexities and ensure seamless cross-border operations."

Visibility and control

According to Amin, building supply chain resilience is no longer just an operational issue. "To enable truly resilient supply chains, treasurers need visibility, flexibility, control and strong relationships across their supplier base," she says. "Treasury can support this by leveraging artificial intelligence (AI) and data-driven technology to track goods throughout the manufacturing and delivery cycle enabling more accurate production planning."

In addition, by pivoting supplier relationships away from transactional to strategic, Amin believes that treasurers can build flexibility as purchase requirements evolve, ensuring financing flows smoothly through the chain. "Treasurers should be supporting suppliers at every stage throughout the supply chain, both pre- and post-shipment of goods and going deeper into the supply chain to build resilience throughout multiple tiers," she adds.

The key word when thinking about resilience is 'agility', according to Condon. "Treasurers should be thinking about whether they have built enough agility into their business so they can respond quickly and nimbly to disruption," she says. "Maybe you need a bit more of a liquidity buffer than before, or you want your cash in a different country."

She advises that all corporates should be reviewing their business to spot risks in advance and 'stress-testing' the supply chain for potential impact. "And once you have done this basic risk management work, then you have the breathing room to make thoughtful strategic decisions and can reconfigure your supply chain for the evolving landscape," she says.

As a global contract logistics provider, increasing resiliency in GXO's supply chain requires a proactive, multi-faceted approach to minimise disruptions, adapt to market fluctuations and ensure seamless operations, according to Bolarin.

"Our strategy is anchored in diversifying suppliers and carriers, reducing dependency on any single partner by cultivating relationships with multiple regional and local carriers and sourcing from diverse geographic locations to mitigate risks such as political instability or natural disasters," she says.

GXO has also strengthened technology and visibility by adopting a cloud-based warehouse management system that enhances coordination, optimises inventory management and provides real-time insights across the supply chain.

"To improve workforce agility, we implement cross-training programmes that enable employees to handle multiple roles during peak periods or disruptions, leverage flexible staffing models to scale operations as needed, and integrate robotics and automation to enhance safety and efficiency," she says.

Additionally, GXO enhances risk management and contingency planning by developing robust disaster recovery strategies for various scenarios.

"Regular stress-testing of our supply chain helps identify vulnerabilities, while collaboration with insurance providers ensures financial risk mitigation," Bolarin says, illustrating Condon's point. "By embedding these strategies into our operations, we cultivate a resilient, agile and adaptive supply chain – one that not only withstands challenges but also positions us as a competitive and forward-thinking leader in the logistics industry."

SCF and working capital

Treasurers play a critical role in enabling business momentum and fortifying supply chains. They can work with their banks to leverage numerous working capital techniques such as receivables, payables and inventory financing to enable business, derisk supply chains, improve financial indicators and build more sustainable value chains, according to Tchikoltsoff.

Given the nature of warehousing, transportation and reverse logistics, GXO employs strategic financial solutions to optimise working capital and enhance liquidity. "These financing strategies enable us to reduce the need for large amounts of upfront capital, resulting in more efficient use of our working capital," Bolarin says.

She explains that the improved payment terms with suppliers and timely receivables collection all contribute to a healthier cash flow, allowing GXO to reinvest more quickly into other areas of the business.

"This enhanced cash flow flexibility supports growth, strengthens financial stability and allows us to capitalise on new opportunities, while maintaining optimal liquidity levels," she adds. "These strategies not only improve working capital but also provide us with greater operational agility, enabling us to better respond to market shifts and customer needs."

Specifically, SCF programmes are often seen as a way to strengthen the supplier relationship, as well as help businesses improve their working capital, by extending payment terms without putting pressure on suppliers. For suppliers, SCF can offer earlier access to affordable funding based on the buyer's credit profile, supporting cash flow, reducing risk and strengthening relationships, according to Amin.

"Many suppliers may face tight margins and rising costs, so the ability to access timely liquidity can make a significant difference in managing their cash flow and working capital cycle," she explains. "This in turn bolsters supplier loyalty and customer prioritisation, as SCF programmes free up cash early for the suppliers without tying up their own credit facilities." Treasurers can also use SCF programmes to improve forecasting, standardise processes and increase visibility over outbound cash flows, she adds.

"As companies shift to focus on resilience and visibility, the emergence of pre-shipment solutions enables financing providers to extend financing to suppliers much earlier within the supply chain based on an accepted purchase orders which is then settled against the invoice proceeds," says Amin. "This further strengthens the supply chain by reducing the time taken for suppliers to receive payment and enabling them access to financing during the manufacturing stage."

SCF continues to grow as a financing mechanism. According to the **World Supply Chain Finance Report 2025**, the global SCF volume has increased by 8% to US$2.46trn and funds in use up by 5% to US$942bn. Tchikoltsoff views SCF as an opportunity for treasurers to partner with their procurement and sales teams to support business growth and resilience. For Weckes, such a partnership is often a key to the success of an SCF programme. "While treasury is an important stakeholder when it comes to building supply chain resiliency, they need to lean on procurement as the latter are ultimately in charge of purchasing and traditionally consider themselves to be the owner of the supplier relationship," says Weckes.

"I've seen many SCF mandates, which have been initiated by treasury to optimise liquidity and balance sheet ratios, end up being unsuccessfully implemented because they were lacking procurement buy-in," he continues. "No one in procurement was willing to discuss lengthening payment terms with suppliers because it's not one of their key performance indicators." As such, he believes that C-suite support for a SCF programme is often required.

The Head of Treasury in China at a multinational company based in Germany reports that its procurement department uses the SCF programme as a leverage to negotiate better pricing with suppliers. However, overall utilisation is low.

"Frankly, I am not sure why that is. It could be that our procurement department is only offering the programme to a limited number of suppliers. It could also be that our suppliers are relatively more resilient than their competitors in terms of funding and financing capability," they say.

Previously the treasury team conducted analysis on dynamic discounting, with the intention of leveraging extra liquidity the company had in China, but did not fully roll it out. "Our headquarters' view is that since the subsidiary is still with high leverage at the group level, extra liquidity should be centralised and provided to headquarters, rather than use it to support supplier financing," said the Head of Treasury.

Future-proofing

While there is no shortage of articles predicting that **AI will protect global supply chains**, Anurag Chaudhary, CEO of Pinnacle Trade Finance, advises taking a "back-to-basics" approach to resiliency and pushing SCF programmes further down the supply chain. "The key for treasurers looking to future-proof their supply chain is to explore 'one-stop' technology solutions targeting vendors not usually financed by global relationship banks, ie vendors based in emerging markets, tail-end suppliers and indirect spend, such as logistics," he says. "Also, they should leverage local and regional banks to on-board the vendors to ensure working capital finance benefits reach a wider range of suppliers." He believes that this approach will help bring capital and liquidity where it is needed within the buyer's end-to-end supply chain and optimise their cost of goods sold.

Condon's advice to treasurers is to prepare for change. "Disruption creates opportunity, and the companies that are best positioned to capture that opportunity will be the success stories. That could mean moving production to new markets, digitalising trade processes to reduce cost, or using financing tools to offer a better deal to customers than competitors," she says.

"A treasurer needs to be agile and closely follow the market given the current level of turmoil," adds Weckes. "They need to ensure that they are clear on their own cash flow, have visibility where they stand in real time, do stress tests and try to optimise liquidity at every turn. Improving working capital management is always worthwhile to explore, as much can be accomplished by transforming internally."

Amin advises treasurers to think beyond efficiency and focus on adaptability, sustainability, data-driven insights, supplier resiliency and eliminating concentration risk.

"By leveraging technology and data, treasurers can forecast more accurately, model different scenarios and respond to disruption faster. Flexibility in production and stronger supplier relationships enables companies to pivot quicker through uncertainties be it geopolitical, climate, financial or economic disruption," she says.

To future-proof its global logistics network, GXO is implementing a strategic, technology-driven approach that enhances efficiency, mitigates risks and ensures long-term resilience, according to Bolarin. The company is also strengthening resilient sourcing strategies by diversifying supplier partnerships, prioritising nearshore and friendshore sourcing to reduce exposure to high-risk regions and improve supply chain stability.

"By integrating these future-focused initiatives, we are building a supply chain that is not only agile and adaptive but also equipped to withstand evolving market dynamics and technological disruptions," she says. ■

TREASURERS HOLD ALLOCATIONS TO MMF STEADY IN VOLATILE TIMES

Federated Hermes' Deborah Cunningham on why treasurers' steady allocations to MMF through the recent volatility have provided ballast to cash management strategies. She also flags evolutions in digitising and distributing funds on blockchain and MMF ETFs.

The vast majority of corporate treasurers are maintaining their cash positions at existing levels amid the market turmoil and volatility that has recently caused yields to whipsaw. Many corporates increased their allocation to cash when interest rates moved off zero and have maintained these positions ever since.

Alongside the compelling yield from higher interest rates, the shelter MMFs offer from the current market volatility in equity and longer-term bond investments is also leaving corporate strategies unchanged, explains Federated Hermes' Deborah Cunningham who oversees the asset manager's US$630bn liquidity product offerings across dollars, sterling and euros serving the institutional and corporate treasury market. MMFs as well as other types of liquidity products ensure investors get their money back at par plus a little bit more and they also offer the ability to access instant liquidity, she continues. "The tariff-related market upheaval of recent weeks highlights the necessity for treasurers to consider carefully an allocation to money market funds as part of their cash management strategy. With same day liquidity, these products provide treasurers with the ability to access and deploy their cash during periods of considerable market volatility. If treasurers suddenly face a need they didn't realise as part of cash flow analysis, they can place a redemption order and get the money back."

The few treasurers that are seeking to adjust their allocation to cash are typically planning for acquisitions or large payments ahead. Another area where some treasurers are making modest moves is around lengthening the duration of their cash investments out of MMF to pick up a little extra yield, she adds. Most of Federated Hermes MMFs are AAA-rated and shaped around risk mitigation, diversification and credit standards. MMFs can't invest longer than 60 days from a weighted-average maturity basis or over 13-months on an individual security basis.

Cunningham observes enduring demand for MMFs from corporate treasurers seeking the same day settlement benefits and market return MMFs offer relative to other short-term, liquid products. MMFs offer an attractive premium for corporate treasurers over bank deposits; investors may buy repo, or direct commercial paper, but these products don't ensure the level of diversification that comes with buying 100 different issuers in a MMF product, she says. "There are lots of advantages to being in managed products in MMFs as long as the curve gives you some positive slope."

Tokenisation and the future of MMFs

Federated Hermes is exploring innovation around digitising and distributing funds via blockchain which will gradually become a more substantial part of the asset manager's offering. Cunningham is particularly excited about the ability of blockchain to reach new users and reflects on how trends around tokenisation of the sector promises faster settlements, lower costs, and broader access. The technology will increasingly allow investors to trade fund shares instantly outside of traditional market hours and in smaller denominations, leading to greater efficiencies with fewer intermediaries and greater accessibility.

Federated Hermes currently sub-advises one fund that is distributed on blockchain in the US, but Cunningham explains it is not the asset manager's own product, and Federated Hermes is working with partners that run the blockchain technology. "A broker dealer digitises the shares and puts them on the blockchain. We are doing what we can from our standpoint to help facilitate what seems to be buyers' interest." Although demand for these funds is still small, she describes the rhetoric around future expectations for demand as "huge," suggesting current demand may just be the tip of the iceberg as the market continues to evolve. She suggests future innovation could include 24-hour securities that pay hourly, for example.

Money market ETFs

In another innovation, Federated Hermes is also exploring money market ETFs. Challenges around the process include the fact the ETF model is not based on stable net asset value, a key tenet of MMF that many clients seek. One way the offering could reach new customers is by taking an ETF that is invested like a MMF and use it like collateral in collateralised transactions, she concludes.

Secrets of a successful partnership

From tackling supplier payments with procurement to bridging the knowledge gap with the legal team, three treasury professionals explain how developing strong relationships with other departments has helped them add value to their organisations.

Gone are the days when treasury was regarded as an ivory tower, somewhat detached from the rest of the organisation. More than ever, today's treasury professionals need to build strong working relationships with a host of other departments across the organisation, from procurement and IT to legal and HR. This may involve overcoming historical siloes, addressing competing goals and addressing knowledge gaps – all of which may require a proactive effort. In **a recent Corporate View profile** in Treasury Today Asia, Yvonne Teo, APAC Treasury Director at chemical distribution company Brenntag, explains how in a previous role she "single-handedly organised treasury workshops and training sessions for non-finance folks" in order to boost awareness of topics such as working capital and liquidity management.

As well as helping to improve the performance of the treasury as a whole, effective relationships can play an important role in individual career development. In The Business of Treasury 2024 report, published by the Association of Corporate Treasurers, 28% of respondents cited communication and relationship-building skills as a barrier to career progression for treasurers. So how should treasurers approach the task of building closer links with other departments, and what should effective relationships look like? Three treasury professionals share their views.

Treasury and procurement: finessing supplier payments

In many companies, procurement and treasury operate on a somewhat siloed basis. But for Greek aquaculture company AVRAMAR, the two teams have historically been adjacent. And when Marianna Polykrati joined the company as Group Treasurer in 2023, one of her most pressing tasks was to work with procurement to redesign the supplier payments process.

"AVRAMAR works with a large number of fish farms around Greece, and a lot of these processes were decentralised," she explains. "When I joined two years ago, we identified opportunities to enhance the efficiency and transparency of our payment processes. There were occasional timing and communication challenges that influenced supplier engagement, so we collaborated closely with accounts payable and procurement to map out policies and procedures, gaining a full understanding of the end-to-end workflow."

By working together, the treasury and procurement teams were able to redesign the entire payments process, from the issuance of purchase orders, approvals flow and invoice handling. This, in turn, has enabled treasury to optimise liquidity across the organisation.

"Part of the initiative was to restore trust and consistency with our suppliers by re-establishing clear credit terms and ensuring timely payments," says Polykrati. "This supported stronger supplier relationships and helped reduce ad-hoc requests, creating a more predictable and collaborative environment. We're also working on a supply chain finance programme to further support our supplier base, particularly smaller partners, an initiative treasury is leading in close collaboration with procurement."

She explains that while procurement and treasury have a good understanding of each other's goals, treasury tends to take the lead when it comes to driving technological advancement. "When I go out and see treasury solutions, there are a lot of platforms such as supply chain finance or trade finance tools, which we can then introduce to procurement. So, treasury acts as something of a connector there as well."

Building connections

As well as working closely with procurement, Polykrati says a sizeable portion of her time is spent liaising with the company's legal team on topics such as KYC procedures and loan agreements. "I also collaborate frequently with accounting, especially accounts payable, as well as with finance and HR on initiatives such as optimising payroll and further automating the personnel and travel expenses processes. And let's not forget sustainability and ESG. Treasury works as a focal point for the banks and collects data from different departments that is needed to complete ESG reporting for the banks."

Likewise, the cash flow forecasting process is another activity that requires treasury to collaborate closely with other departments. As Polykrati explains, "You have to improve all your relationships in order to have all the data that comes into the forecast – it's important to be proactive and understand the pain points.

"We're aiming to support all departments and identify opportunities for further automation. At the end of the day, it's about making the best use of people's time, by minimising manual, repetitive tasks, teams can spend more time on more meaningful and value-added projects."

Treasury and legal: winning as a team

At Wolters Kluwer, a global leader in professional information, software solutions and services, treasury and legal have a long history of working together effectively – not least because of the positive relationship built by George Dessing, Executive Vice President, Treasury & Risk, and Joost Spiertz, Director Corporate Legal Affairs, who have been working together successfully for about ten years.

While a treasurer and a lawyer may have different perspectives, Dessing and Spiertz explain that it is possible to bring those perspectives together in pursuit of a common goal, in order to deliver a deep impact when it matters most. Key to achieving this is investing in the relationship and keeping both parties updated on developments in the business, as well as the market in which the company operates.

What's needed for treasury and legal to work together in a positive way?

GD and JS: In order for us to work smoothly, a high level of trust and respect is required, whereby we stimulate an open, engaged and proactive mindset. This can be achieved through transparency, reliability and recognising each other's contributions.

A good dose of fun and passion is also greatly appreciated, as we need a best-in-class mentality to deliver the value-add, and to 'aim high and deliver'. The running gag between our teams is as follows: if a CFO asks the treasurer what the solution to 'one plus one' is, the treasurer would answer, 'What would you like to see?' If a CFO asks the same question to a lawyer, they will say, 'Let me quickly check this with my external legal counsel.'

How important is teamwork as part of this relationship?

GD and JS: Having strong company values and cultivating them is important. One of our core values at Wolters Kluwer is teamwork, under which we aim to win as a team.

Although we have a lean-and-mean mentality, and have to be mindful of each other's time, teamwork is all about people. Therefore we dedicate time on a regular basis to come together as teams to discuss the external and internal capital structure of our operating entities. If this is done effectively and efficiently, we strongly believe this will save you time down the line and will engage our teams more closely together.

How do you bridge the knowledge gap between treasury and legal?

GD and JS: Another core value at Wolters Kluwer is that we strive to make things better. Under this shared value we have mutually educated each other on our respective professions. The treasurers can read contracts, and the lawyers have a good sense of the underlying business impact of the financial projects. This helps make collaboration far smoother, and the extra perspective results in an overall better result.

Treasury and FX dealing: strength in numbers

The Thomas Cook India group has a set-up that is both novel and complex. The group's flagship company, Thomas Cook India Ltd, is listed on the Indian stock exchange and is the country's largest non-bank foreign exchange (FX) player, as well as being one of its oldest. It functions like a bank, and is also the country's largest integrated travel company, working alongside its subsidiaries across 28 countries as a conglomerate.

With the company effectively acting as both a bank and a corporate, internal functions such as treasury are able to experience the best of both worlds. The group treasury team handles end-to-end treasury for the companies in India, as well as for the Mauritian holding company called TCIM, which is a holding company to several overseas entities of the group. The team also acts as a treasury support function for entities across the remaining 27 countries.

Meanwhile, the FX dealing room is akin to the forex dealing room of a bank. As such, it undertakes activities such as forex cover (hedging), currency swaps (funds management) and remittances, as well as a variety of FX business activities. "People mistakenly think of the treasury and the dealing room as a team, whereas we are more like a family – a closely knit unit which works together shoulder to shoulder, and has fun together," explains Vice President & Head – Treasury Amit Baraskar. "There are times where we forget that we belong to two distinct teams, with different lines of reporting." That said, he emphasises that the dealing room remains fully independent from a control and compliance point of view.

According to Baraskar, this union of teams has achieved much through its synergies, leading the company and individual team members to gain multiple awards and achieve industry recognition across Asia. Some of the most significant results of this collaboration include the following:

- **Improved financial efficiency through co-ordinated cash management.** Different members of both teams are responsible for handling different 'kitties' in multiple currencies, with bank accounts spread across more than 12 geographies.
- **Reduced cost of borrowing through strategic funding initiatives.** By using currency swaps effectively, the two teams have been able to open new doors and give the company access to funding and investing options which might not be available to a more traditional treasury. If large and sudden funding requirements arise in one unit, they can be met by the other.
- **Risk management and hedging.** Enhanced risk management leads to better financial stability, while the company's profit margins are protected from adverse currency movements. Where hedging is concerned, the treasury team is able to consult the dealing room and tap into the team's expertise when undertaking hedging activities.
- **Optimised investments.** By tapping into arbitrage opportunities across different geographies, the treasury is able to devise optimum investment strategies for making better returns.
- **Navigating Covid-19.** During the challenging Covid-19 period, both teams ensured prudent financial management and the availability of funds at optimum rates.

Members of both teams are temporarily aligned whenever the need arises. Likewise, any staff shortages that might arise in the dealing room can be met by treasury team members, and vice versa. As Baraskar observes, "This collaboration sets a beautiful example of 1+1 being 11, and not just 2."

This year, the team is working to align the mid offices of both the treasury and the FX dealing room into an integrated middle office which can work in a coordinated and synchronised way, ensuring that learnings and best practices are learnt together and harnessed effectively.

Eyes on the prize

Julia Donegan
Global Treasury Director

Headquartered in Atlanta, Georgia in the US, Newell Brands (NASDAQ: NWL) is a leading consumer products company with a portfolio of 50 well-known brands, including Graco, Coleman, Rubbermaid, Parker, Yankee Candle, Spontex, Campingaz and Sharpie.

The company's history dates back to 1903, when Edgar Newell founded the Newell Manufacturing Company in New York. The company has subsequently grown through a number of mergers and acquisitions, with Newell Brands formed in 2015 following the acquisition of consumer products company Jarden.

Today, the company employs around 24,000 people worldwide and sells products in 150 countries around the world. The company recently reported net sales of US$1.76bn for the full year ending 31st December 2024.

When embarking on a challenging initiative, it's essential to have a clear view of the end goal. Julia Donegan explains why her past experiences have proved invaluable while building an award-winning treasury function at Newell Brands.

Treasury teams can come in many shapes and sizes, each of which has its own set of challenges and opportunities. Julia Donegan is a treasury professional who has experienced both ends of the treasury maturity spectrum, moving from a highly efficient treasury environment to embrace the challenge of building a treasury function almost from scratch.

Donegan initially started her career in accountancy. "When I was training to be an accountant, I did a lot of contract roles," she explains. "I ended up at Post Bank, which was a short-lived bank in Ireland. While I was there, I worked in every part of the finance team, including treasury."

While she describes her work in this role as "very basic", recruitment agents subsequently advised her to pursue the treasury route instead of accountancy, which led to a contract role at pharmaceutical giant Pfizer's treasury team in Dublin – "and I actually loved it. I realised I would much prefer this to being an accountant on a permanent basis."

Donegan went on to spend ten years at Pfizer. Initially focusing on day-to-day liquidity management and reporting, she worked her way up through a series of roles which culminated in her appointment as Treasury Team Lead. In this role, she managed a team of seven while leading key strategic projects and managing day-to-day liquidity management activities.

"Throughout my time at Pfizer, I learned the ins and outs of treasury, and in the later years I pushed myself forward to do a lot of projects within the team," she recalls. "My responsibilities included migrating activity from centres across Eastern Europe and the Middle East and Africa into the Dublin treasury function."

But when she was approaching her ten-year anniversary of joining Pfizer, Donegan felt that the time had come to apply herself to a new challenge. "Pfizer was a really well-established treasury function that did everything really efficiently, but I wanted to try something a bit different."

This desire for change took her to Newell Brands, a manufacturer, marketer and distributor of consumer products ranging from baby buggies to kitchen utensils. With the company in the process of establishing a new treasury team in Europe, Donegan was the first treasury colleague to be hired in Dublin.

"It was essentially a startup treasury function," she explains. "We had some treasury activities based in a service centre in the Netherlands, but it wasn't really a corporate treasury function. The idea was to start afresh with a treasury function for EMEA."

Gaining industry recognition

Donegan's initial remit in her role was to set up a treasury function in Dublin that would take on the activities that had previously been carried out in the Netherlands. She also embarked on a request for proposal (RFP) process in order to restructure the company's banking arrangements – an initiative that was recognised in the 2024 Adam Smith Awards programme, with Newell Brands named **Overall Winner in the Best Transaction Management Solution** category.

This award-winning project involved transforming the company's banking structure which previously included 14 cash pools across six banks, 179 intercompany loan relationships and 27 bank relationships.

Without a centralised approach, pool balances had to be monitored manually, with physical wire transfers between accounts. Meanwhile, many of the company's bank accounts sat outside the liquidity structure. Other challenges included insufficient transparency throughout the company's EMEA structure, which was managed locally, as well as a lack of real-time reporting on bank accounts.

To address these issues, Newell Brands worked with Citi to put in place a fully centralised structure which included a multi-entity, multi-currency pool based in London, with automated end-of-day sweeping. During the project, the company also consolidated its netting process. As a result of these efforts, Newell Brands has achieved 90% cash concentration – up from 40% before the project began – while gaining more visibility and control over cash.

"This was a huge project, because we were trying to balance setting up an operation, running the day-to-day activities, and also running this huge project with a very small team that essentially consisted of a treasury systems manager and a contractor," says Donegan. "It was very different from what I had been doing at Pfizer, and there were days when I was asking, 'What have I done?!' But I also really enjoyed building something from scratch, and being able to say, 'This is how it should look.'"

As part of this exercise, Donegan decided early on that existing processes wouldn't simply be transferred from the centre in the Netherlands to the new treasury. "It was important to look at each of those processes critically and say, 'No, this doesn't make any sense. Let's start again – what should treasury look like?'"

Following the success of these initiatives, the company's APAC treasury operations were moved into Dublin and the treasury team was expanded. "That was another big project – it involved going to our former colleagues in Hong Kong and seeing what they had done, and then migrating it into Dublin," says Donegan. "Again, there were a lot of cases where we looked at the existing process and took the time to standardise them."

"At the same time, we were working to get a lot of our forecasting to work through our new treasury management system (TMS), which is SAP S/4HANA."

Creating a blueprint for treasury

While working on these initiatives, Donegan says her approach was greatly informed by her previous experience at Pfizer. "I knew what treasury should look like, what it should do, and what I wanted to build towards. Without that, I think you would be a bit directionless. Even though I didn't have the same systems and the same resources, I knew what we could achieve using some great workarounds."

In one such workaround, the treasury was able to start using one of its main banks like a TMS. "We got all the banks to feed their balances and statements into that bank, and we would pull reports directly. We could see all our balances and payments in and out. We used workarounds for a long time, but I knew where I wanted to get to."

Then, in April 2024 Donegan was appointed to her current role as Global Treasury Director. Today, she is responsible for all of the company's treasury operations around the world, overseeing a team of 11 people.

"I report to the SVP, Treasurer and Chief Tax Officer. Treasury is essentially divided into two functions – I'm responsible for treasury operations, and there is also a team that focuses on debt capital markets. My team is based across two locations – Dublin and the US – and between those locations we cover EMEA, APAC, Latin America, the US and Canada. We also have a small sub-compliance team that manages our compliance and control globally."

Today, Donegan says she is largely focusing on standardising treasury processes around the world. "When I've taken over each region, I've tried to make sure the forecasts are similar. I'm also working on a banking restructuring project in Latin America, as well as working on various legal entity projects and rationalisation and tax projects. And we're looking to further roll out our S/4HANA system and go live with our netting this year.

"But alongside all of this, I'm still involved in the day-to-day activities – I catch up every day with the team and talk through any problems they might be having."

Driving improvements

With 47 countries and 600 bank accounts under her remit – all of which operate differently and provide information to the treasury in different ways – Donegan says that standardising the cash forecasting process is an ongoing challenge. "A lot of the difficulties that arise can be linked back to how we receive data, and the quality of that data. Likewise, challenges can arise if we're not receiving forecasts from the right people."

With so many touch points across the organisation, Donegan points out that anyone who spends money or interacts with bank accounts can have an impact on treasury operations. "Our businesses are very varied, and a lot of them can be quite seasonal, such as our camping businesses and Yankee Candles."

Nevertheless, the organisation's 'One Newell' initiative has included a drive towards greater standardisation to increase uniformity across the different business units. "That's an organisation-wide project, rather than a treasury project, but we're hoping it will make our lives easier, with fewer touch points," says Donegan.

In the meantime, one approach which has helped to address the challenges presented by the company's myriad brands is the use of notional pooling. As Donegan explains, "What that means is that if an entity tends to pick up in December, but has a slow February or March, we no longer have to fund it individually using inter-company loans – we can just balance it through the notional pool. So that has provided a lot more stability."

And while the team is still fairly small, Donegan says that harnessing automation through automatic sweeping and straight-through processing of FX transactions has done a lot to ease the daily pressures on treasury.

"That means we can be more on top of any emergencies that happen and also improve our processes so we can see those emergencies coming sooner," she notes. "But that doesn't mean I'm not going to get a phone call tonight saying that a big tax payment needs to be done by tomorrow! It's always important to build in time to react to any unforeseen situations that might arise."

Looking further ahead, Donegan is interested in the potential benefits that could be achieved with AI-powered forecasting. "We want to work towards predictive forecasts, whereby you can use all the information you have collected over the years and use it to predict what is going to happen this year.

"But like many other treasury functions, we're not just on a single ERP system, so getting all of this information together is the really hard part. I think that continuing to work on having all our data in one place will be really beneficial."

Likewise, she highlights the importance of gaining more control and visibility over the company's existing data, "because the more information you have, the better these new technologies can predict what's going to happen. If you're only feeding in data from one ERP system, it can only tell you what's going to happen in a very limited way."

Taking stock

During her career, Donegan has experienced two very different types of treasury function. But what her roles have in common is the opportunity that treasury presents to get involved in so many activities across the organisation. "There are very few things within the organisation that don't hit treasury – everything revolves around cash, and if cash isn't working then everyone feels the impact," she reflects. "You're working with so many different teams and projects."

At the same time, she says treasury is characterised by a blend of two very different elements. "On the one hand, you know what you need to do on a day-to-day basis, so that aspect is quite controlled and steady. But at the same time, you can be involved in a lot of strategic projects and be pulled in when things go wrong for different teams. I really enjoy that combination of controlled activities and constant change."

Given the diverse challenges that can arise, Donegan observes that the treasurer's role is one that requires flexibility, as well as an openness to learning new systems. "And personally, I feel that my accounting base gives me a good grounding in how everything flows," she says. "It's something that I've never struggled with, even when dealing with legal, tax, accounting or audit. I think that can be more of a challenge if you don't have an accounting background."

Alongside the demands of her role, Donegan spends her time outside the office looking after her three children. "I'd like to say I have some great hobbies or go on ten-hour hikes, but mainly I'm a chauffeur!" she laughs. "My role is very busy, so when I'm off I am really focused on spending as much time as possible with the kids and keeping everything in life running smoothly."

Looking back over her career so far, Donegan says she's glad she took the risk of leaving an organisation she loved to jump into something new. "I think to develop your career, sometimes you've got to make those decisions about what you really want. And it was a worthwhile risk – I've been with Newell five years, and I've progressed from manager to senior manager to director, and then global director. It's been a lot of hard work, but it's also been very rewarding."

RTCs in MENA: a growing trend

Global companies are increasingly setting up regional treasury centres in the Middle East. The trend reflects a growing need by MNCs to differentiate between restricted and free-market treasury operations and is being driven by structural shifts in treasury operating models. The benefits span real-time oversight, faster decision-making and regional insights on capital controls, repatriation constrains and compliance requirements.

A growing number of regional and multinational firms from Europe, America and increasingly China are setting up regional treasury centres (RTCs) in the Middle East. Treasury Today interviewees say firms in sectors including logistics, energy and consumer goods want to manage their footprint across the wider Middle East and African region out of new organisations based in the region.

Much of the corporate treasury expansion is coming off the back of the region's multibillion-dollar mega projects which have created a burgeoning demand for goods and services. As businesses grow in the region, the need to manage treasury aspects becomes more important. At the same time, the financial hubs Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) have helped draw large corporates to set up RTCs.

In some cases, for companies from East Asia – especially China – the strategy is part of a dual treasury setup characterised by one leg in MENA and another in Singapore or Hong Kong to manage global operations. In another trend, the shift from single to dual (or even multiple) RTC models reflects the growing need amongst companies to differentiate between restricted and free-market operations, and to segment treasury accordingly as the region continues to attract global investment and act as a bridge to Africa and Asia. "The rise of RTCs is also being driven by structural shifts in treasury operating models. Traditionally centralised in global HQs, treasury functions are now decentralising to better align with business growth in frontier and emerging markets," explains Marion Reuter, Head of Transaction Banking UK & Europe and Head of Transaction Banking Corporate Sales UK & Europe at Standard Chartered.

She says a key driver is the need for real-time oversight and faster decision-making in regions where regulatory conditions can change quickly. Having treasury teams in the region offers not just time zone alignment, but also sharper regional insights, which are critical for navigating capital controls, repatriation constrains and compliance requirements.

The key role of a RTC is to serve as the central hub for managing a company's regional liquidity, funding, cash flow and financial risk, she continues.

> By opening a regional treasury centre in the UAE, we are reinforcing our internal resources on the ground, enabling us to react more swiftly to regional requirements.
>
> Ulrich Schiessl, Managing Director, Siemens Capital Middle East

Beyond operational support, RTCs play a strategic role by driving standardisation, improving visibility across entities and enhancing financial decision-making. They enable better control of working capital, facilitate intercompany lending and FX management as well as interest rate exposures and often act as Centres of Excellence for broader advisory functions such as capital planning, M&A treasury support and yield enhancement.

Selecting the right location

Selecting the right location for a RTC is critical. Key requirements include a stable regulatory and legal environment, favourable tax regime, liberal capital movement policies and access to a well-developed banking system that offers sophisticated treasury products like cross-border cash sweeping, liquidity management, notional pooling and payments-on-behalf-of (POBO)/receivables-on-behalf-of (ROBO) capabilities.

The location should also provide a strong talent pool with treasury expertise, be digitally connected to support ERP/TMS integration and be well-aligned with the business's operating time zones to support agility in decision-making.

Reuter says the UAE remains the top choice in MENA for hosting RTCs due to its world-class banking infrastructure, stable and business-friendly regulatory environment in DIFC and ADGM and the unparalleled ease of doing business and liberal foreign exchange regime with no capital controls.

"The UAE offers access to a deep pool on multilingual treasury and finance talent, fully convertible currency and comprehensive liquidity management solutions including domestic and cross-border sweeping and notional pooling. The UAE also benefits from economic and political stability, strong global connectivity and is a considered gateway to Middle East and Africa, making it ideal for regional cash and risk centralisation," she says.

"For companies operating across restricted markets such as Egypt or parts of Africa, a RTC in Dubai can offer the ability to act swiftly when regulatory environments shift. A company with a RTC in the region can react quickly – mobilising regional knowledge and engaging banking partners – while their headquarters (HQs) may not yet be open due to time zone differences. In such scenarios, a RTC moves from being an operational hub to a strategic enabler," says Reuter.

Siemens opened a RTC in Abu Dhabi in 2019 in a bid to deliver funding faster to the company's businesses. The centre in ADGM serves Siemens subsidiaries in Libya, Egypt, the Gulf States, Iraq, Afghanistan, Pakistan and Yemen, and was the fifth treasury centre that Siemens operates globally, joining other regional units in Hong Kong, Beijing, Mumbai and Iselin (New Jersey).

"By opening a regional treasury centre in the UAE, we are reinforcing our internal resources on the ground, enabling us to react more swiftly to regional requirements," said Ulrich Schiessl, Managing Director of Siemens Capital Middle East.

Saudi Arabia is also an increasingly viable alternative, driven by ongoing economic liberalisation under Vision 2030. It offers strong domestic payment infrastructure (including SARIE and Instant Payments), full availability of both local currency (LCY) and foreign currency (FCY) accounts and domestic sweeping capabilities (cross-border sweeping requires manual intervention).

However, Reuter notes that account opening for non-resident non-Gulf Cooperation Council (GCC) individuals is subject to approval, and while FCY can generally be converted, practical hurdles and policy shifts may occasionally limit flexibility.

Moreover, if a company doesn't have a regional headquarters in Saudi Arabia, it isn't eligible to bid for government contracts or those issued by state-owned companies like oil giant Aramco. In the recent past, most businesses selling their wares into Saudi haven't operated out of Saudi Arabia. In a hub and spoke structure, many tend to register in countries like the UAE or Bahrain and fly executives into Saudi when needed. Now new rules that foreign entities must register, pay tax and employ Saudi nationals in a quid pro quo for accessing the market are changing this approach.

The strategy is already bringing results explains Stuart D'Souza, Founder and Director of Arabian Enterprise Incubators (AEI Saudi) which supports foreign companies doing business in Saudi. "There is nowhere else like Saudi on the planet. The market is characterised by optimism and confidence underscored by the government's flagship Vision 2030 policies."

Qatar, Bahrain and Oman each offer stable and modern financial systems, with full currency convertibility (Qatar has restrictions of converting LCY to USD) and domestic sweeping options, continues Reuter. Bahrain in particular is known for its liberal regulatory approach, absence of capital controls and relatively streamlined banking operations.

Oman and Qatar support modern payment systems and banking digitisation but offer more limited liquidity structuring capabilities. Egypt provides a large labour force and deep local banking presence, but foreign exchange (FX) availability, currency transferability and administrative hurdles can pose operational challenges for treasury centralisation.

"Each city has specific areas they are focusing on, including legal and regulatory aspects required for the efficient functioning of a treasury centre. As these setups mature, we would expect each of them to attract different clients, based on each corporate's requirements," predicts Sameer Shah, Head of Cash Management Sales for Middle East and Africa at Deutsche Bank.

The process

In the process of setting up a RTC, there are several do's and don'ts to consider. On the "do" side, companies should clearly define the RTC's role within the overall treasury model and ensure alignment between headquarters and regional functions. Investing in technology and automation is essential – connecting the RTC to global ERP and TMS platforms improves efficiency, transparency and control.

Standardising treasury policies, processes and controls across all entities and locations will also help reduce complexity and operational risk. Partnering with banks present in the market is another important enabler for smooth liquidity and cash management.

Companies should avoid over-centralising decision-making without clarity of responsibilities, as this can lead to confusion or control issues, says Reuter.

It's also important not to overlook local regulatory requirements, especially around FX controls, tax rules and intercompany transactions. A fragmented technology setup or inconsistent processes between HQ and RTC locations can lead to inefficiencies and data quality issues. Lack of local talent or weak governance structures may also pose risks.

The biggest risks to consider include sudden regulatory changes, restrictions on fund repatriation or FX convertibility challenges – especially in emerging markets. Technology integration issues, operational silos or inadequate risk oversight can also impact the success of the RTC. A well-structured RTC can deliver significant value, but success depends on selecting the right location, aligning stakeholders, choosing the right banking partner and building a robust future-ready operating model, she adds.

"Letting subsidiaries manage treasury aspects and not setting proper governance with policies and procedures can create risks for the organisation. Aspects like currency risk, tax subjects like transfer pricing, withholding taxes, etc, and subsidiary capital structures are complex and require specialised knowledge to manage closely and effectively," concludes Shah.

Case study

Mohamad Kortam

Regional Treasurer, Africa and Middle East, Lesaffre

Lesaffre is the world's global key player in fermentation and has operations and markets in 70 countries across MEA from Turkey to South Africa and Morocco. Our regional treasury function is based out of Dubai because it is the best location from which to manage our bank relationships. As the Regional Treasurer, reporting to the Regional CFO, I collaborate closely with Regional Directors and Finance Managers to optimise cash flow, secure funding for working capital, expansion projects and M&A, while strategically managing exposures related to foreign exchange, interest rates and commodity risks.

However, we don't have a shared service centre dedicated to treasury in Dubai to carry out treasury functions or transactions because all this goes through our parent entity in France. The company decided to locate a regional treasurer in Dubai because of the number of representative bank offices based in Dubai. For example, African banks may not have operations in the GCC or fully fledged branches, but they all have representative offices here – so if I need to speak to our local bank in Kenya I can contact the representative in Dubai.

Dubai has also become an important centre of financial events which are a wonderful platform to network with other treasury professionals in the region. These events give treasury professionals access to financial service providers to find out what they are offering and how we can enhance the way we do things. There is at least one event a month, which would be costly and time consuming to attend if I am based outside of Dubai.

Dubai attracts more talent, and people are drawn to the Emirates by the absence of a salary tax. But it's more costly for a company to hire people in Dubai, and relocation costs are also high. I was Group Treasury Manager at Mantrac Group, the Africa distributor for Caterpillar, before I joined Lesaffre, and even though Mantrac had its group treasury in Dubai for banks' relations and facilities management, they set up a treasury shared service centre to manage the operations and transactions processing for the region in Egypt as it is cheaper. I believe it's quite a sensible approach for companies to locate their treasury front office operations in Dubai and their back office and treasury management system operations in Egypt.

Dubai also offers cash pooling benefits. It's possible to carry out regional sweeps within the GCC and cash pool into one account in the UAE in dirhams. This is beneficial for companies with subsidiaries in the GCC countries. More and more companies are setting up in Dubai as well as banks and crypto groups. Flexible regulation makes it relatively easy to set up a company but it's definitely getting more crowded – the traffic is crazy.

Why treasurers are opting for cloud based TMS

We explore burgeoning trends around TMS now being hosted as a platform in the cloud. Treasury Today interviewees link the growth in the cloud-based TMS market to increasing demand for real-time financial visibility, scalability and cost-efficiency. Cloud solutions also go hand-in-hand with demand for compute coming from AI but involve treasury grasping an OPEX model of using technology.

The cloud-based treasury management systems (TMS) market is experiencing a spike in growth as treasury teams seek the real-time visibility, scalability and cost-efficiency from cloud-based solutions.

"Cloud-based TMS solutions are rapidly gaining traction due to their scalability, lower implementation costs and ease of integration with other enterprise systems. This has been particularly true since the pandemic," reflects Royston Da Costa, Assistant Treasurer at Ferguson who says SaaS solutions are migrating to the largest cloud-based providers like Amazon (AWS), Microsoft Azure, Google Cloud, IBM Cloud and Snowflake, to name a few. "Software-as-a-Service (SaaS) models allow treasurers to access their TMS from anywhere, enabling a more agile response to market changes and cloud-first architectures facilitate regular updates and enhance cybersecurity measures."

TMS as a platform from the cloud

Sukand Ramachandran, Managing Director and Senior Partner at Boston Consulting Group says it's possible to divide the typical day of a modern treasurer into two halves. In the morning, the treasury role is mostly strategic where tasks might include analysis of the corporate capital structure, long-term plans to raise money or when to pay dividends.

The afternoon is more transactional. Making sure payments go out and ensuring sufficient cash on hand will be front of mind. In the past, meeting these complex technological needs would involve multiple software applications involving separate tech licences and ensuring each was current and secure. Trends in hosting these services as a platform in the cloud via TMS is transforming treasury.

"Treasury management systems are now being hosted as a platform in the cloud whereby treasurers can access their TMS on a platform as a service – they no longer need to solely depend on their in-house technology function to do anything because they are receiving everything as a service. Users are given a login and secure key and can access all their data off a platform which is operated on a cloud provider," explains Ramachandran, continuing. "When the tech function of a company is not a core part of the business, or only a small part of what the business does, it is helpful to get someone else to manage it for you. Firms can benefit from scalability and the ability to respond to increased demand, accessibility and cost efficiency by migrating to a TMS to the cloud."

Integrating AI and APIs in the cloud

Proponents argue that the trend of hosting TMS as a platform in the cloud goes hand-in-hand with the burgeoning demand for compute coming from AI. Corporate treasurers are increasingly using AI for analysis and forecasting, hunting for patterns to help them predict customer payments, sales or potential risks ahead. Companies don't necessarily want to hold the level of compute power this requires because they won't always use it. By accessing cloud platforms, they can tap into AI benefits like forecasting or deep customer analysis on demand. "They don't have to buy the technology capability that might then just sit idle 80% of the time," says Ramachandran.

Modern treasury management systems also integrate banking APIs for continuous updates and seamless connectivity. TMS solutions are integrating APIs and utilising cloud technology to provide treasurers with a 24/7 view of their financial landscape. It's a trend Da Costa believes is a significant game changer. "In my view, API aggregators like Necto that do the 'heavy lifting' for corporates by connecting to multiple third parties, including banks, are a game changer. It is worth noting that APIs can also be used to connect to internal systems, offering additional automation and efficiencies," says Da Costa.

Kyriba is embracing APIs and AI into its treasury management models, maximising the data flowing into TMS to enhance analytics and forecasting. "Cloud is a great tool because all enhancements are rolled out quickly so everyone is on the same version," says Elisamaria Panico, VP Product Evangelist at Kyriba. "Cloud-based solution providers working on enhancements can leverage them quickly. Locally installed TMS platforms are a different story."

Ferguson's Da Costa adds that the shift towards real-time payments is also driving the need for treasury management systems to offer instantaneous liquidity updates that is best supported by cloud-based platform. "With the advent of initiatives like SWIFT GPI, ISO 20022, and domestic real-time payment systems, treasurers require tools to monitor cash positions in real time as well as FX and interest rate risk management solutions driven by live market data. TMS solutions are integrating with banking APIs and utilising cloud technology to provide treasurers with a 24/7 view of their financial landscape."

Key decisions

Admittedly, treasurers are unlikely to make the ultimate decision when it comes to choosing a cloud provider. However, any decision around procuring from a software provider that's a service on the cloud must ensure the same configuration to achieve the same outcomes. It is also important to choose a vendor that can manage the volume of the business, and has the ability to scale up. Risk assessment is also key.

This means analysing the different trade-offs between using a cloud-enabled platform versus a platform run by computers in the building, overseen by an in-house team. It requires an exploration of the different features, capabilities and costs of the different systems and which can best support effective treasury management. Cost benefit analysis will gauge benefits like reduced maintenance and accessibility, particularly for global teams.

"Using cloud services involves a different way of thinking," says Ramachandran. "Companies are either running technology hardware and software from their own domain or they opt to use a third-party provider to run the technology for them and access it remotely through a network. Treasury needs to understand they are moving from capex (capital expenditure) model to an OPEX (operating expenditure) model of using technology."

Under the platform model, treasury teams no longer have to worry about the technology budget and the need to refresh their computer stack because the service provider takes on this responsibility, he continues. The build will use the providers tech and expertise and include infrastructure costs and building the software based off a pricing model skewed to the amount of analysis required. A company will pay a fixed fee or variable fee. Still, treasury teams will have to pay for analysis in the cloud. "In the old world, the capacity of computers constrained us. In the new world, if can rachet up the analysis and get a bill at the end of the month. It's a different paradigm," says Ramachandran.

Securing data is another key consideration. This will involve vendor analysis that evaluates how vendors integrate security frameworks like the data protection act in Europe, KYC and MAL and ISO. Other considerations treasury might bear in mind is the fact large scale providers are **better positioned** to manage the carbon footprint from cloud services. "Large scale providers have stated climate policies that treasurers can consider when they select a provider but in reality it's a very small piece of the puzzle," reflects Ramachandran.

The importance of a streamlined process

Kyriba's Panico warns that assessing the right strategy should be approached in a streamlined and systematic way. This involves a full assessment of current TMS functionality and evaluation of in-house technology capabilities, as well as anticipating the upgrades that will be required in the future to meet the needs of a growing business. "Evaluating the most suitable landscape involves anticipating business growth and the ability of the cloud to manage increased transaction volumes and scale compared to on-premises TMS technology," she says.

She also espouses the importance of cross departmental collaboration in the migration and analysis process, ensuring different teams spanning treasury, IT, legal and information are aligned on all strategic and financial objectives. "I've seen some situations where treasury doesn't have enough visibility in the process, and important business needs get overlooked. Migration decisions work best when treasury and IT collaborate early and bring strategic input together."

"Treasury teams should be proactive in defining what they want from the transition," she continues. This could be the ability to connect to particular banks; obtain a certain type of data, use AI to enhance a solution or connect with an ERP. "Whether it's access to specific bank connectivity, AI capabilities or ERP integration — that needs to be clearly communicated early," she urges. "IT plays a critical role in any treasury technology transformation — particularly around vendor management, architecture and cyber security. But it's essential that treasury stays in the driver's seat to make sure the solution supports long-term business goals."

Migrating to a cloud-based TMS (or any cloud facility corporates buy) changes the role of IT within a company. Teams will shift to focus on strategic planning, vendor management and cyber security away from a hands-on role. Again, treasury should articulate what it requires from IT, she says. "It involves a direct conversation: say 'we want you here', 'you are our eyes and ears on the infrastructure and cyber security'."

This could include issues like the risk of disruptions impacting their ability to access the network. It means a backup plan is important. "Make sure the network connectivity between the cloud and your business is resilient." Are these vendors meeting data privacy regulations properly? What if one of these providers has an outage? A shortage of cloud computing experts within banks, the danger that a cyber vulnerability or incident at one cloud provider may have a cascading effect across the broader financial sector and banks' lack of bargaining power when negotiating contracts with cloud providers.

Other key issues feed into the decision-making process. For example, data hosting restrictions exist in many markets including India, China and Indonesia. It means corporates in these jurisdictions must keep their data hosted in country so that companies in these jurisdictions procuring services in the cloud must make sure the provider is in their own geography.

A tale of two payment systems

While the US has lagged behind other markets in the adoption of real-time payments, recent years have seen the arrival of two separate instant payment systems: RTP and FedNow. So how is adoption progressing, which challenges do banks and corporates need to consider, and how can treasurers harness the benefits of real-time payments?

Recent years have seen the steady adoption of real-time payments around the world. The UK's Faster Payments Service was launched as long ago as 2008, with markets such as Hong Kong, Singapore and Thailand following suit between 2014-2018.

In Europe, meanwhile, the SEPA Instant Credit Transfer was launched in 2017 – and more recently, the Instant Payment Regulation entered into force in April 2024, requiring EU banks and payment companies to be able to receive instant payments by 9th January 2025, and send instant payments by October 2025.

In the US, however, the route to real-time payments has been somewhat different. "The US, unlike other countries or regions, has no government mandate surrounding real-time payments," explains Miyoshi Lee, Director in Global Payments, Global Payments Solutions at Bank of America. "Instead, the evolution of real-time payments has come from traditional supply and demand inputs."

Supply and demand

According to Lee, one significant element has been the impact of consumer expectations on corporate behaviour. "The experience of immediacy in consumer payments is propelling similar expectations from our corporate customers when making disbursements, and even more importantly from our customers' customers," she says.

"By meeting these expectations, corporate customers are able to utilise the key value propositions of real-time payments (eg availability, immediacy, transparency and precision) to create added-value with improved and stickier product offerings. This ability to create value for customers is what is driving the evolution for real-time payments."

Miriam Sheril, Head of Product USA at Form3, notes that offerings such as Zelle, PayPal and other 'instant-like' solutions have been around for years. "The US market is different than other countries in that there are already many private solutions like Wallets and Zelle that are in high use and function as instant payments in many respects," she explains.

"Zelle, in particular, which is owned by EWS (a consortium of US banks), is a P2P network that allows money movement account to account – so it really does act like an instant payment where you are moving money in and out of bank accounts, rather than a prefunded wallet." But as Sheril points out, "the infrastructure to ensure the end-to-end money is truly settling in real time has not existed and that is the gap that the new schemes – RTP and FedNow – are filling."

Launched in 2017, the Real-Time Payments (RTP) network is owned by The Clearing House, a banking association and payments company. RTP is open to insured banks and credit unions in the US and supports the immediate clearing and settlement of payments.

In 2023, this was followed by the launch of the FedNow service by the Federal Reserve, which allows eligible depository institutions of different sizes to provide instant payment services.

While both schemes enable payments to be sent and received in a matter of seconds, the two schemes have different transaction limits, settlement models and message structures.

"Having two instant payment networks in the US creates a competitive dynamic that differs from other markets around the world," comments Bob Stark, Head of Enablement at Kyriba. "FedNow and The Clearing House are both enjoying rapid success, driven mainly by their significant advantages over manual payments."

Growing transaction volumes

Sheril points out that adoption of real-time payments should be considered from two different angles: "There is bank adoption (which must come first) and end user or corporate/retail adoption."

She explains that where bank adoption is concerned, there has been something of a leap since the arrival of FedNow. "RTP started eight years ago and paved the way for the industry, letting the industry set up all the necessary tools around the rails to help with adoption. When FedNow launched, many smaller institutions were willing to join, seeing the Fed as their usual path to accessing payment rails."

Where volume is concerned, she notes that RTP is seeing significant growth, with over a million transactions per day and year-on-year growth of 40%, "which leads to incredible projections for the future." In addition, RTP recently increased its limit to US$10m per transaction, "which significantly opens up use cases."

Following the introduction of the higher transaction limit, TCH **recently announced** that BNY had completed the largest instant payment in US history with a US$10m inter-company liquidity management payment. FedNow, in comparison, has only been live since 2023 and transaction volumes are correspondingly smaller. However, adoption is increasing rapidly. In Q4, FedNow settled over 915,000 transactions, an increase of 172% compared to the previous quarter – and over 1,200 financial institutions are now live on FedNow, compared to 750+ on RTP.

Competitive advantage

According to Stark, the value of real-time payments lies in the ability to increase control over payments. "With instant settlement, treasury teams can time exactly when a payment is delivered, meaning they can hold on to cash literally until the very last second before payment," he says. "Treasurers regain control of the cash conversion cycle, while potentially negotiating improved terms in return for delivering payments instantly."

Bank of America's Lee says that up-take of RTP was initially evident in a few areas, including the gig economy as well as industries such as insurance and large retail, which may need to make time-sensitive payments to consumers. "But corporates are realising there are other benefits to RTP besides speed, and this is opening up new and interesting use cases. RTP can be a competitive advantage, allowing companies to grow and expand by creating differentiated products."

Adopting real-time payments: what to consider

When it comes to adoption, says Lee, "one consideration for companies is to realise what it means to not just originate real-time payments, but to receive them as well." She notes that as a 24/7/365 product, real-time payments are redefining traditional business hours. "To truly unlock the benefits of RTP, corporate accounting systems will need to receive and acknowledge receipts that may occur on nights and weekends," Lee adds. "This becomes especially important where payment due dates or deadlines are involved."

Where origination is concerned, Lee says treasury departments may choose to alter their work hours, and/or adopt mobile solutions such as Bank of America's CashPro app that allow for greater flexibility than traditional 9-to-5 treasury operations, "to meet the changing needs and business models of their customers or vendors."

If there is an ERP system in the mix, she adds, "treasurers will need to ask questions of their providers to ensure they are able to accommodate these payment rails in a way that allows them to take advantage of real-time payments. But most of all, treasurers need to rethink the needs of their own operations and those of their customers to determine how real-time payments can help shift their business model to fit the changing times."

Other considerations include:

- **Payments data strategy.** According to Stark, treasurers need to ensure that their payments data strategy supports real-time payment processes. "Increases in the frequency and complexity of payments fraud schemes necessitate that internal payment validations operate at machine speed – using AI and APIs to ensure only the right real-time payments are transferred," he says.
- **Impact on liquidity.** Form3's Sheril says that from a business perspective, the main change that treasurers need to consider is the nature of real-time payments. "These are irrevocable real-time, credit push instant payments," she says. "Which means that as treasurers consider liquidity, there is no need to reserve liquidity pending the ultimate outcome, as payments are final within 15-30 seconds."

  She explains that this change allows treasurers to reconsider how much liquidity they need, and how to manage their liquidity. "While ultimately this is a benefit, a treasurer implementing these solutions may need to think about which processes to change and when, so as to take advantage of these changes without creating too much negative effect downstream."
- **Fraud risk.** A further consideration is fraud, and Sheril says that while real-time payment volumes in the US aren't yet high enough for this to be a major concern, it's important to bear in mind the saying 'faster payments, faster fraud'. "Since these payments are irrevocable and they happen so fast, you need to make sure you have the right tooling and operations in place to stay ahead of it," she says. "In other areas like Zelle, we are seeing this become a big issue, and it is something to stay alert to."

Chicken and egg

So what might be holding firms back from taking advantage of the benefits of real-time payments? Where bank adoption is concerned, says Sheril, "One of the main barriers right now to adoption, funnily enough is adoption. These schemes work on network effect, so it's a chicken and an egg scenario. While the networks grow, use cases will grow with them – but not all FIs are on these schemes yet, so an issue with adoption is that not all accounts are reachable."

She adds, "Once we are in a position where almost all accounts are reachable, then adoption becomes much simpler as you can move all your use cases over and not have to account for an either/or situation."

Other potential barriers for banks and corporates include the following:

- **Technical implementation.** For banks, Sheril says that technically implementing RTP schemes can be a challenge, which is further complicated by the existence of two different systems. "The cost to implement the connectivity, the messaging, etc, isn't small, and with the differences between the two schemes, that cost is doubled," she says, adding that this effort can be considerably simplified with solutions such as that provided by Form3.

  Likewise, banks may need to consider signing up to receive payments from both schemes to get the full network effect. "But if you use a provider like Form3 that offers smart routing, the pain of having to know which bank is on which scheme, and how to route your payments, can be removed."
- **Transaction limits.** Until recently, says Bank of America's Lee, the US$1m transaction limit presented a barrier, as it created more work for treasury teams to bifurcate their payments portfolio into <US$1m and >US$1m. "Now, with the per-transaction limit being raised to US$10m, that barrier is no longer a point of contention for most use cases."
- **Existence of same-day ACH.** Stark says that the existence of same-day ACH represents the biggest challenge, "as both same-day payments and instant payments help corporate treasurers accelerate payment compared to additional ACH or even cheques." As such, he says The Clearing House and FedNow must continue to innovate in order to demonstrate better value for treasurers, and "convince them to migrate to instant payments from same-day alternatives."

How to set up an in-house bank

What is the best practice when setting up an in-house bank?

Integrating an in-house bank is a complex process. Treasury Today interviewees counsel on the importance of striking a balance between automation with human expertise, and a phased approach. Support from all levels of the organisation and a dedicated IT team are also key to getting to grips with the most challenging elements of the process like regulatory compliance and the required technology infrastructure.

Stefan Windisch
Global Head, IHB
Roche

Roche integrated an in-house bank (IHB) more than two decades ago to establish a centralised treasury function, optimising cash and liquidity management across the group.

By implementing the IHB as the sole communicator with banks for the Roche Group, treasury was able to generate efficiencies through automation and transparency in intercompany payments because they are now settled internally rather than via commercial banks, reducing transaction costs and processing times.

The IHB consolidates FX exposures and allows for centralised hedging, reducing volatility and optimising risk management and we reduced counterparty risk by optimising the number of bank relationships and bank accounts. This also helped streamline cash management activities including treasury payments, overall bank communication and product selection and boosted our ability to negotiate with our banks.

Some of the key lessons we learnt include the need to balance automation with human expertise. While technology plays a crucial role in treasury transformation, skilled professionals remain essential for interpreting data, making strategic decisions and managing stakeholders and their exceptions.

A phased approach to transformation is also important. The IHB was gradually expanded in its early phase rather than implemented all at once, allowing for testing, learning and refinement. A dedicated Treasury IT team was one of many key success factors too. We established an eye-to-eye partnership with IT, Shared Services, banking partners, and internal finance teams, which contributed to the successful output of the IHB implementation. IT played a key role in integrating systems, while bank partners provided strategic insights and operational support.

A new implementation must either replace something existing to something better or truly add value in order to be justified. An IHB not only replaces decentralised banking structures with a more streamlined, efficient treasury model but also creates a positive impact by improving cash visibility, enhancing FX risk management and optimising banking relationships.

If a company operates in multiple markets, with multiple bank relationships, accounts and decentralised treasury management, an IHB can be a game-changer. However, organisations must ensure they have the right infrastructure, expertise and regulatory framework in place before implementation. Indicators or processes to look for the value add could be multiple international subsidiaries, where intercompany transactions are frequent or significant foreign exchange exposure, requiring centralised risk management. Multiple bank relationships in the same region or even country and trapped cash are also driving factors.

The centralisation of processes with an IHB and a dedicated team enable faster responses to changing environments, generate value for the business, and ensure alignment with global corporate guidelines while enhancing overall efficiency. Companies can take their IHB to the next level by expanding treasury solutions, automating processes for greater efficiency, and ensuring agility in response to geopolitical changes, regulations and economic uncertainty.

Faisal Masood
Director Sales
Treasury Cube

In-house banking has emerged as a strategic enabler for modern treasury functions. By centralising cash management, corporates can achieve improved visibility, cost savings and tighter control over liquidity. While setting up an IHB can be complex, particularly from a regulatory and technological standpoint, starting with foundational elements like a centralised payment hub and real-time cash visibility lays the groundwork for broader treasury transformation.

But there must be rational considerations behind taking the decision to implement in-house banking. It is not a fit for most organisations, especially the ones that lack group structures.

Elements of in-house banking that are relatively straightforward include cash pooling and centralised payment processing.

Many treasury software solutions offer well-established tools for pooling cash and automating payments. This centralisation quickly reduces transaction fees and improves cash visibility. When properly documented, intercompany loans lead to immediate cost savings by reducing external borrowing. Basic FX management is also straightforward.

More challenging elements to the process include regulatory compliance. For example, operating across multiple jurisdictions can be intricate. Each country may have distinct rules on intercompany lending, cash pooling and currency controls. Staying compliant requires constant monitoring of international regulations.

Setting up the technology infrastructure – integrating enterprise resource planning (ERP) systems, TMS, and bank portals – can be demanding, as can navigating tax and transfer pricing. Intercompany transactions must align with local tax rules. IHBs also need robust transfer pricing policies and documentation to avoid regulatory pitfalls.

A practical starting point is cash visibility. By consolidating daily bank statements and balances into one centralised view, treasury can accurately gauge the company's overall liquidity. The process involves standardising payment processes, implementing a cash pooling structure and automating intercompany settlements. Once payment processes and cash pooling are in place, move on to more sophisticated intercompany financing arrangements, such as internal loans and netting.

It's possible to navigate regulatory hurdles by appointing a dedicated compliance resource or external advisor to stay on top of evolving regulations. Each intercompany agreement must be carefully documented to satisfy local authorities. It's also possible to overcome technological complexity by investing in a treasury management system (TMS) that integrates with your existing ERP and global bank accounts. Ensure it can scale as the company adds new subsidiaries or market regions. The best way to manage organisational change is to communicate the benefits – lower financing costs, improved liquidity, better FX rates – and involve local finance teams early.

Daan Kurvers

Partnership Manager
Cobase

Building an IHB is not just a technology rollout. Success depends on aligning stakeholders, managing change and embedding the function into day-to-day operations. Based on industry experience and real-world implementations, the following ten best practices can help organisations structure a successful in-house banking journey:

1. Implementing an IHB introduces new ways of working across group entities. It requires commitment from top leadership, a clear budget and defined responsibilities.
2. Start with what delivers the most value fast: cash visibility, internal payments and centralised control. More advanced components like FX netting or working capital optimisation can follow once the foundation is in place. A phased approach enables quick wins and keeps the project manageable.
3. Bring in the right expertise. Whether internal or external, domain-specific expertise in treasury, intercompany financing, legal structuring and system integration is critical.
4. Prioritise legal, tax and compliance early. Ensure intercompany arrangements are properly documented, tax-compliant and at arm's length. Standardised templates and policies reduce complexity while supporting audit readiness.
5. Invest in project management. A successful IHB implementation requires coordination across business units, banks and functions. Dedicated project management ensures timelines stay on track, local teams stay engaged and expectations are aligned across the board.
6. Define a blueprint and operating model. Before selecting a solution, clarify the end-to-end processes you want to support. Will the IHB act as a full internal bank or a payment hub? Define how you want to manage loans, interest calculations and reconciliations.
7. Operate through a centralised hub. Whether using a hub-and-spoke or hybrid model, central coordination is essential. A central hub allows treasury to maintain control while enabling local flexibility.
8. Choose scalable, treasury-ready technology. Opt for platforms that are modular, easy to implement, and proven to support both current and future treasury needs. Some organisations initially focus on bank connectivity and payments, then scale to include intercompany loans, cash pooling and forecasting, without needing external consultants or reconfigurations.
9. Embed the IHB operationally. Treat the IHB not just as a system but as a service. Define clear service levels, assign responsibility, and ensure subsidiaries know where to go for support.
10. Continuously evaluate, learn and improve. Once live, regularly review the IHB's performance. Use feedback from local entities to enhance usability, reduce friction and ensure the platform continues to meet evolving business needs. Celebrate successes and share them internally to maintain momentum.

Next question:

"How have tariffs impacted demand for trade finance?"

Please send your comments and responses to **qa@treasurytoday.com**

So much more than ‘just’ a trade war

For multinational businesses and investors, the rules of the game are changing: market access can no longer be taken for granted, and the political risk of supply chains has never been higher. Taken together, tariffs and tech restrictions form a one-two punch that seeks to rewrite the terms of engagement with Beijing. The strategy has been described as economic containment and China will not yield without a fight. We are effectively seeing a paradigm shift from globalism to bilateralism.

By pulling the tariff trigger on friends and foes alike, Washington sent shockwaves through capitals the last couple of months. Allied leaders have responded with alarm and dismay. Germany’s Chancellor Olaf Scholz bluntly warned “the US has chosen a path at whose end lie only losers, since tariffs and isolation hurt prosperity for everyone.” Such rhetoric underscores the breach these tariffs have opened with Europe, potentially weakening the Western unity forged in recent decades.

Washington is effectively telling partners that grievances will be settled by power, not rules. This “might makes right” approach is forcing traditional US allies to rethink their reliance on America. We may see closer trade cooperation among the EU, Japan, India and others as they seek strength in numbers against US pressure. Trump’s tactics could drive US allies toward independent trade pacts – or even tentative partnerships with China – to insulate themselves from American unpredictability.

Strategically, Trump’s policies risk splintering the united front the US might need on other geopolitical issues. Tensions over trade will spill into defense and diplomacy. For example, frictions with Europe and Asia come just as the US is urging these same allies to support its stance on issues like tech security and Indo-Pacific strategy. By weaponising interdependence against allies, Washington may find fewer takers for future cooperation. In short, the tariffs have injected new volatility into US alliances, tilting the geopolitical balance in ways that could outlast the tariffs themselves.

US-China showdown: from engagement to estrangement

At the eye of the storm is the US-China relationship, now arguably at its lowest point in decades. From a strategic lens, the US is clearly aiming to force a decoupling of the world’s two largest economies. Washington’s message: China’s rise via “unfair” trade practices will no longer be tolerated, and US supply chains must disengage from China’s orbit. This aligns with other US moves to contain China – such as sweeping export controls on advanced semiconductors and efforts to block Chinese access to critical US technology. Taken together, tariffs and tech restrictions form a one-two punch that seeks to rewrite the terms of engagement with Beijing. The strategy has been described as economic containment and China will not yield without a fight.

Chinese officials blasted US tariffs as undermining the multilateral trade system. Beyond rhetoric, China is preparing retaliation. Retaliatory tariffs on US exports are just one of the weapons in the Beijing arsenal. China also holds other levers: restricting exports of critical materials (rare earth minerals and other critical resources essential to US tech and defense), stepping up regulatory pressure on American firms in China and allowing the yuan to weaken to offset tariff costs.

Beijing could even consider (further) unloading US Treasuries or coordinating with other nations to build alternative trade and finance architectures outside US influence (it has already taken steps in that direction).

For multinational companies, the splitting of the US-China nexus means tough choices ahead. Many Western firms had already begun “China +1” strategies (diversifying some production to South-East Asia or Mexico) during the past trade war; now those contingencies will accelerate.

The broader US-China relationship will likely take on an even more adversarial tenor beyond trade. Trust is at a nadir. Any hopes of reviving the defunct “Phase 1” trade deal or negotiating new market access have probably evaporated.

Instead, both nations are bracing for a long-term standoff. The trade war reinforces a narrative in Beijing that the US will do anything to impede China's development, which could strengthen nationalist resolve within China to double down on self-sufficiency (eg the "dual circulation" strategy – that faces obstacles of its own – to boost domestic demand and tech independence).

Geopolitically, a fully antagonistic economic relationship could spill into other arenas – from competition for influence in emerging markets to military posturing in East Asia – as economic interdependence no longer acts as a buffer against conflict.

In sum, these new tariffs could mark a decisive break from engagement to estrangement between the world's two largest economies.

The new era of deglobalisation

Clearly, Trump's actions are not happening in a vacuum – they are both a symptom and accelerator of a larger deglobalisation trend. Trump's trade gambit signals that the era of ever-freer trade flows, which defined the late 20th century, has given way to a new era of economic nationalism. The administration explicitly framed these tariffs as correcting decades of naive globalisation. "Our country has been looted and plundered by other nations," Trump thundered, vowing that "it is not going to happen anymore."

This populist narrative – that the US opened its markets too widely and must now reclaim sovereignty – resonates with many American voters who feel left behind by offshoring and imports. It also dovetails with Trump's domestic political agenda: tariffs are presented as a way to bring back manufacturing jobs and as leverage to force trading partners into "fair" deals, all while raising revenue to offset his promised tax cuts. On a global scale, Trump's sweeping duties reverse decades of trade liberalisation that have shaped the global order. Since World War II, the US led in building institutions like GATT/WTO to reduce tariffs and foster interdependence as a pillar of peace and prosperity. Now, the US itself is actively dismantling that system erecting new barriers around the world's largest consumer economy.

This protectionist turn by the US is emboldening similar sentiments elsewhere. We are effectively seeing a paradigm shift from globalism to bilateralism (or even unilateralism). Deals and alliances may increasingly hinge on "reciprocity" as narrowly defined by each nation's perceived self-interest, rather than on mutual benefits of integration.

The immediate fallout of Trump's tariffs will likely be an upsurge in initiatives pushing deglobalisation into a self-reinforcing cycle. As each country defends its interests, the risk is a cascading tit-for-tat dynamic reminiscent of the 1930s Smoot-Hawley era, when beggar-thy-neighbor tariffs deepened the Depression.

Crucially, the traditional mechanisms to prevent trade spats from escalating – namely the WTO's dispute system – have been marginalised. Not only has the US paralysed the WTO's appellate body in recent years, but it's now withdrawing support altogether. This leaves countries with little choice but to retaliate directly or seek ad-hoc negotiations. We could witness the formation of new trading blocs as countries band together for leverage. For example, the EU and India might accelerate their FTA talks, or Asia Pacific nations may strengthen the Regional Comprehensive Economic Partnership. Meanwhile, global supply lines will rewire along geopolitical fault lines: a US-centered bloc (North America and maybe some allies that strike deals to escape tariffs) versus a China-centered bloc, with others jockeying in between.

Deglobalisation also carries a narrative beyond pure economics – it fits into domestic political trends across many nations. In the US, the tariff push aligns with an "America First" ethos that rebukes multilateralism. In Europe, it may bolster factions that advocate "strategic autonomy" apart from the US In developing countries, US protectionism could fuel skepticism about Western-led globalisation, prompting them to diversify partnerships (for instance, more South-South trade).

Politically, a more fractured global trade environment is both a consequence and a cause of shifting power dynamics. Nations are asserting sovereignty in economic policy even at the cost of efficiency. For multinational businesses and investors, this means the rules of the game are changing: market access can no longer be taken for granted, and the political risk of supply chains has never been higher.

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