



Denar Financial

AI Powered Treasury & Financial Planning

Whitepaper

AI-Powered Cash Forecasting: A Practical Guide for Modern Treasury Teams





Introduction

As treasury functions evolve to meet the demands of a more volatile and data-driven business landscape, the role of artificial intelligence (AI) is shifting from buzzword to baseline. Forward-thinking organizations are embracing AI to gain greater forecasting accuracy, scenario planning capability, and operational efficiency. This whitepaper explores how treasury professionals can use AI—especially in combination with tools they already use, such as Excel—to implement next-generation cash forecasting strategies without the need for large-scale transformation initiatives.

AI offers an exciting opportunity to reimagine short-term cash forecasting, turning it into a more agile, proactive process. This paper offers a pragmatic framework for adoption, including a blueprint for building your first AI-enhanced forecast model, common pitfalls, and real-life case studies.

1. The Current Forecasting Landscape

Challenges Treasury Teams Face Today

Organizations, regardless of size, continue to struggle with:

- Disconnected data from banking systems, ERP, and spreadsheets
- Manual, time-consuming workflows prone to error
- Static forecasts unable to flex with real-time shifts
- Limited visibility and decision-making confidence
- High demand from leadership for better insight and control

These challenges are compounded by rising global uncertainty, liquidity pressures, and the need to optimize working capital. In response, many treasury teams are turning to automation and AI to modernize legacy processes.

2. The Role of AI in Cash Forecasting

From Static Models to Dynamic Intelligence

Artificial intelligence—and specifically the combined power of machine learning (ML) and large language models (LLMs)—can significantly improve short-term forecasting:



- **ML-based pattern recognition** helps detect historical inflow/outflow trends.
- **LLMs like ChatGPT** enable conversational forecasting, scenario simulation, and simplified access to insights.
- **NLP-powered interfaces** let teams interrogate forecasts with natural queries.
- **Integrated intelligence** connects siloed systems through smart data ingestion.

These tools not only enhance forecasting precision but allow treasury to respond to changes faster and with greater confidence.

Key Outcomes Include:

- Enhanced 1–8 week visibility
- Rapid response to cash flow shocks
- Streamlined planning with less reliance on spreadsheets
- Higher confidence in liquidity management decisions

3. Building an AI-Enabled Forecast Framework

Getting Started with Excel + ChatGPT

For many small-to-midsize enterprises, the immediate goal is not a full tech overhaul, but a smarter use of existing tools. Pairing Excel with AI assistants like ChatGPT offers a low-cost, scalable entry point.

Minimum Inputs Required:

- At least 12 weeks of historical bank transaction data for non-seasonal businesses
 - At least 13 months of historical bank transaction data for seasonal businesses
- AR/AP aging reports
- Payroll and fixed cost schedules
- Sales or revenue forecast (optional but helpful)

Framework Blueprint:

1. **Data aggregation:** Organize historical transactions and tag them by category (e.g., collections, payroll, rent).
2. **Trend modeling:** Use Excel formulas or pivot tables to visualize inflows and outflows.
3. **AI analysis:** Input cleaned data into ChatGPT or similar tools with prompts like:
 - “What are my expected cash outflows for the next 4 Fridays?”
 - “If revenue drops 10%, how will cash position be impacted in 3 weeks?”



4. **Scenario planning:** Use AI to simulate adverse and upside cases.
5. **Reporting:** Create a dashboard in Excel or Power BI to share with leadership.

Technology Maturity Path:

- Phase 1: Excel + ChatGPT
 - Phase 2: Add APIs for bank integration
 - Phase 3: Leverage ML forecasting tools (Python, Power BI ML plug-ins)
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4. Use Case Snapshots

Case 1: Services Business with Irregular AR

- **Challenge:** Missed payroll risk due to unpredictable collections
- **Solution:** Excel-based forecast with ChatGPT analysis of AR timing
- **Impact:** Payroll coverage ensured 4 weeks in advance, with fewer overdrafts

Case 2: Consumer Brand with Sales Volatility

- **Challenge:** Difficult to forecast cash around marketing-driven sales spikes
 - **Solution:** AI model trained on sales calendar + seasonality
 - **Impact:** 35% increase in forecast accuracy during promo periods
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5. Risk Considerations and Governance

Managing the Human + Machine Balance

While AI significantly enhances forecasting capability, it is not without risk. Treasury must maintain oversight, especially when relying on third-party tools or external data. Key risks include:

- Overreliance on early-stage AI insights
- Poor data quality leading to inaccurate output
- Lack of documentation for models and logic

Governance Recommendations:

- Use AI as a forecasting aid, not a decision-maker
- Keep a human-in-the-loop for all scenario plans



- Document all assumptions and inputs used in forecasts
 - Validate AI output with actual results each cycle
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6. Next Steps for Treasury Teams

First 30-Day Action Plan

1. Collect and clean 12 weeks of bank data
2. Structure inflows and outflows into Excel
3. Run a basic forecast using trends and formula logic
4. Layer in ChatGPT analysis for pattern validation and scenario testing
5. Present insights to finance leadership
6. Identify 1–2 KPIs to measure forecast accuracy improvement

KPIs to Track:

- Forecast variance (weekly)
 - Operating cash balance vs. expected
 - Time spent preparing vs. validating forecast
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Conclusion

AI is reshaping how treasury operates—starting with forecasting. For companies without the resources for a TMS, combining Excel and LLMs like ChatGPT provides an accessible first step toward modernization. Treasury leaders who embrace this hybrid model will be well-positioned to navigate uncertainty and make better-informed liquidity decisions.

About Denar Financial

Denar Financial is a treasury and financial planning consultancy built for the AI era. We help organizations modernize their approach to cash forecasting, liquidity optimization, and financial planning. Our practical, tech-forward services are designed to deliver real impact, fast.

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