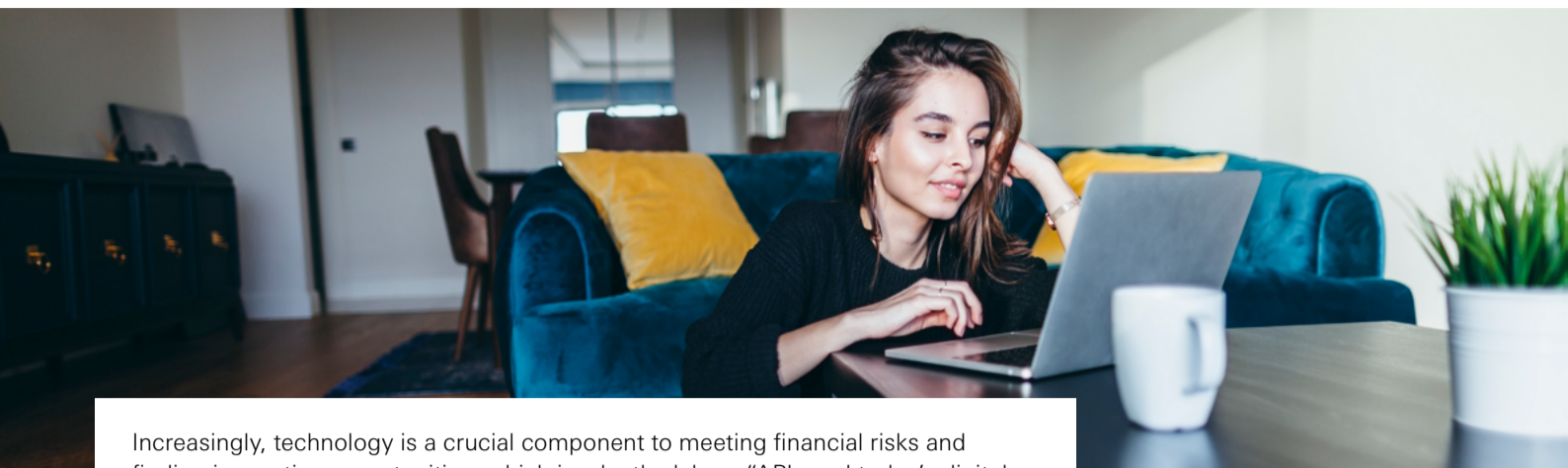


# APIs and today's digital treasury

At this year's ACT conference, **Balancing Risk: Championing Sustainable Growth**, speakers and virtual audiences were focused on the key part risk plays in any treasurer's day-to-day role.



Increasingly, technology is a crucial component to meeting financial risks and finding innovative opportunities, which is why the lab on "APIs and today's digital treasury" was so timely.

Simon Berridge-Burley, senior project manager at the global liquidity and cash management division at HSBC, and Lee Spencer, CFO of digital gift card firm Tillo, outlined the innovation, security, scalability and flexibility available to firms who invest in API technology to build a digital treasury.

## What are APIs?

Application programming interfaces (APIs) are not new – they're a technology that's been around for years. Very basically, they are a software intermediary that allows two applications to talk to each other. However, evolution in technology and open banking protocols, such as PSD2 in Europe, have enabled API innovation in industries such as Financial Services where data sharing was not traditionally possible.

"What we're now seeing are APIs delivering solutions to real-world problems," says Berridge-Burley. "So as you move to a more real time intraday process for management of your cash positions, and as we see the innovation and the trends moving in payments technology, the ability to use APIs in your application infrastructure helps you move at a faster rate across countries and different borders."

## What can APIs do?

The possible applications include the ability to securely track payments globally, 24/7, across multiple agency banks, all while being able to identify the account information before the payment is initiated for fraud mitigation. There will also be the potential to innovate new propositions for customers, the ability to centralise treasury processes and integrate with the wider IT infrastructure across multiple geographies and the opportunity to simplify processes, such as end-of-day reconciliations.

"For me, the main benefit is the access to real time data, real time connectivity. On-demand access to your account balances and transactions, so moving away from either file-based transactions or replacing the use of online banking portals and manual processes," says Berridge-Burley.

"Being able to initiate payments directly from your own systems, without the need for large scale, expensive, new technology platforms. Being able to adopt your own existing systems to benefit from the services offered by your financial partners. And that ability to get updates, to spend less time on the phone to payment operations, to track payments anytime, anywhere, 24/7. We do see a much faster set up, much faster adoption rate, of our APIs through digital systems."

## How secure are APIs?

Critically, APIs can also be very secure, with those in the financial sector using market-leading security. The use of APIs enables companies to create a secure channel with financial partners, where it's extremely difficult to intercept the message between the financial partner and the corporate. Banking APIs also typically allow companies to retain fine control over access to information and ensures all data is secure for encryption. Companies can monitor who has access to the information, which isn't often possible when checking with the bank directly.

"We've invested heavily in the information security and data encryption for our API solutions," says Berridge-Burley. "That's vitally important in today's electronic market, where everyone is concerned with fraud detection and the prevention of anybody being able to intercept your financial communications."

## A real-world example

Tillo allows customers to buy corporate gift cards online and take electronic delivery virtually instantly. CFO Lee Spencer explains that the business was growing fast and the company needed innovative solutions for handling payments.

"From my experience, when you scale rapidly, you quickly generate more operational finance roles, which places more focus on the doing and maintaining, and management therefore spend less time thinking and planning and controlling," he says.

"Managing the daily transactions and bank reconciliations, and maintaining our customer service levels and customer balances was consuming over half the finance team of four's capacity."

Using API-based technologies, Tillo was able to scale and process large amounts of orders and transactions with little to no manual intervention. Because APIs work at high speed, outside of office hours and on any time zone, Tillo could process payments globally any time.

"The benefits are instant access to funds for our customers, reduction of manual processing errors, instant funds approval, and a reduction in customer service tickets relating to receipts," says Spencer.

"We have saved on two FTEs in our current size and refocused the team on controlling the treasury aspects of the department, and our next finance innovation projects."

## What's next for API technology?

HSBC's Berridge-Burley foresees a plug-and-play ecosystem for future digital treasuries.

"We at HSBC are working with the leading treasury management systems and technology vendors to integrate APIs directly into their platform, which means that we can do the bulk of the heavy lifting up front and save the integration time taken to be able to utilise the APIs. We're also working with various fintechs and other financial partners to be able to provide multiple bank connectivity and create a digital marketplace of services," he says.



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Simon Berridge-Burley  
Senior Project Manager,  
Global Liquidity And Cash  
Management, HSBC



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Lee Spencer  
CFO, Tillo

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