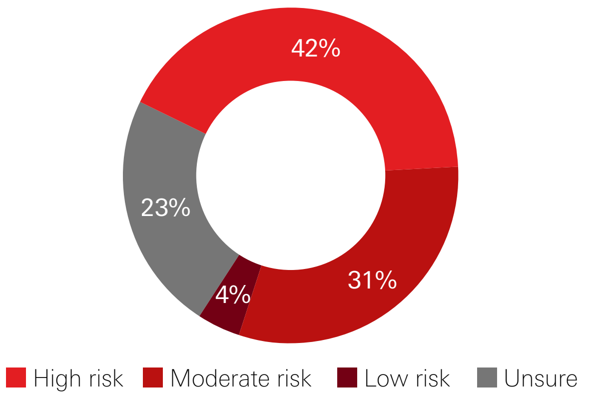
Malaysia

Treasurers were bullish on AI and digital currencies but wary of their own defences

Last year, treasurers at the Malaysia event only talked about basic productivity gains from AI, if they talked about it at all. This year panellists were enthusiastic about AI's potential for cash flow forecasting, liquidity stress testing, FX exposure management and working capital optimisation. 76% expected AI to be either extremely or very useful in three years' time, with a further 21% anticipating that it will be somewhat useful.

Getting there will not be straightforward, however. More than 80% of participants at the meeting believed that treasury was not keeping pace with AI adoption in the rest of their organisation. 69% said that integration with existing systems was the biggest hurdle to adoption, well ahead of cost (45%) and lack of expertise (36%). They saw the potential – 43% are already using AI to improve productivity, and some are talking about more ambitious cash flow forecasting ideas. "We want to keep evaluating AI-driven forecasting tools that can improve cash visibility and control - especially across cash-on-delivery reconciliations and cross-border flows with our Chinese mainland-based shippers," explained one participant.

How do you perceive the risk level of digital currencies in treasury?



50% Of participants were very likely to use digital currencies over the next two years

While interest in AI was high, there is still a need to build skilled resources in-house and deal with the challenges of bringing new technologies into multiple systems. ERP fragmentation was repeatedly identified as a structural barrier to AI implementation and several participants said that they don't have the skills and knowledge to make the best use of the technology. This makes it additionally difficult to get stakeholder buy-in on technology spend.

Managing treasury in a volatile FX and interest rate environment was the number one priority and participants saw AI as having significant potential to assist them in this task. "AI could help us improve six-month cash flow visibility by bringing geopolitical and market shifts into the forecast, reducing uncertainty and enabling more proactive treasury decisions," explained one.

The group was notably enthusiastic about digital currencies, with 50% saying that they were very likely to use them within the next two years. This was the highest result by far among the different markets, with second-placed Hong Kong only polling 25% in response to the same question. Nevertheless, treasury maturity, regulatory uncertainty and the lack of interoperability remain challenges to be overcome.

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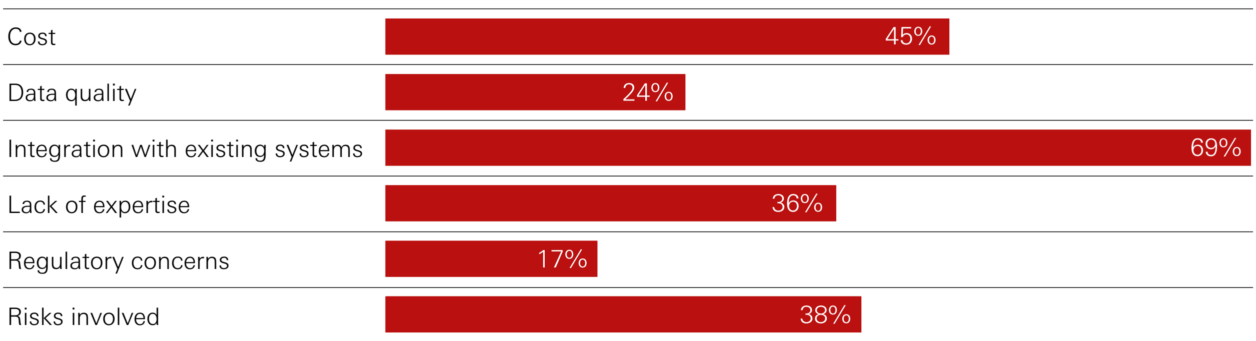
What are the key hurdles to adopting AI in your treasury?



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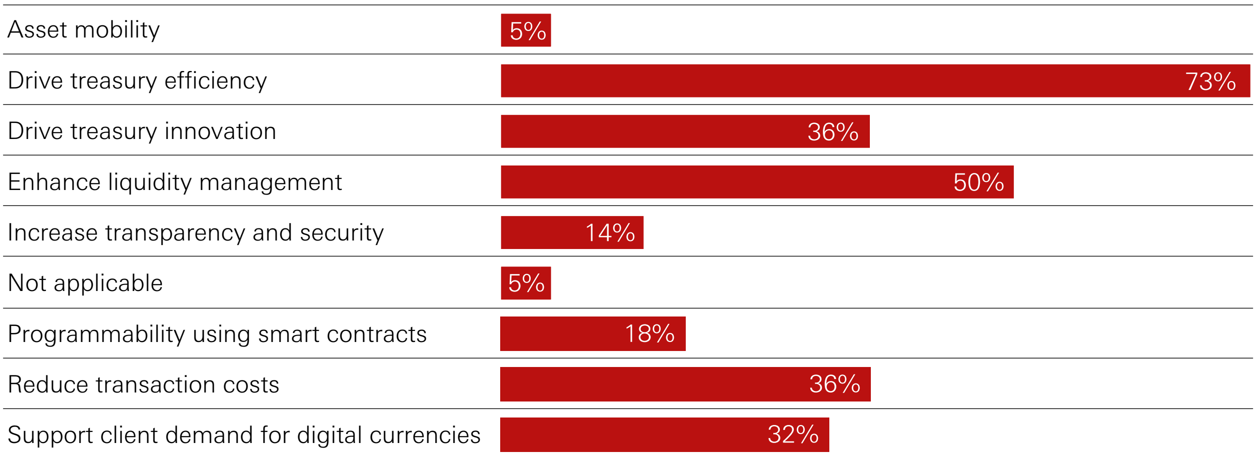
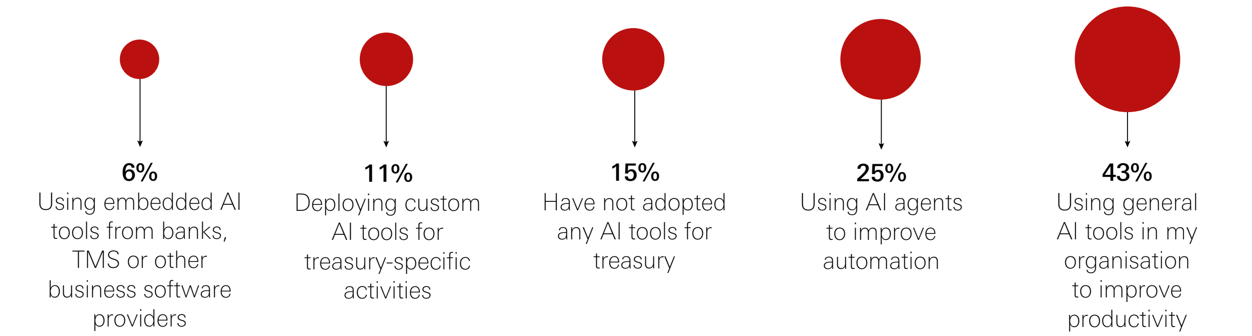
What could be some of the reasons for you to adopt digital currencies?



Which of the following best fits the AI strategy within your treasury?



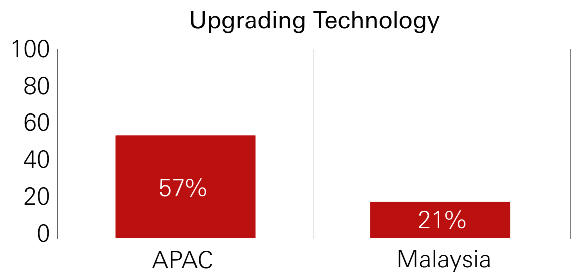
Outlier: Treasury security

Participants in Malaysia ranked the risk of cybercrime and fraud at 8.4 out of 10 which is towards the top end of the rankings; the average score across the region was 7.78. They reported that fraud risk was escalating both in scale and sophistication and that attacks were becoming increasingly personalised rather than systemic.

When asked how treasury security could be improved, however, just 21% thought that upgrading technology was the answer. This was an outlier across APAC where the average response to this question was 57%; only Japan scored lower at 14%. In some markets the view that upgrading technology was most effective way to improve security was overwhelming: in Korea 92% agreed, as did 90% in Chinese mainland and 77% in Indonesia.

The view among the group in Malaysia was that redesigning processes would be more effective in tackling security than upgrading technology – albeit by a slim margin. 24% supported this position, with 18% pointing to better master data management and improving training as additional contributory factors to improving security. There was strong enthusiasm for technology upgrades around digital currencies,

What do you think can improve the security of your treasury?



however, but regulatory clarity and guardrails will be needed before adoption.

Treasurers called for collaboration between banks, regulators and corporates to fight cybercrime, reflecting a general mood of partnership and ecosystems that permeated the event. "It is important that all cybersecurity and anti-fraud measures need to develop and improve in tandem with scammer's ever evolving new tricks," said one treasurer. "An industry-wide regulatory body should set up a framework for better governance."

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