

Setting up a Treasury Centre Offers Glittering Opportunities

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IS YOUR company looking for a way to manage foreign currencies and liquidity in Thailand more efficiently? If so, setting up a treasury centre is an interesting option.

Why? A treasury centre's scope of business ranges from collection and payment of foreign currency receipts and obligations for affiliated companies to netting, foreign currency transaction management, and liquidity management. As a result, foreign currency transactions of affiliated companies can be integrated to reduce transaction costs. In addition, managing liquidity of affiliated companies helps reduce funding costs and increases efficiency in treasury management.

In addition, the Finance Ministry and the Bank of Thailand relaxed regulations early last month to allow treasury centres greater flexibility in managing foreign currencies and liquidity.

To get a clearer picture of the benefits, imagine your company runs a business with several affiliated companies, involving importers and exporters. With the establishment of a treasury centre, importing and exporting companies' transactions can be netted off, thus lowering transaction costs as the companies do not have to conduct foreign exchange transactions with commercial banks separately and settle on a gross basis.

Another benefit is the ability to transfer foreign currencies between a treasury centre and its affiliated companies in Thailand. A treasury centre can borrow foreign currencies from affiliated companies with excess foreign currency funds to lend to other affiliated companies for payment of obligations abroad. This helps a corporation reduce funding costs and increase efficiency in foreign currency and liquidity management.

Who will benefit most? Multinational companies and corporations with large international trade volume stand to benefit a great deal from having treasury centres as they help improve efficiency in foreign currency and liquidity management.

In conclusion, setting up a treasury centre helps corporations with affiliated companies involved in international trade reduce transaction costs and maximise efficiency in foreign currency and liquidity management.

A treasury centre helps not only corporations but also our nation remain competitive in today's globalised business world.

Those searching for efficient foreign currency and liquidity management should consider establishing a treasury centre in Thailand.

(The views expressed are the author's own.)

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