

# INTRODUCTION:TREASURY OPERATION

# MEANING

- Treasury generally refers to the funds and revenue at the disposal of the bank and day-to-day management of the same.
- The treasury acts as the custodian of cash and other liquid assets.
- The art of managing, within the acceptable level of risk, the consolidated fund of the bank optimally and profitably is called Treasury Management.
- It is the window through which banks raise funds or place funds for its operations.



# **IMPORTANCE OF TREASURY OPERATION IN BANKS**

- Liquidity and Funds Management
- Reserve Management
- Asset Liability management
- Investment
- Risk Management
- Foreign Exchange

# TREASURY OPERATIONS

The Treasury of a bank has two divisions.

- Domestic Treasury
- Forex Treasury

# DOMESTIC TREASURY

1. Maintenance of statutory reserves, viz., CRR and SLR.
2. Managing liquidity.
3. Profitable deployment of surplus resources.
4. Arbitrage operation and making profit.



# FOREIGN TREASURY

1. Funding and managing foreign currency assets and liabilities.
2. Extending cover to foreign exchange trade transactions.
3. Arbitrage operations in foreign currency.
4. Providing hedge and other cover to mitigate the forex risks.

# TRENDS IN TREASURY OPERATIONS IN INDIA

- Service Centre
- Profit Centre
- The department also handles the bank's investments in securities, foreign exchange, asset/liability management and cash instruments.



# CONCLUSION

- Treasury operations in banks are in a state of change. It was just considered as a Service Centre. However the scope of treasury function has been expended and it has now become a Profit Centre
- The role of treasury is more tuned to managing the working capital, repatriation of cash, managing foreign exchange volatility, keeping the cost of capital under control etc. Thus covering the complete financial environment; from capital structure and long term investments to liquidity and working capital management. Thus having an integrated Treasury, thereby adding new dimension to Treasury activities.



# REFERENCES/WEB LINKS

- M.N GOPINATH,2017 “Banking Principles and Operations” edition2017, Mumbai Snow White Publication Pvt. Ltd
- [Treasury Functions | TREASURY - ALM - CREDIT - ALCO - RISKS - POLICIES - PROCEDURESwww.alm-treasury.com](http://www.alm-treasury.com)
- <http://www.businessworld.in/article/Asset-Liability-Management-In-Financial-Institutions/>
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