



ADD VALUE TO CORPORATE TREASURY THROUGH A DIGITAL TRANSFORMATION

A Q&A guide for insurers

The world is changing fast for treasuries of insurance companies. But with insurers of all types and sizes among its clients, FIS® is well placed to help treasurers keep up and surge ahead. Our enterprise treasury expert, Thomas Jerolitsch, explains how a modernized, digital approach to treasury management can help fend off current challenges and make many positive contributions to a business.



Q&A with
Thomas Jerolitsch
Business Executive,
Corporate Liquidity,
FIS


Q: What role can today's treasurers play in their insurance company's success?

A: Treasurers can play a major role in improving the bottom line, starting with support for operational growth. Successful insurers continue to aim for double-digit growth rates – and no organization can allow its treasury to hold it back.

It's critical that treasurers can both carry out their work effectively and identify new opportunities to drive efficiencies and reduce costs. In particular, insurance firms often still use legacy technology such as mainframe, which is difficult and expensive to maintain and cumbersome to adapt to new market opportunities or requirements.

Q: How can digital transformation help with growth, efficiencies and cost savings?

A: Digitization is the common denominator for meeting these three objectives. Leveraging a modern digital treasury and payments platform will commonly provide opportunities to not only reduce operational costs but also capitalize more quickly on innovations such as new payment standards (e.g. real time payments) or provide better data analysis for decision making – in particular when it comes to hedging.

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Other opportunities to save costs could involve optimizing working capital or establishing an in-house bank, which allows an insurance company to record internal payments and receipts virtually, rather than creating physical settlements.

Setting up an in-house bank may also be a great opportunity to establish centralized foreign currency hedging. That way the organization can capitalize on economies of scale for hedge execution instead of hedging subsidiaries individually.

Ultimately, without the right digital technology in place, today's treasurers can't support growth or execute jobs efficiently. The processes they manage are now too complex – especially payments.

Q: Why and how should the treasurers of insurance companies simplify payment processing?

A: Unlike many other industries, insurers have to manage high volumes of payments, which in turn are a key part of the end customer experience. At the same time, a rapidly changing payment landscape gives insurance companies new opportunities to improve the user experience. As the millennial generation becomes insurance customers, that means providing the digital, real-time capabilities that the market increasingly expects.

However, the rise of modern digital channels and new payment formats has also created connectivity challenges for many insurance treasuries, as well as increasing the risk of fraud. This is especially true when insurers continue to manage payments with outdated, fragmented technology, which is hard to maintain.

The answer is to both digitize and centralize payment processes by running them all through a single, powerful solution like FIS Payment Hub, part of the FIS Treasury, Risk and Payment Suite. A centralized payment platform of this kind will help treasurers gain a clearer view of all your cash flows, increase control over key processes, reduce payment costs and improve liquidity risk management and reporting capabilities.

A centralized system can also greatly simplify connectivity. For example, FIS Payment Hub will connect easily via readymade APIs to an insurer's ERP, banks and multiple payment providers, which eliminates the difficulties and costs of managing connections from different payment solutions. And by automating manual processes and adopting standardized workflows, firms can not only improve controls but also increase efficiency and gain economies of scale.

Finally, there are benefits for the end user customer experience too. With the ability to make more payments in real time, insurers can better serve the customer at the moment of need.

Q: You mentioned the growing risk of payments fraud. How can a single treasury solution help?

A: A payment hub solution can greatly improve the security of an insurer's payments infrastructure by incorporating best-in-class controls for fraud prevention and cybersecurity. What's more, standardized processes, greater automation and enhanced workflows can all help reduce errors and achieve better control, making it easier to comply with security and audit requirements.

Q: What about cost? Can the average insurer afford a new payments solution?

A: Absolutely. As well as being available in a "lighter" version for smaller firms, Treasury, Risk and Payment Suite can run in the cloud, which instantly makes it more affordable and easier to implement, deploy, maintain and scale.

In addition, by providing a full ecosystem for finance, our solution can deliver a full service to your entire business for far less cost than multiple providers.

Q: Market risk and volatility can present another major challenge for today's insurers and their treasurers. How are companies coping?

A: It's true that treasurers in insurance firms are often exposed to multiple market risks. Multinationals, for example, will have to manage foreign currency exposure, while life insurers face interest rate risks to their balance sheet.

In our times of increased market volatility, all these risks need careful hedging. Getting hedging wrong – either under-hedging or over-hedging your risks – can have a significantly negative impact on your firm's P&L and undermine not only the treasury but the wider organization as well.

As a result, more and more insurance companies are looking to improve their IT infrastructure for hedging. Powerful digital systems help firms' treasuries better manage their exposure to risk, get a clearer understanding of their current hedging levels and execute their hedging policies more efficiently and effectively.

FIS is well placed to help insurance clients take their hedging infrastructure to the next level. For years, banks have relied on our innovative technology to deliver hedging services to their customers. Now, we've incorporated the same advanced capabilities into our treasury management solutions, also part of Treasury, Risk and Payment Suite, so treasurers can execute hedging strategies directly within the platform and reduce their operational costs.



Get treasury, risk and payments covered with FIS. Contact us now to learn how we can help you add value to your insurance business.

About FIS

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, system performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index.

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