

Centralising your treasury

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As organisations expand into new markets, acquire businesses and add legal entities, their treasury operating models rarely keep pace. The result is familiar: cash sits idle in one entity while another draws on an external credit line; the group cash position takes days rather than minutes to assemble, payment controls differ from country to country, and month-end reconciliation absorbs capacity that ought to be spent on treasury management and capital structure.

Treasury centralisation is the response. In HSBC's Treasury Pulse Survey, we observed that over 55% of multinational companies are either operating or actively designing an in-house bank structure, to bring visibility, liquidity and payment control under one common model¹.

Lived experience: Putting theory into practice

With 78% of corporate treasurers actively reviewing their banking account structures to simplify bank connectivity, reduce the number of bank accounts, and improve transparency across the group¹, it is critical to understand that each centralisation structure has consequences beyond treasury. Moving cash between entities creates intercompany positions, which introduce tax, regulatory and accounting considerations. Paying on behalf of a subsidiary raises questions of agency, permanent establishment and beneficial ownership. These are not obstacles to centralisation and are entirely manageable, but if they are addressed too late, projects can be delayed or reopened after go-live.

Corporate treasurers therefore value coordinated support from experienced partners - banks and advisers - who can provide holistic and practical guidance on treasury transformation. The two roles are distinct and complementary. The bank builds the account architecture, liquidity structures, payment rails and connectivity that make a design executable. The adviser sets the target operating model, tests it against tax, transfer pricing, accounting and local regulation in every market in scope, and sequences the implementation so that legal, treasury and technology workstreams land together.

One area where insight is critical is liquidity centralisation. In HSBC's Treasury Pulse Survey, 80% of corporate treasurers have established a cash pool at global, regional or country level to centralise liquidity and automate internal funding¹. The power of this insight was demonstrated when HSBC's Treasury Solutions Group (TSG) partnered with ERM Group to implement a global cash concentration structure to centralise liquidity funding and optimise yield. Beginning with a comprehensive treasury assessment, our analysis revealed opportunities for ERM Group to streamline and concentrate external liquidity and improve access and control through enhanced liquidity automation and reporting. The liquidity management best practice the team shared with ERM Group included a 'heat-map' of the broader regulatory landscape, which highlighted potential local market challenges and restrictions as well as key considerations for effective cash flow forecasting. Alex Baker, ERM Group's Head of Treasury, said 'Working with TSG provided an expert perspective and has supported us in delivering meaningful solutions for our business'.

Whilst HSBC's Treasury Pulse Survey showed liquidity centralisation is now mainstream, some centralised payment models are still emerging. It's all the more essential then to navigate what for many may be a new world with knowledge and insight.

This was evidenced when HSBC worked with a global corporate in the industrial sector to implement a global payments-on-behalf-of (POBO)/ receivables-on-behalf-of (ROBO) model. HSBC provided insights on topics including location of the in-house bank, the country-level regulatory implications of a POBO model and the applicability and value of virtual accounts. Together, the treasury team and HSBC distilled this information into a solution which realised material benefits for the corporate including fewer accounts, more efficient intercompany payments and improved cash visibility.

The adviser side of the same journey is worth illustrating. A European industrial group operating across twenty markets asked KPMG to design its target operating model before any banking structure was selected. The review settled which activities would move to the centre, what authority that centre would hold, and which entities could realistically participate. It identified two markets where cross-border sweeping was not available in practice despite being permitted, and one where the intended in-house bank would have created a permanent establishment. Those findings changed the design rather than the implementation. The banking solution was then procured against a settled structure, and the group avoided the tax and documentation rework that commonly surfaces six months after go-live.

This is the pattern we see repeatedly. Selecting the banking solution is rarely the most complex step. The greater complexity sits upstream: deciding what the treasury function should look like, proving that the design survives contact with local rules, and coordinating tax, legal, treasury and technology teams. Clients who settle that first implement faster and change less afterwards.

Redefining your treasury with HSBC x KPMG Treasury Centralisation Guides

Any treasurer seeking to design and deploy a centralised cash management structure will require granular on-the-ground insight and analysis for all markets, entities and currencies in scope. To equip global corporates to make informed and future-proofed decisions, HSBC and KPMG have jointly published an extensive range of treasury centralisation guides for over 60 markets globally.

As businesses expand internationally, treasury centralisation becomes a strategic imperative. Through these guides, developed with KPMG, we bring together our global insights and practical experience to help clients navigate transformation with confidence.

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These treasury centralisation guides complete the picture by affording the reader detailed insight into what is permitted, and what is market practice in each jurisdiction across topics as varied as intercompany netting, POBO models, liquidity pooling and currency movements as well as key information on local and international tax rules and regulations. The prerequisites and change impacts across governance, compliance workflows and technology infrastructure are also well covered, bringing together HSBC's and KPMG's global insights and practical experience, providing treasurers with handy guidance on any structure they seek to deploy.

Speak to your HSBC and KPMG representatives today to find out more.

Treasurers need more than vision. They need market-level clarity on what's feasible, relevant regulations and operational considerations. These guides provide a practical starting point for an informed centralisation design.