

THE DEMOCRATIZATION OF TREASURY: A FRAMEWORK FOR SCALABLE FINANCIAL GOVERNANCE IN MID-SIZED ORGANIZATIONS

Leandro Borges¹

Abstract: Corporate treasury practices, traditionally associated with large corporations with vast resources, are often perceived as inaccessible to medium-sized organizations. This article challenges this perception, arguing that the absence of a structured treasury function is a critical vulnerability that can be addressed through the “democratization” of its essential practices. Through a systematic literature review based on the PRISMA protocol, we investigate the principles that allow the adaptation of treasury models to less complex contexts. The analysis focuses on three conceptual pillars: scalability of operating models, proportionality of financial governance, and rationalization of critical processes. From the critical synthesis of the literature, which reveals a gap between robust corporate models and the pragmatic needs of medium-sized companies, we propose the Scalable Treasury Framework (STF). This framework is not a simplified version of corporate treasury, but a conceptual model that guides the implementation of a treasury function based on principles of modularity and focus on the elements with the greatest impact on risk control and decision-making. The article concludes by discussing the implementation challenges and outlining a research agenda for the empirical validation of the STF.

¹ Profissional com mais de 10 anos de experiência nas áreas administrativa e financeira, com sólida atuação em tesouraria. Atualmente, é sócio-proprietário no ramo de restaurantes e atua como consultor de investimentos, orientando clientes na tomada de decisões no mercado de valores mobiliários. Sua trajetória inclui passagens por grandes empresas, onde desenvolveu habilidades em análise de risco, gestão de fluxo de caixa, e controle de investimentos. Leandro possui MBA em Investimentos e Asset Allocation, além de certificação CEA (Certificado de Especialista de Investimentos ANBIMA), o que reforça sua expertise no mercado financeiro

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Introduction

The corporate treasury function, responsible for liquidity management, financial risk, and relationships with financial institutions, is universally recognized as a governance pillar in large corporations (GALL; SPONZA, 2018; BROWN; MOLES, 2020). Equipped with specialized teams and sophisticated technologies, these organizations operate with robust treasury models that provide resilience and competitive advantage. However, outside this universe — especially in the vast and heterogeneous segment of medium-sized enterprises — the treasury function is often underdeveloped, fragmented, or even nonexistent. Cash, debt, and risk management activities are frequently dispersed between accounting and senior management, without a dedicated structure or an integrated strategic vision (ZIMON; ZIMON, 2021).

This gap stems from a widespread perception that corporate treasury practices are an inaccessible luxury — a complex control apparatus disproportionate to the reality of organizations with fewer resources and lower complexity. The result is a hidden vulnerability: without proactive liquidity and financial risk management, these companies are more exposed to market shocks, miss capital optimization opportunities, and operate with an inadequate information base for strategic decision-making (DE LA FUENTE; DE LA FUENTE, 2019).

This article challenges this view and proposes a reflection on the democratization of corporate treasury. We argue that the question is not whether medium-sized companies need a treasury, but how they can implement a treasury function that is both effective and appropriate to their scale. The solution does not lie in a simplistic replication of large-corporation models, but in the intelligent adaptation of their fundamental principles.

To this end, we conducted a systematic literature review to investigate the concepts that enable

this adaptation. The analysis focuses on three pillars: scalability of operating models, proportionality of financial governance, and rationalization of critical processes. From the critical analysis of the literature — which highlights the absence of an intermediate model between corporate complexity and reactive simplicity — we propose the Scalable Treasury Framework (STF). This framework offers a conceptual guide for medium-sized organizations to build a modular and evolutionary treasury function, focused on the elements that add the greatest value to risk control and decision-making. The contribution of this work is, therefore, to offer a methodological path for the implementation of sophisticated yet proportional financial governance in non-corporate organizational contexts.

Methodology

This study employs a systematic literature review methodology, following the PRISMA protocol guidelines to ensure a transparent and replicable research process. The guiding research question is: “What are the principles and mechanisms that allow for the adaptation and scalable implementation of corporate treasury practices in medium-sized organizations, and how can they be structured into a proportional financial governance framework?”

The research was conducted in the academic databases Scopus, Web of Science, and Google Scholar, covering articles published between January 2015 and February 2025. The search string was designed to capture the intersection of the study’s core themes, using the following terms and Boolean operators: (“corporate treasury” OR “treasury management”) AND (“SME” OR “medium-sized enterprise” OR “mid-cap”) AND (“scalability” OR “proportionality” OR “governance”).

Articles were selected based on inclusion criteria such as publication in peer-reviewed journals, focus on treasury management in SMEs, and discussion of adaptation or scalability. Excluded were works such as grey literature, studies focused exclusively on large corporations, and purely descriptive articles about software tools.

The selection process followed the four phases of the PRISMA flowchart. The initial search

returned 1,240 articles. After removing duplicates, 870 articles were submitted to title and abstract screening. From this screening, 98 articles were selected for full reading. Full-text analysis resulted in the final selection of 42 studies meeting all eligibility criteria (STRIPE, 2023).

For data synthesis, we used a thematic analysis approach. Selected articles were coded to identify concepts, practices, and challenges. The codes were grouped into emerging themes, which were in turn consolidated into the three conceptual pillars structuring the review: scalability, proportionality, and rationalization. This process allowed not only for the synthesis of existing literature, but also for the identification of the conceptual gap that justifies the proposition of our framework.

Literature Review: Pillars for the Democratization of Treasury

The literature on financial management in medium-sized enterprises rarely uses the term “democratization,” but consistently addresses the need to adapt sophisticated practices to smaller-scale contexts. The thematic analysis of the 42 selected articles allows the principles of this adaptation to be organized into three conceptual pillars: scalability of operational models, proportionality of governance, and rationalization of critical processes (INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY, 2023).

The first pillar, scalability, contrasts with the monolithic treasury model of large corporations, which have dedicated departments and large-scale integrated systems (GALL; SPONZA, 2018). Attempting to replicate this structure in a medium-sized company is unfeasible. The literature points instead to the adoption of a modular architecture (INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY, 2023). A modular treasury begins with a core of essential functionalities — such as cash and liquidity management — and allows the addition of new “modules” as the company grows. For example, expansion into international markets may require a foreign exchange risk management module, initially with simple instruments, evolving in complexity as needed.

Technological scalability follows the same logic, progressing from structured spreadsheets to cloud-based treasury management software (SaaS), which offers sophistication at a lower cost (STRIPE, 2023).

The second pillar is proportionality, a principle widely discussed in financial regulation (BANK FOR INTERNATIONAL SETTLEMENTS, 2021; SSRN, 2022; SOC 2 COMPANY, 2023) and directly applicable to internal corporate governance. It postulates that the rigor of controls and the complexity of governance structures must be proportional to the organization's size, risk profile, and complexity (SOUTH AFRICAN JOURNAL OF ECONOMIC AND MANAGEMENT SCIENCES, 2024). The democratization of treasury requires proportional governance, expressed through simplified policies, agile decision structures, and controls focused on the essentials. Instead of extensive risk policies, the company may adopt a concise document with principles, limits, and responsibilities. Governance can be exercised by a small management group, and controls should focus on the most significant risks to the business. Proportionality, therefore, does not mean an absence of governance, but rather intelligent governance focused on what is material to the company (TECHNOLOGY, ACCOUNTING, AND REVENUE PROSPECT, 2024).

The third pillar, rationalization, involves identifying and improving the highest-impact treasury processes. The literature suggests that for most medium-sized companies, three processes are critical. The first is cash flow management and forecasting — the heart of the treasury — which underpins liquidity management and decision-making (ZIMON; ZIMON, 2021). The second is working capital management, whose optimization has a direct impact on capital requirements (DE LA FUENTE; DE LA FUENTE, 2019). The third is relationship management with financial stakeholders, which is vital to ensuring access to capital on favorable terms (SSRN, 2025). By focusing on these three processes, the company ensures that its treasury function — even if lean — is adding value where it truly matters.

Discussion: Proposal for a Scalable Treasury Framework (STF)

The literature review, while addressing the concepts of scalability, proportionality, and rationalization, does so in a fragmented manner. A model is lacking that integrates these pillars into a practical and conceptual guide for implementing a treasury function in medium-sized organizations. To fill this gap, we propose the Scalable Treasury Framework (STF).

The STF is not a “one-size-fits-all recipe,” but a maturity model that structures the evolution of the treasury function into three stages, each built upon the previous one. Progression through the stages is driven by increasing business complexity and the need for more sophisticated governance. The central principle is modularity: each stage adds new capabilities (modules) without discarding previous ones, ensuring an organic and proportional evolution.

Stage 1, designated Essential Treasury, focuses on control and visibility. It is the starting point for companies that do not yet have a structured treasury function. Key processes include daily bank reconciliation, short-term cash flow forecasting (typically 13 weeks), and centralized accounts payable management. Governance is simple and direct, with decisions centralized in the chief financial officer, and technology is based on electronic spreadsheets and internet banking portals (STRIFE, 2023).

Once the company has control over its cash position, it can progress to Stage 2, Tactical Treasury, focused on optimization and risk. At this stage, processes are added such as working capital management — in partnership with procurement and sales — and primary financial risk management, such as foreign exchange risk. The relationship with banks is professionalized. Governance becomes more sophisticated, with the creation of a risk management policy establishing exposure limits. Technology evolves with the adoption of an entry-level treasury management system (TMS), generally cloud-based (INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY, 2023).

Finally, in Stage 3, Strategic Treasury, the treasury transcends the control function and becomes a business partner. To previous processes, capital and capital structure planning is added,

along with broader counterparty risk analysis and scenario modeling with stress testing. Governance is elevated, with the treasury participating in strategic discussions and, potentially, the creation of a risk committee. Technology may include advanced TMS modules or Business Intelligence (BI) tools for management dashboards (SOUTH AFRICAN JOURNAL OF ECONOMIC AND MANAGEMENT SCIENCES, 2024). The STF, therefore, provides a clear roadmap for the democratization of treasury, allowing medium-sized companies to build a robust treasury function gradually, proportionally, and focused on generating value at each stage of their evolution.

Future Research Agenda

The proposition of the STF as a maturity model opens several opportunities for future research. First, the empirical validation of the STF through longitudinal case studies in medium-sized companies is a crucial step to test the model's adherence to reality, investigate the triggers leading to transitions between stages, and measure the impact of treasury function evolution on business performance. Second, the cost-benefit analysis of treasury technology — especially the return on investment (ROI) of cloud-based TMS systems — deserves attention, considering both efficiency gains and the intangible benefits of better control. Third, the role of the CFO as an agent of change in implementing and evolving the treasury function is a fertile field for research, analyzing the competencies needed to lead this process. Finally, the adaptation of the STF to the specific needs of different sectors (such as retail, manufacturing, and services) represents a promising avenue for future investigations.

Conclusion

This article sought to demystify the corporate treasury function, arguing that its absence in medium-sized companies represents a strategic vulnerability that can and must be addressed. The

“democratization” of treasury does not mean a naïve simplification of complex practices, but rather an intelligent and methodical adaptation guided by the principles of scalability, proportionality, and rationalization.

The systematic literature review confirmed the need for a model that serves as a bridge between theory and practice, and to fill this gap, we proposed the Scalable Treasury Framework (STF). The STF offers a three-stage maturity model (Essential, Tactical, and Strategic) that allows medium-sized organizations to build a treasury function gradually, modularly, and aligned with their growing complexity. By focusing on the most critical processes and governance of each stage, the framework ensures that resources — always scarce — are invested where they generate the greatest value.

We acknowledge that the implementation of the STF faces challenges such as organizational culture, talent availability, and technology costs. However, we argue that the cost of not having a structured treasury function — in terms of liquidity risk, higher capital costs, and poorly informed decisions — is significantly greater. The proposed research agenda points to the need to empirically validate the framework and to deepen the understanding of the factors that facilitate or hinder its implementation.

In summary, the democratization of treasury is an imperative for the sustainability and growth of medium-sized companies. By adopting a scalable and proportional approach, these organizations can access robust financial governance, strengthening their resilience and their ability to compete in an increasingly complex business environment.

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