

The logo consists of the letters 'ACT' in a bold, white, sans-serif font, centered within a white circle. The background of the entire page is dark blue with a pattern of colorful, concentric, curved lines in shades of cyan, yellow, pink, and purple.

**ACT**

LEADING TREASURY  
PROFESSIONALS

# THE BUSINESS OF TREASURY 2018

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Developing insight, assessing risk,  
informing strategy

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## 8 KEY INSIGHTS

1. Treasurers are more deeply embedded in their organisations than ever: 87% of treasurers believe that treasury now enjoys a strategic position in their organisations.
2. Treasury is influencing decision-making in the boardroom, particularly around issues such as capital and liquidity and risk management.
3. While organisations still mainly rely on conventional funding, treasurers are building awareness of different sources, such as private placements and green finance.
4. The gender balance in both operational and leadership treasury roles is moving towards parity.
5. Around the world, recruitment and development are top of the agenda for treasury teams. ACT remains the gold-standard qualification.
6. Capital and liquidity management remains the number-one priority for treasurers. As the role evolves, more holistic performance metrics are emerging.
7. Cybersecurity, financial markets volatility and geopolitical uncertainty have risen sharply up the list of external concerns and risks over the past year.
8. Treasurers are concerned about the quality of financial and business data available for strategic planning and decision-making but, critically, are leading the response to try to improve it.

# HOW TREASURERS DELIVER PREDICTIVE INSIGHTS

➤ In retail and fashion, trend forecasters command the top roles and salaries. In US military circles, there's a revered group of 'superforecasters'\* who are recruited specifically for their ability to anticipate future events. In engineering, machines are now being created that can predict exactly when they'll require maintenance.

Every organisation needs the ability to understand the future and, while treasurers might not claim superforecaster powers, they are increasingly working with colleagues to develop 'predictive insights'.

As revealed in this year's *The Business of Treasury* report, there is a continuing, palpable shift in the role of treasurer from finance specialist and information provider to collaborator in strategic decision-making. Board engagement remains high, with 92% of corporate treasuries now preparing information for their boards, and 58% presenting reports to the majority of all board meetings. Treasurers' insights are both informing and realising corporate strategy.

There are several factors at play here: long-term low interest rates and quantitative easing have led many multinational companies to hold large cash reserves. Financial markets volatility is now the norm. Cybersecurity has become a serious corporate concern. In these circumstances, the treasurer, with core skills in capital and liquidity management and risk management, is enjoying more strategic prominence.

In early 2018, the ACT interviewed treasurers in the UK, the rest of the EU, the Middle East, North America, Asia-Pacific and Africa, as part of an ongoing programme of annual research. This report, building on that work, forms the most detailed set of insights yet available into treasury's role within global business.

## METHODOLOGY

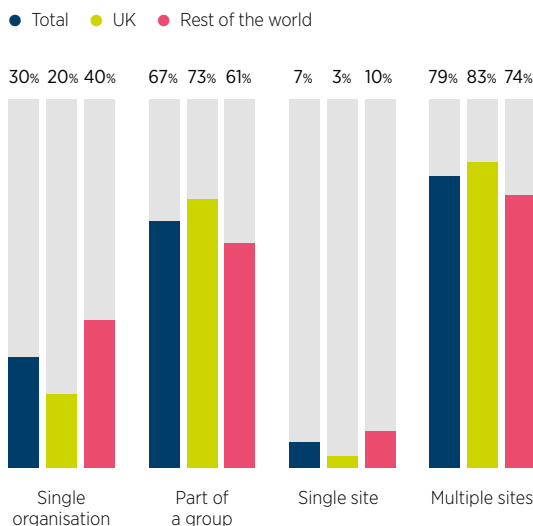
- This independent research programme involved a random, anonymous international sample of 200 members of the ACT, who took part in 30-minute telephone interviews.
- Responses have been analysed over the life of the survey, allowing us to identify six-year trends in some cases.

The 2018 *Business of Treasury* survey found treasurers operating at significant levels of complexity, geographic diversity and change:

- almost 80% of respondents work in multi-site organisations; more than one-third are active in three or more continents or 40 or more countries;
- one-third of respondents in this year's study are active in businesses with less than £1bn in annual turnover; half of these have revenues of under £250m;
- the average size of a treasury team in our sample is 15; 45% have five people or fewer. The UK has a higher percentage of teams with six to 19 people than the rest of the world: 46% versus 38%. The research tells us that 25% have seen an increase in team size and there's an expectation that this will continue in the coming year, particularly among our rest-of-world respondents, of whom 25% expect a rise.

The fact that treasurers are operating in such a complex environment makes this a crucial time to explore where their priorities and challenges currently lie.

## The business structure of 2018 respondent companies



\*Superforecasting: The Art and Science of Prediction, by Philip E Tetlock and Dan Gardner (Penguin Random House, 2015)

# 1. WANT TO KNOW WHAT'S HAPPENING IN YOUR ORGANISATION? ASK A TREASURER

“ In the past, we provided great insight, which helped build our credibility and earned us a seat at the table. Now that we are there, we are being consulted on every strategic aspect of the business ”

## A TREASURER OPERATING IN NORTH AMERICA

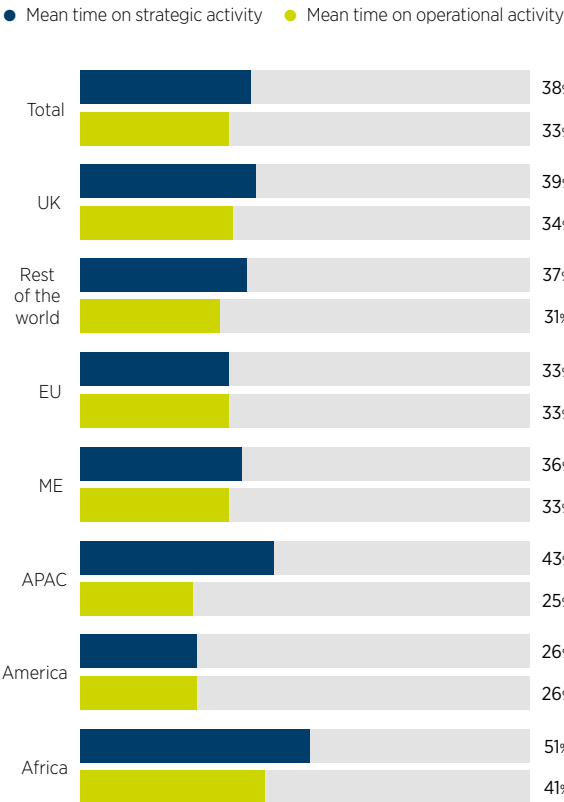
### IN SUMMARY

Over the six years of the *Business of Treasury* study, the treasury profession has evolved from information provider to strategic business partner. Treasury now sits at the heart of the organisation, helping to deliver its strategic ambitions.

### THE FACTS

In 2018, 87% of our respondents agree that treasury is a strategic business partner in their organisations, consolidating the 2017 results and pointing to a sustained trend.

Average time spent on strategic versus operational activities



In 2017, only 36% considered themselves to be either defining strategy or working with colleagues to define strategy; in 2018, that has increased to 45%, a positive shift of 25%, driven particularly by non-UK respondents.

### Treasury's involvement in developing business strategy

● Total ● UK ● Rest of the world

#### - 2018 vs 2017 -

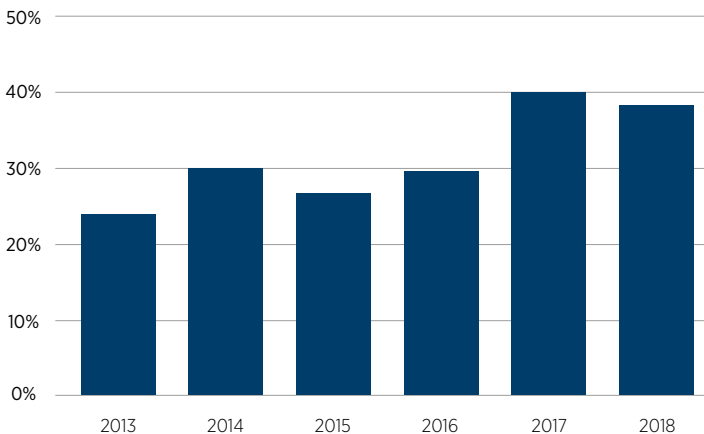


Engagement with the board is the most tangible way in which treasurers can measure their visibility. In the UK, 92% of treasuries prepare reports or presentations to their boards. Globally, 58% prepare or present reports to the majority of board meetings. As one might expect, the content of those reports covers the core areas of capital and liquidity management, risk management and treasury operations – the areas where treasuries are most active (see page 10).

### More strategic: average time spent on strategic treasury activity



● UK total



### More strategic: agreement that treasury has a strategic role

● Total ● UK ● Rest of the world



● **Key development: more treasurers are now working collaboratively with colleagues to define strategy than last year.**

## 2. BOARDS ACT ON FUNDING ADVICE FROM TREASURERS

“ Treasury is where the brain of funding comes from ”

### A TREASURER OPERATING IN THE ASIA-PACIFIC REGION

#### IN SUMMARY

Treasurers operate in a highly complex environment, and are increasingly called upon to find innovative solutions to funding their business. But treasurers are rising to the challenge, driving funding strategy and presenting a range of informed alternatives to boards.

#### THE FACTS

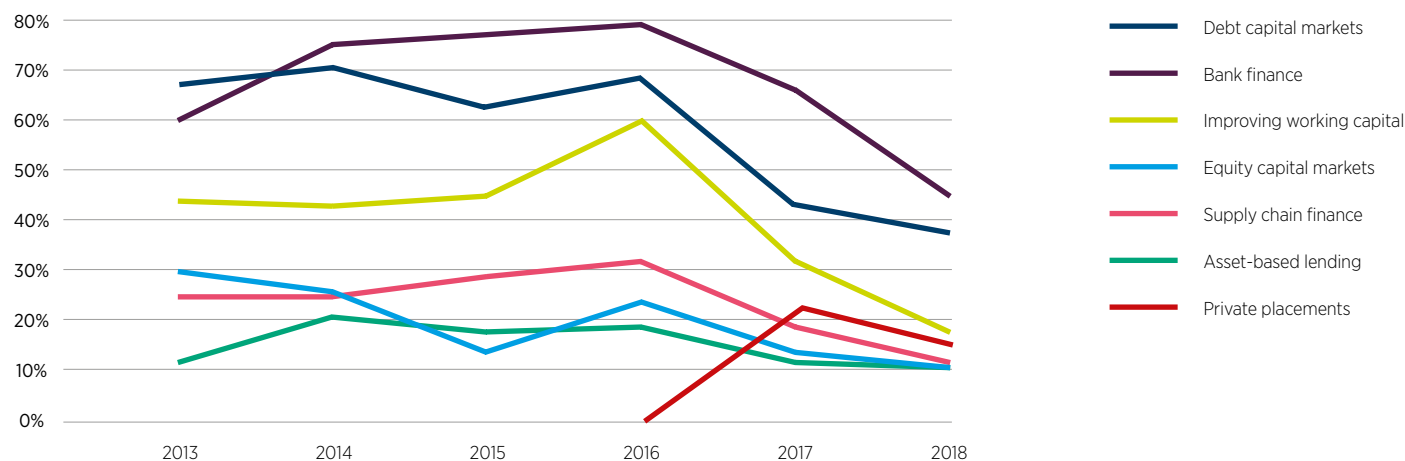
In general, corporate treasuries continue to rely on banks, debt issuance (including private placements) and equity issuance for their funding – 80% of all funding in the past year was raised this way (81% in 2017).

Between 2013 and 2018, the proportion of funding from alternative sources (for example, asset-based lending and supply chain finance) used by UK treasurers has risen from 10% to 17%; from 2015 to 2018, UK treasurers have also reported a rise in their use of private placements, from 5% to 8% of their total funding needs. By using these different sources, treasurers have reduced their reliance on bank finance.

Though in its infancy, green and sustainable finance is now being presented as a viable solution at board level, and the early signs are encouraging. The ACT is supporting developments and the growing interest in green finance (as well as other sustainable and ethical finance options), introducing a special new category at the Deals of the Year Awards ([www.treasurers.org/awards/2017](http://www.treasurers.org/awards/2017)).

There is an interesting downward trend in the number of funding proposals that are first considered by treasurers and then put forward to the board. Factors here may include diversification into using sources of funding that do not require board approval, through, for example, working capital improvements and improved internal cash generation, and the long-term availability of cheap debt. Treasurers have taken advantage of favourable conditions in the debt markets, ‘funding early, funding often, funding long’, as the ACT puts it.

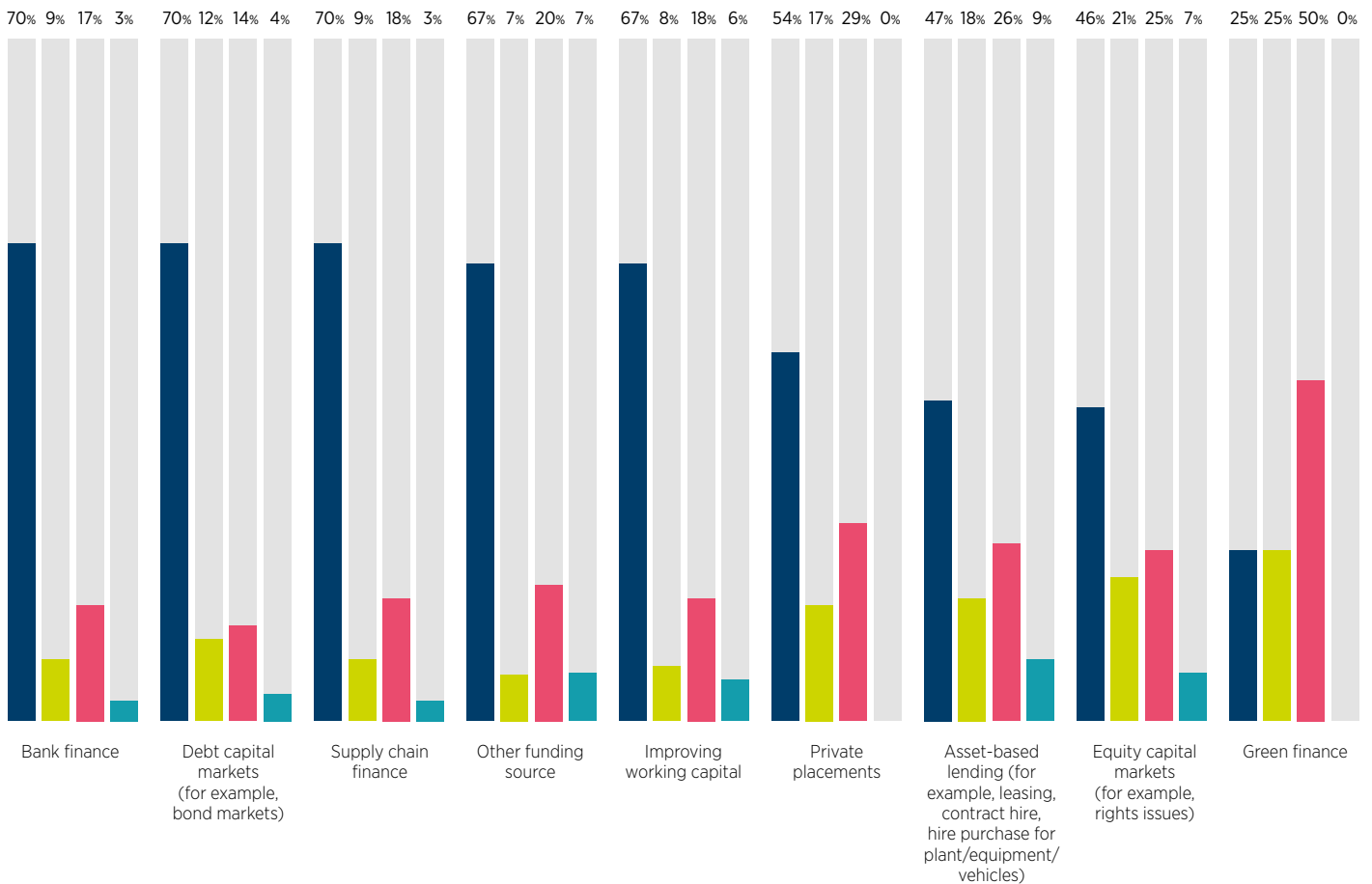
Funding solutions advised/considered and then put forward to the board in the previous 12 months



Boards continue to approve treasurers' recommendations but they are taking longer to decide on the advice given, with a rise in 'still in discussion' numbers that probably reflects the uncertainties and complexities at play.

## Informing decisions: board acceptance of treasurer funding proposals

● Yes ● No ● Still in discussion ● Don't know



Every year since 2013 treasurers have forecast a higher cost of credit in the year ahead – but they've been right only once. In 2018, the belief remains that the cost of credit will rise. Only a net 19% of our total respondents believe that a rise will have any effect on their business. Those who say 'Yes' expect negative impacts on consumers and margins; those saying 'No' believe their businesses to be better at generating cash and/or that rising rates might suggest improving economic activity.

● **Key development: between 2013 and 2018, the UK average for board acceptances of treasury recommendations has risen from 63% to 68%.**

# 3. TREASURERS DON'T LOOK LIKE THEY USED TO

“ ACT qualifications and training are more recognised and have the credibility needed ”

## A TREASURER BASED IN THE MIDDLE EAST

### IN SUMMARY

Change is afoot in treasury. When it comes to relative experience, this year's survey shows intriguing signs of a generational change within the profession, and the modern treasury community is becoming more diverse.

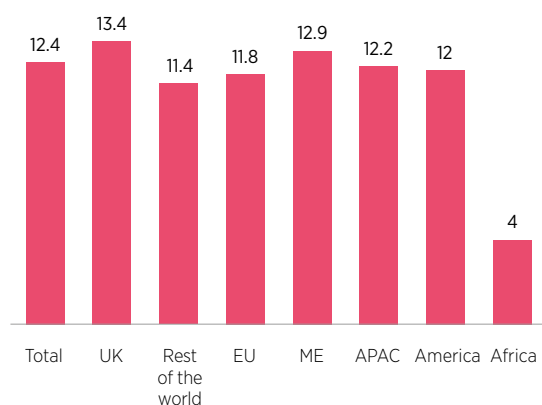
### THE FACTS

While those leading treasury teams are likely to be male, the gender balance is moving towards parity in both operational and leadership roles. Of those respondents to this year's *Business of Treasury* study with 10-19 years' experience, 80% are men; however, the gender gap narrows substantially (57% male versus 43% female) among those with five to nine years' experience.

It's important for treasurers (and for their organisations) to have professional qualifications and to invest in continuing professional development (CPD). More than three-quarters of FTSE companies look for ACT-qualified (or studying) staff. Notably, this requirement is mirrored in the Middle East, with ACT qualifications increasing their international reach.

The ACT remains the primary source of treasury training in the UK (91%), and ranks second only to internal training programmes in the rest of the world.

Average number of years working in treasury



### NEW SKILLS FOR AN AUTOMATED AGE

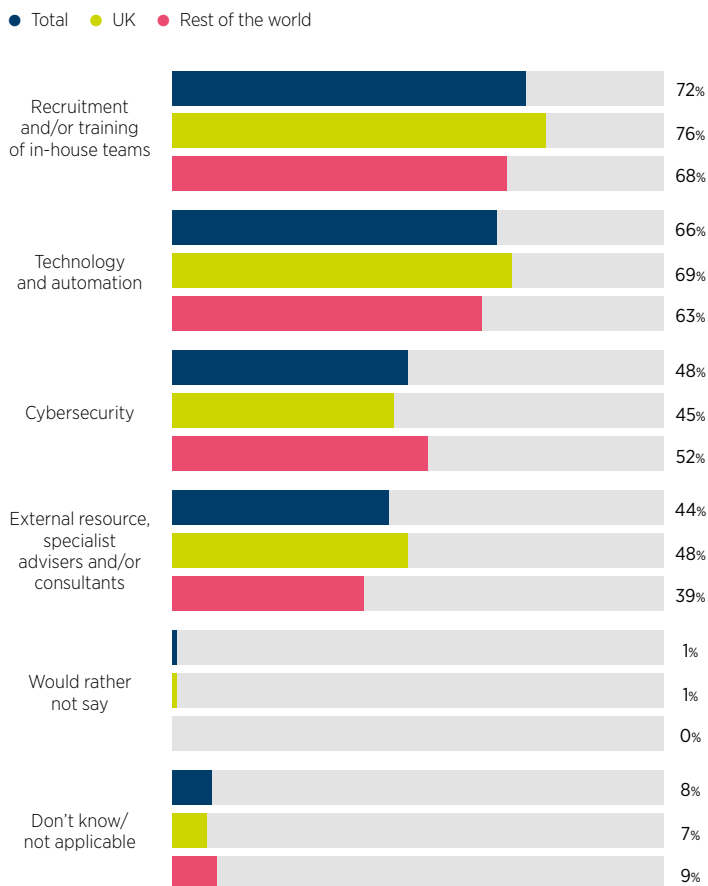
The ACT's 2017 survey on shared service centres (SSCs) found that many treasury activities carried out within SSCs are likely to be affected by automation. This will have knock-on effects: the more complex, value-adding activities required within SSCs will demand individuals with greater skills and knowledge; more organisations may, as a result, look for prior treasury knowledge. The research also showed that recruiting treasury skills is already more difficult than recruiting core SSC skills. Training, however, tends to influence the level of retention, and ACT qualifications appear to have a positive effect.

Find out more at [www.treasurers.org/treasurytrends](http://www.treasurers.org/treasurytrends)



In a new question for 2018, we asked about areas of investment. Encouragingly, recruitment and/or training of in-house teams is the number-one area of planned treasury investment in the year ahead (72%), closely followed by technology and automation (66%), and cybersecurity (48%).

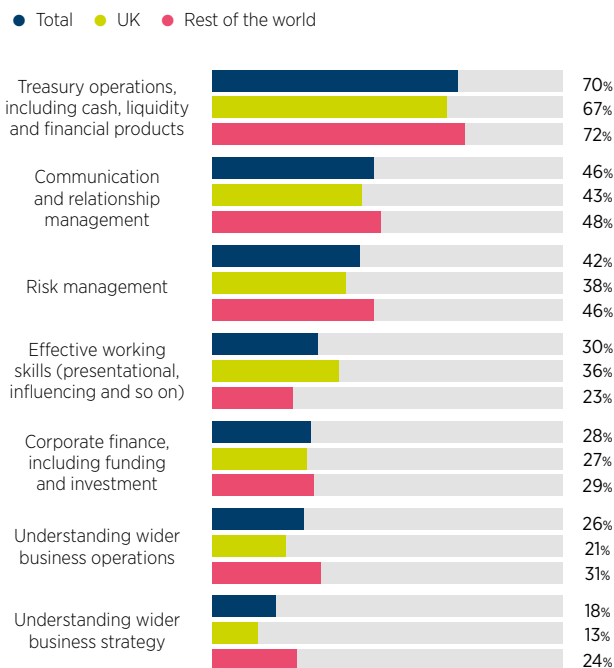
### Treasury investments planned in the next 12 months



**Key development: to keep people and systems at the leading edge, organisations are focusing on investment in training, development and automation.**

Consolidating a trend identified in 2017, respondents prioritise core treasury skills, including cash and liquidity management, among new entrants.

### The skills new-entrant treasurers need to acquire



**Key development: new entrants are expected to have core skills in treasury operations, risk management, and communication and relationship management.**

# 4. IN A HIGH-COMPLEXITY PROFESSION, TREASURERS HAVE TO KNOW THEIR STUFF

“ Whenever any strategic decision is taken, treasury is consulted in advance ”

## A UK-BASED TREASURER

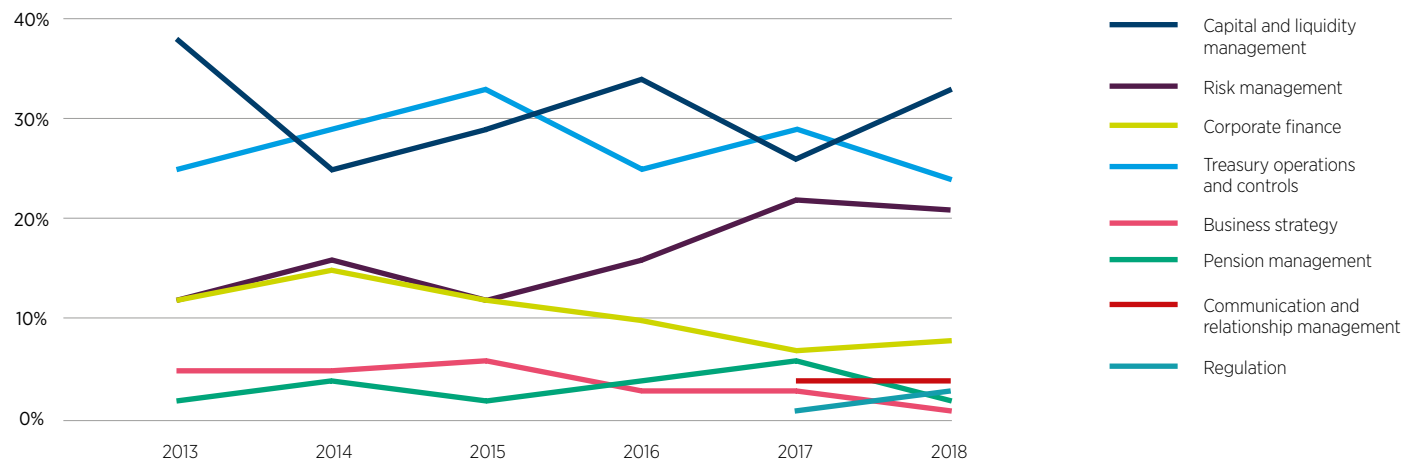
### IN SUMMARY

Treasurers have a clear set of current priorities, but the role is ever more strategic and outward-facing. To thrive, treasurers must be technically expert and know their stuff, but also understand their business and the wider forces affecting them.

### THE FACTS

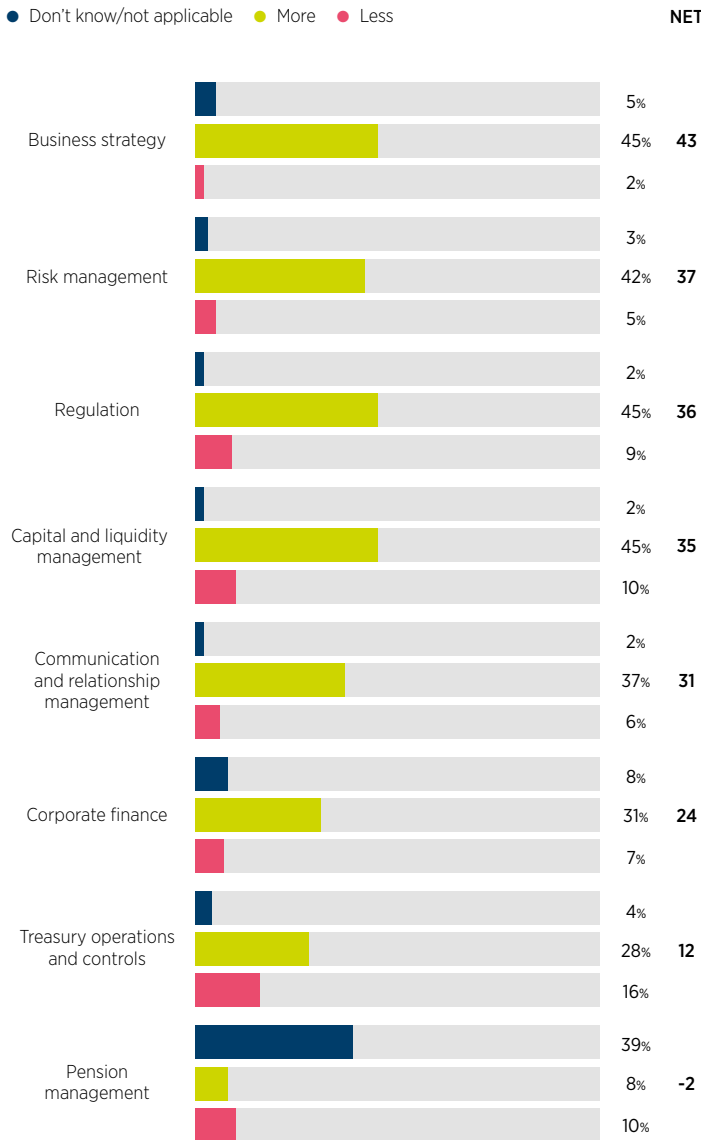
Around the world, treasurers currently spend most of their time, on a day-to-day basis, on capital and liquidity management (30%), treasury operations and controls (25%), and risk management (19%). These have been top of their agenda since 2013.

Where UK-based treasurers spend most of their time



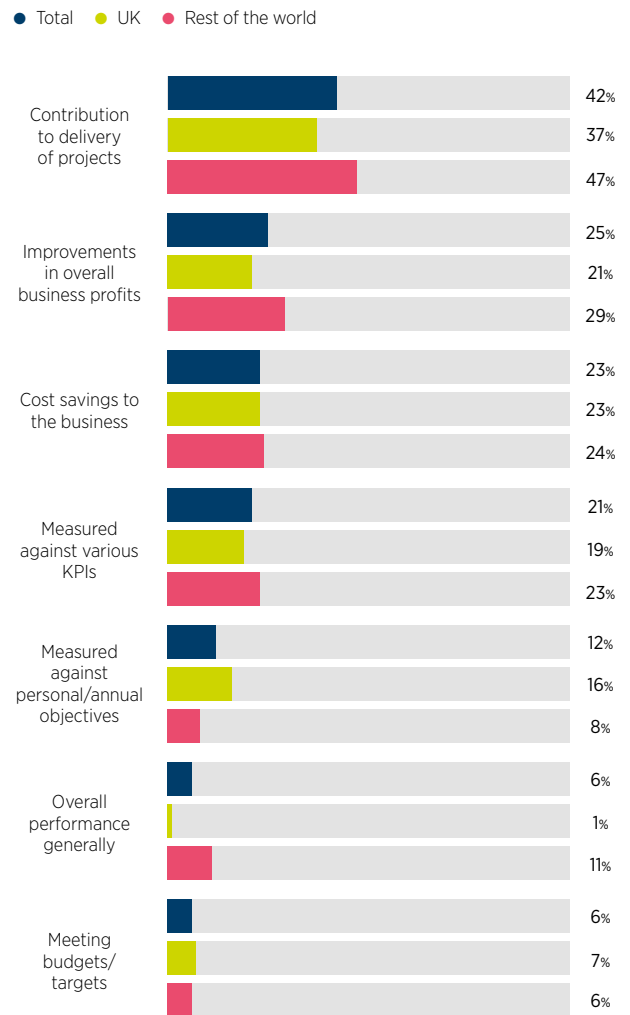
Looking ahead, treasurers expect the biggest increases in time spent to be in the areas of business strategy, risk management, regulation, capital and liquidity management, and, notably, communication and relationship management.

### Where treasurers expect to spend their time: 2019 versus today



New, more holistic measures of treasury performance are emerging. According to this year's survey, 42% of treasurers are now measured against project delivery, 25% are measured against improvements in overall business profits, and 23% are specifically assessed against cost savings in the business. By contrast, meeting budgets is cited by only 6% of respondents as a key performance indicator (KPI).

### How treasury's performance is measured



Treasurers are enjoying their more strategic role. Between 2014 and 2018, the net proportion of UK treasurers saying treasury is more interesting rose from 48% to 63%; satisfaction rose from 27% to 40% in the same period. In our single-year analysis for 2018, more than two-thirds of all respondents said they see their role as more varied and interesting than five years ago – for 21%, the frustrations of the job have reduced over the past five years.

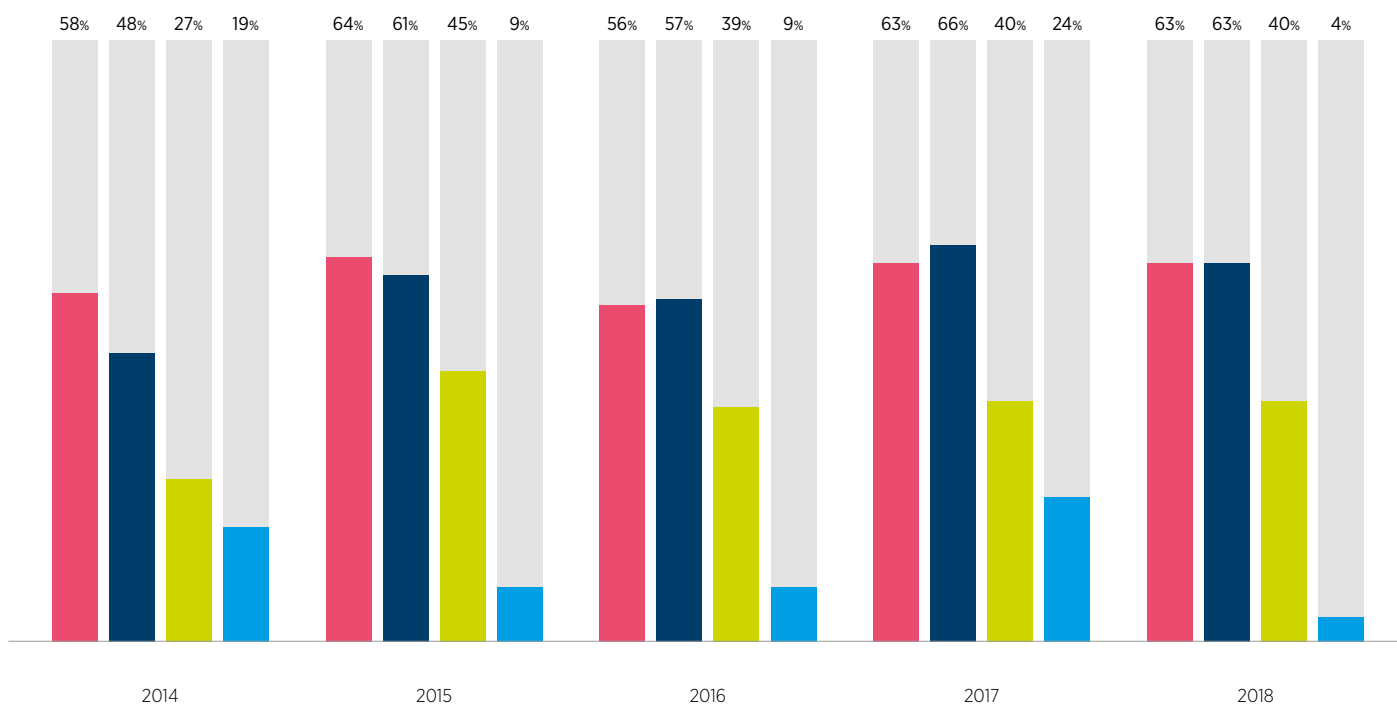
Together, these views speak well for the appeal of treasury as a career choice and for the willingness of treasurers to embrace new challenges.

### A consistently positive view of an improving working experience



Compared to five years ago, is your work more...

● Varied ● Interesting ● Satisfying ● Frustrating



● **Key development: treasurers' performance is now measured against business outcomes, not just traditional metrics like accuracy of cash forecasting.**



# 5. SHAPING THE MANAGEMENT RESPONSE

“ We have regular dialogue with senior management ”

A UK-BASED TREASURER

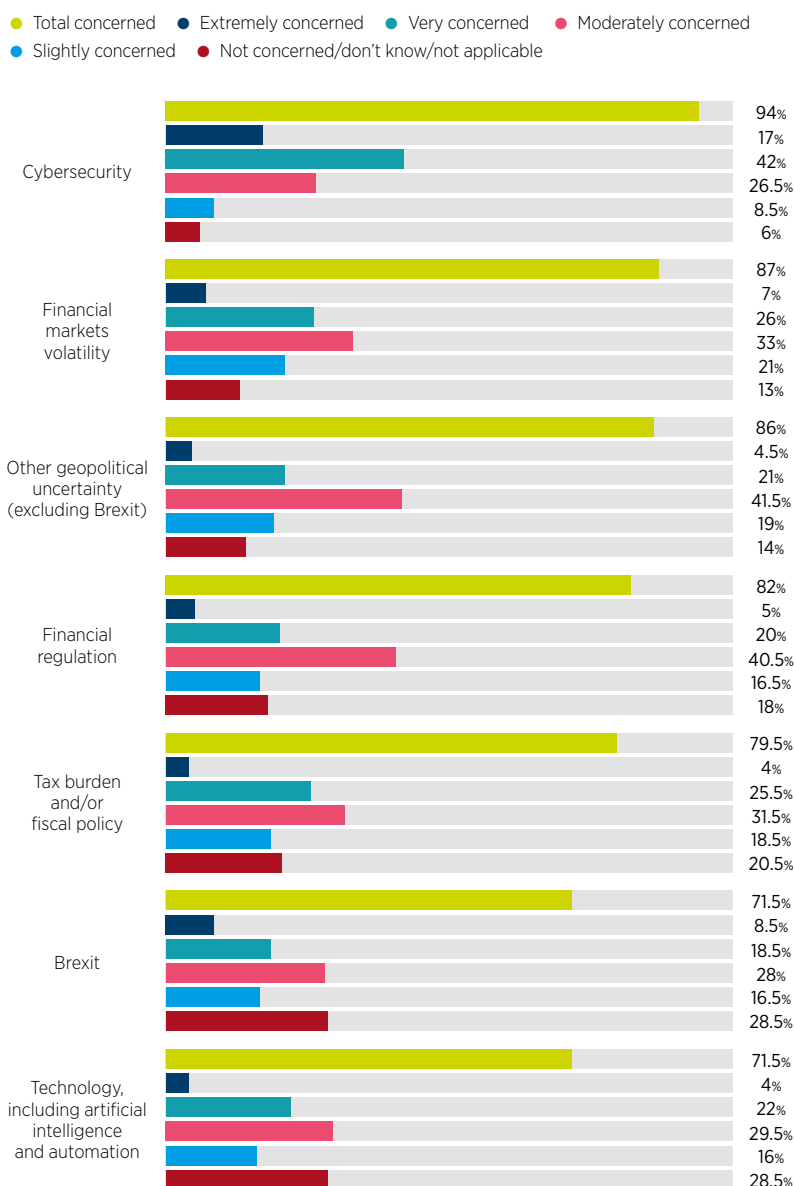
## IN SUMMARY

Treasurers are the organisation’s forward-thinkers, scanning the horizon for financial risks. Their extensive external contacts (banks, rating agencies, lawyers, consultants, regulators...) enable them to provide valuable, predictive insight and help shape the management response.

## THE FACTS

Today’s treasury concerns may be tomorrow’s boardroom priorities. So what is keeping treasurers awake at night? Concerns about cybersecurity, financial markets volatility and geopolitical uncertainty have all increased sharply over the past year. These concerns are shared around the world and, significantly, don’t vary with company size, type or complexity.

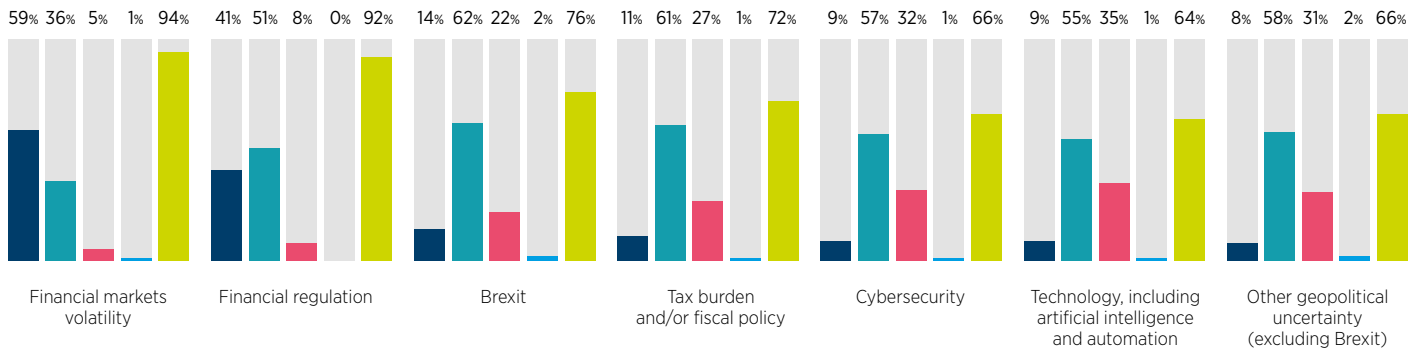
## External issues that businesses are concerned about



In general, treasurers are confident of their organisations' responsiveness to the external environment – 64% believe they are very or extremely responsive. And, critically, treasury is leading or contributing directly to the business's response to *all* these concerns.

## Is treasury helping to address external business issues?

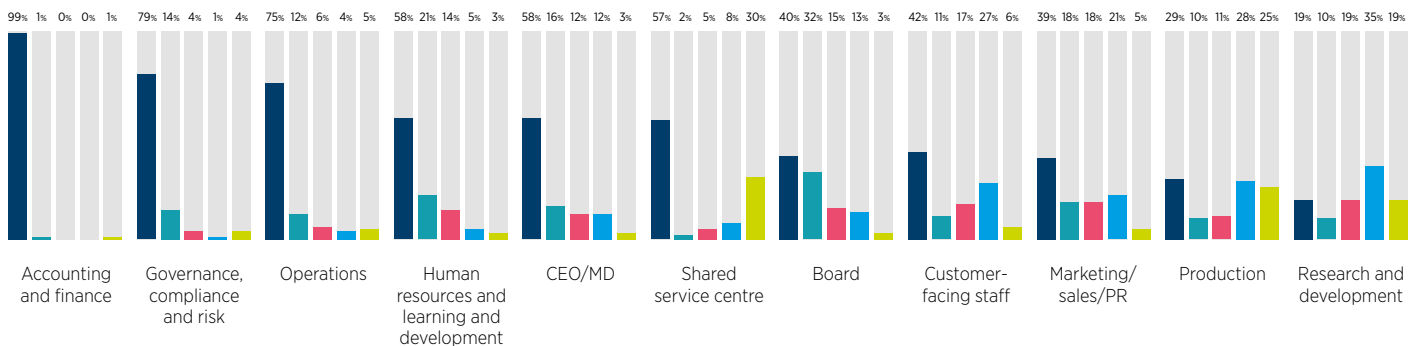
- Yes, treasury function is leading in addressing the concern
- Yes, treasury function is assisting in addressing the concern
- Not assisting with the concern
- Don't know
- Yes (total)



From boardrooms to business units, treasury is influencing decision-making. To understand treasury's collaborative nature, look at how treasurers are interacting with different areas of the business: they are in frequent contact across their organisations, at all levels, and irrespective of industry. Treasurers are now working more closely with all colleagues – and not just as a provider of information and deliverer of projects, but as a strategic enabler for the organisation.

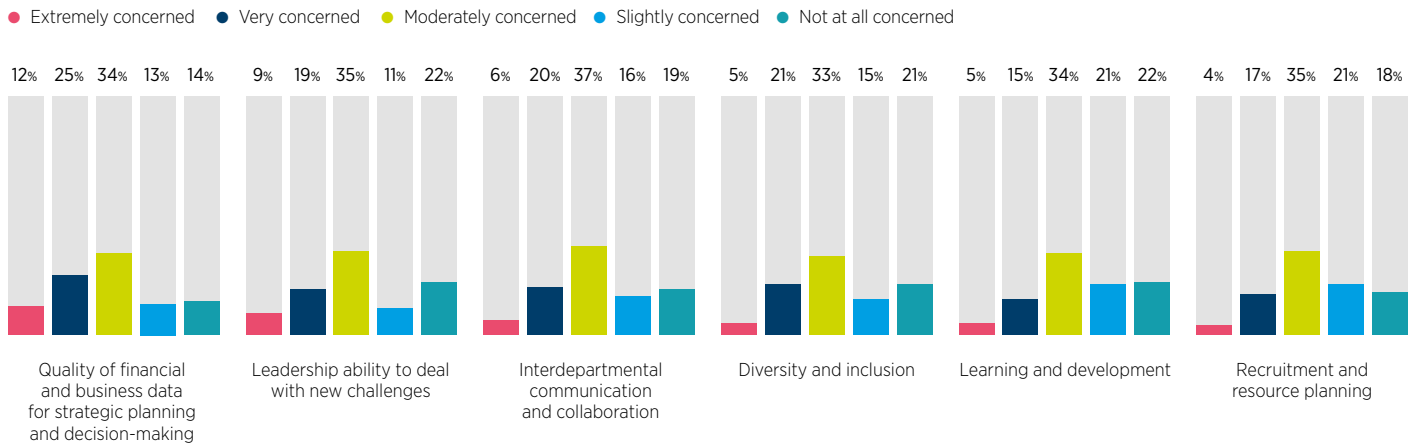
## How treasurers interact: frequency of contact with other business areas

- Net: once a month or more often
- Several times a year
- Less often
- Never
- Not applicable

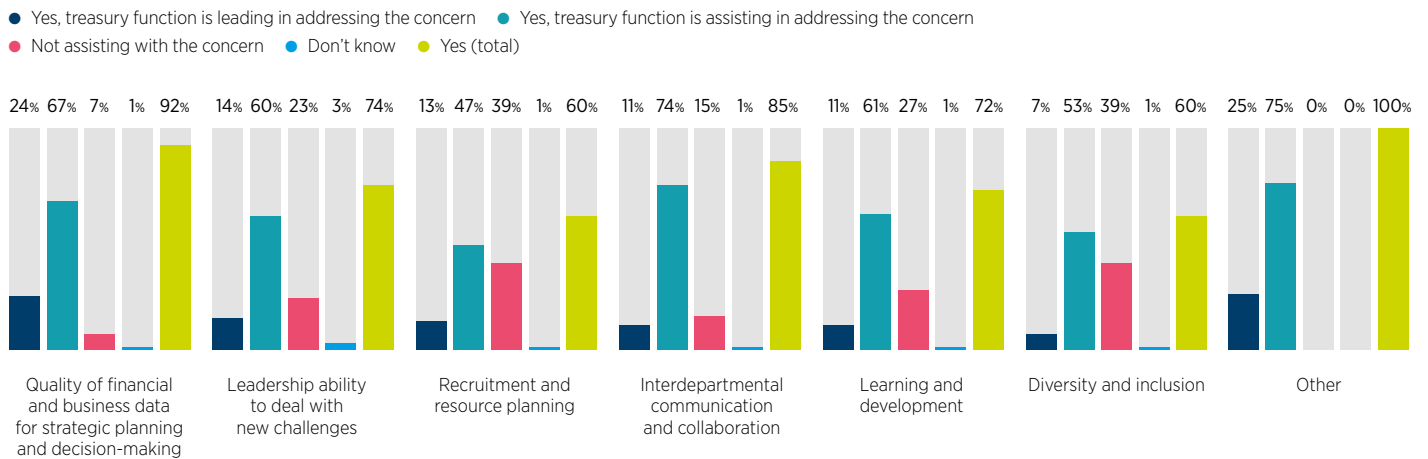


To understand the environment and provide their organisations with genuinely predictive insights, treasurers need high-quality management information and the ability to disseminate it throughout their organisation. Today, however, 71% of our survey respondents are at least moderately concerned about the quality of financial and business data available for strategic planning and decision-making.

### Internal issues that businesses are concerned about



### Is treasury helping to address internal business issues?



Treasury is more deeply embedded in organisations than ever. The role of the modern treasurer is to create and disseminate high-quality insight on critical issues and potential threats to the business, to enable growth and the successful delivery of organisational strategy. And treasurers are stepping up to the plate.

**Key development: cybersecurity, financial markets volatility and geopolitical uncertainty continue to drive the agenda of the treasurer and the business.**



**LEADING TREASURY  
PROFESSIONALS**

Against a volatile, complex backdrop, treasurers are influencing boardroom thinking and shaping management responses.

But this is a profession that cannot afford to stand still. Treasury must – and is – extending the range and expertise of its practitioners. In an increasingly automated world, the best treasurers will continue to move their contributions upstream.

The ACT will continue to support treasurers as they make this transition.

Our competency framework, which forms the foundation for the ACT qualifications pathway, defines the skills and capabilities needed by treasury professionals at each level to operate successfully in today's challenging business climate.

[www.treasurers.org/  
competencyframework](http://www.treasurers.org/competencyframework)

# TREASURY TRENDS

Download the full series of reports at  
[www.treasurers.org/treasurytrends](http://www.treasurers.org/treasurytrends)

