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The Eurosystem project to consolidate TARGET2 and T2S and to meet changing market needs by enabling a truly real-time 24x7 settlement infrastructure for cash, securities and collateral aims at increasing efficiencies and optimising liquidity management across all TARGET Services.

The go-live is scheduled for November 2021, with a big bang migration that will involve all European banks. Any participant not ready by this date will be excluded from central bank monetary operations, unable to pay or be paid in CB money or perform ancillary system settlements. To increase industry focus on this critical undertaking, central banks and the Eurosystem have defined a roster of tasks and milestones to aid a smooth migration and minimize risk.

The role of treasurers has hugely evolved since the financial crisis in 2008. No longer a unit of the bank's capital markets division, focusing on short-term profit and loss, today they are the managers of the bank's balance sheet and its liquidity.

In the current business environment, where banking supervision focuses on short-term and intraday liquidity, cash and liquid assets settlement, a digital approach to managing liquidity is required. Treasurers will soon be able to rely on technology to direct the bank's assets and liabilities, improve forecasting and simulate impact on ratios and regulatory indicators through the use of analytics. They'll also be able to reap the rewards of process automation, concentrating on the more strategic tasks.

The consolidation project, with its big impact on the bank and multi-annual capital budget, is a clear opportunity not to be missed for banks who haven't yet worked on automating tasks, integrating information, scaling up their applications in real-time and forecasting through adaptive intelligence.

Over the last decade the bank's capital expenditure has mostly concentrated on aligning business models and IT systems with regulatory requirements and prescriptive implementations. Being in charge of one of the strategic functions of the bank, treasurers have to ask themselves how they can benefit from digital transformation in liquidity management.

This vital question clearly emerged during the T2/T2S consolidation working group meetings, chaired by TAS Group in partnership with Accenture and KPMG, where over 20 Italian banks recently came together to share a common approach in facing the main challenges that lie ahead in the coming months.

Over five meetings, the group has explored ongoing changes to the treasury operational model, how to interpret the Eurosystem UDFS, project strategy and the best approach towards architectural evolution and system integration.

Data analytics and machine learning are seen as indispensable tools in preparing for instant settlements as well as leveraging the new data and information contained in ISO 20022 messages.

Machine-learning-enabled forecasting allows treasuries to improve the timing and execution of funding, and better analytics and smarter modelling can help cash and collateral optimisation, reducing liquidity buffers, and unlocking new intraday products and services for customers. Data Integration and robotic process automation (RPA) can certainly lighten the workload for account management and payment reconciliations and help treasury to focus on analysis and decision-making.

Last but not least, in the new digital environment, cybersecurity becomes the necessary enabler of distributed and automated treasury processes.

Now is the moment to choose whether to minimize efforts and changes to current processes and systems, or use the Consolidation opportunity to prepare for the future, engage the right partners and deliver real digital transformation.

Don't miss the upcoming webinar: *T2/T2S Consolidation: An opportunity for digital transformation?* hosted by bobsguide on Wednesday 22nd May, 12PM GMT / 1PM CET where TAS Group, KPMG and Accenture will be revealing their strategies for turning T2/T2S Consolidation into an opportunity

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