Agenda

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{ INSIGHT }

FEMALE TREASURERS – GETTING TO THE TOP

Creating a culture where flexibility is the norm rather than the exception is vital to helping women climb to the highest echelons of treasury. This was one of the key observations made at a meeting of the ACT's London regional group in February, which was hosted by treasury consultant Fiona Crisp.

Although treasury remains male-dominated, the profession is now more accessible to women than ever before, delegates heard. But women often have to work harder to prove themselves than their male counterparts and they may be paid less because they are seen as 'low flight risk', particularly if they have children. Balancing work and family can be a big challenge for women who can struggle to secure flexible working arrangements and feel guilty if they leave the office early to pick up a child from nursery. But it is important that women don't abuse flexible working since they risk denying others the opportunity.

The speakers agreed that to attract good women into treasury, it was important to promote the profession to the world's 'brightest and best', and raise its profile among a broader group of people. Female treasurers were also advised to secure support from suitable mentors to help them further their careers.

Meanwhile, research published by Grant Thornton International last month reveals that 24% of senior management roles globally are now filled by women, up from 21% in 2012.

For more on women and treasury, see page 18 of *The Treasurer*, March 2013

WORDS

"A lot of people laughed at that. They're not laughing now."

Multi-millionaire trader and investor Vince Stanzione shrugs off the jeers he got over his prediction in September 2011 that the Dow Jones Industrial Average would reach 14,200 by the end of the first half of 2013. On 6 March, 2013, the Dow hit 14,296.

"We saved the banks but are running the risk of losing a generation."

Martin Schulz, head of the European parliament, says young people are paying the price for the financial crisis.

SOURCE: CITY AM, 12 MARCH 2013

{ QUESTIONS YOUR FD IS LIKELY TO ASK THIS MONTH }

DOWNGRADED UK CREDIT RATING

So the UK's credit rating has been downgraded. Remind me what happened again.

At the end of February, rating agency Moody's finally stripped the UK of its prized AAA credit rating, citing expectations that "growth will remain sluggish over the next few years". The move, combined with the prospect of more quantitative easing, sent sterling plunging to a 2.5-year low against the US dollar and a 16-month low against the euro. But the British currency recovered in March after the Bank of England voted against more monetary stimulus.

How does the UK compare with other countries now?

Well, it's in good company as it happens. France parted with its triple-A rating last November and the US lost its top-notch rating in 2011. Meanwhile, Japan was divested of its triple-A rating as far back as 2001 and China, the world's biggest net creditor, doesn't qualify for the rating due to unknown liabilities within its banking system. But losing your credit rating doesn't seem to have the impact it once did. In theory, a credit rating downgrade makes it more expensive for a government to borrow money, but both the US and France have actually seen their borrowing costs fall since they were downgraded.

I heard something about the downgrade of sovereign debt having the potential to reduce our pension scheme liabilities. Is that right?

According to John Broome Saunders, actuarial director at pension adviser Broadstone, this may prove to be correct. He says that while balance sheet pension liabilities must be calculated using a discount rate based on 'high-quality' bonds, generally considered to be AA, there's "a growing view that, in the current climate, maybe single-A rated bonds are good enough to be 'high quality'."

Such a change would have an immediate impact on pension scheme deficits, observes Broome Saunders. "Single-A bonds generally have a higher yield than AA bonds. And using a higher discount rate leads to lower liabilities, and smaller deficits." He adds: "One needs to remember that this is all a bit of actuarial smoke and mirrors – the real cost of providing these benefits hasn't changed."

{ KEY FINDINGS OF THE TRESAURIS INTERNATIONAL PAYMENTS SURVEY 2012 }

MANAGING FOREIGN CURRENCY RISK

Only one in three SMEs employs a hedging strategy that extends beyond the next six months

91% **of SMEs assume there are minimal or no savings to be made when executing international payments online**

40% of SMEs do not hedge their foreign currency exposure for international payments

56% of companies have no limits on the values of currency exposures

Two out of five companies have no authorisation or approval limits for dealing with FX

{ CAREER }

ACT SEEKS VOLUNTEERS FOR UNIVERSITIES

The ACT is looking for volunteers to talk to university undergraduates about careers in corporate treasury. All members, whether they are students or certificate holders, are welcome to join in the programme and share their real-life experience of treasury, irrespective of the sector they work in.

"The objective of our overall university strategy is to make graduates aware of treasury as a career choice much sooner than at present," said James Lockyer, ACT development director. "But this is also a good opportunity for members to extend their own network and skills and build their CPD."

There are two ways in which volunteers can help with the ACT's university strategy. Firstly, they can visit the association's partner universities to tell students about the day-to-day responsibilities that make treasury an interesting career. Secondly, the ACT has been asked to create, evaluate and possibly implement a simple and fun 'business game' based on real-world treasury issues. So we are looking for volunteers to help devise, review and deliver the game.

If you are interested in volunteering, please contact James Lockyer (jlockyer@treasurers.org) or Kim Ansell (kansell@treasurers.org)

WHAT THEY SAID

"This is possibly the most deluded measure to come from Europe since Diocletian tried to fix the price of groceries across the Roman Empire."
Boris Johnson, mayor of London (pictured left), on the EU bonus proposals

"The current proposal appears aimed at ludicrously legislating the economic cycle and creating ever higher fixed salaries and perks for those leading the largest banks."
Dr Pete Hahn, lecturer at Cass Business School (pictured right)

CHRIS HARVEY/SHUTTERSTOCK.COM

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{ CAPITAL MARKETS AND FUNDING }

EU PROPOSES TO CAP BANKERS' BONUSES

European bankers are set to see their bonuses capped, under new rules proposed by the European Union.

A provisional agreement was reached at the end of February following intense talks in Brussels that involved members of the European parliament, the European Commission and representatives of the 27 governments in the EU.

Under the agreement, which could take effect next year, bankers' bonuses will be capped at a year's salary, but they can increase to two years' pay with shareholder approval.

Othmar Karas, the European parliament's chief negotiator, said: "For the first time in the history of EU financial market regulation, we will cap bankers' bonuses.

"The essence is that from 2014, European banks will have to set aside more money to be more stable and concentrate on their core business, namely financing the real economy, that of small- and medium-sized enterprises and jobs."

But the proposals have already come in for fierce criticism. London mayor Boris Johnson described them as "a boost for Zürich and Singapore and New York at the expense of a struggling EU".

He added: "Brussels cannot control the global market for banking talent, Brussels cannot set pay for bankers around the world."

NUMBERS

0.7%
the default rate (by volume) for European high-yield bonds in 2012, according to rating agency Fitch

$2.5 trillion
the expected total value of assets under management in the hedge fund industry by the end of 2013, according to Deutsche Bank

65%
the percentage of UK SMEs that complained that clients are taking longer to pay their invoices than they did a year ago, in research carried out by alternative finance provider Platform Black

10.75%
the average percentage of extra capital that female entrepreneurs are able to raise compared with male entrepreneurs, according to crowdfunding platform CrowdCube

£2.4bn
the fall in net lending by UK banks and building societies to households and businesses in the last quarter of 2012, compared with the previous three months, according to the Bank of England

11%
the rise in average weekly earnings for finance professionals over the past 12 months, as published by the Office for National Statistics