BORROW SHORT, LEND LONG Make money from money Some companies seek to "make money from money" this means they use their cash assets not only to further the development of their products, but also to generate money through the financial markets and they can gain access to a new source of profit. The two terms that exemplify the idea of making money from money are "treasury function" and" shadow banks.By 2008, however, it was forced to ask to participate in the US government's banking sector bail-out program.Companies such as US conglomerate General Electric (GE) have developed this function into an effective "shadow bank.>> In 2007, GE's treasury function GE Capital held over $550 billion of assets, making it larger than some of America's top ten banks. It contributed 55 percent of GE's profits, mainly by borrowing money short-term to lend to customers over the long-term ("borrowing short and lending long").Often, these began as ways to minimize risk, but the opportunities for profitable trading became very tempting -to the point that some companies took out contracts on financial hedges that were worth more than all their export earnings.For example, in 2008, the Brazilian paper and pulp company Aracruz used cash assets to make bets on currency futures (the value of currencies at a future date.Treasury function "Treasury function" is a term that emerged in the late 1970s in the wake of economic challenges, such as quadrupled oil prices and "stagflation".The idea emerged that the goal of a company's treasury function should be to achieve the optimum balance between liquidity and income from the company's cash flows.GE was able to flourish as a member of the shadow banking system without having to bear the regulatory burdens of banks.During the decades leading up to the 2007-08 financial crisis, large companies steadily added greater responsibilities to the treasury function.Specifically, it bet that the Brazilian currency would continue to rise, but in fact it underwent a sharp devaluation and the company ended up losing $2.5 billion.This is because the more profits a company's treasury generates, the less willing the board may be to invest in research and development for the future growth of the company.Shadow banks Other companies, however, have extended the treasury function to become a major, or even majority, profit center for the business.Making money from money carries serious risks, whether the bets go wrong or not.This way of making money from money is strongly correlated with short-termism in business.As a result, some companies now spell out their opposition to making money from money.