

# Changing attitudes

**KATHLEEN HUGHES** INTRODUCES THE JPMORGAN GLOBAL CASH MANAGEMENT SURVEY 2007.

JPMorgan Asset Management has just received the preliminary results of its Global Cash Management Survey 2007, which has once again been compiled in conjunction with the ACT. Now in its ninth year, the survey attracted 50% more respondents than last year, with 339 corporate treasurers from around the globe providing their comments for this year's report, 290 of whom replied online.

With such an impressive volume of responses and wide range of respondents, the survey continues to provide valuable insights into how the short-term investment management industry is developing. It highlights the products that treasurers are currently using and the performance and service levels that are now demanded, in addition to their expectations for future developments.

The initial findings from the 2007 survey make interesting reading, both for areas where responses have changed since the previous survey and sections where we predicted changes but the responses actually remained stable. It is also intriguing to note that the survey took place during the summer. When looking at the results it is worth bearing in mind the effect that the turmoil in the credit and financial markets could have had on participants' responses. In some cases, where possible, we have divided results into responses returned before September and those returned during or after September, to try to capture any changes in attitude.

To provide additional depth and perspective to the findings, we are also going to conduct a number of post-survey interviews. These will be designed to gain additional detailed knowledge and insights, based on the survey results, to enhance the value of the final report.

One example of a change in responses from 2006 is the number of banking relationships that corporate treasurers have. The percentage of respondents who have between one and five banking relationships has declined for both primary and secondary relationships, while we would have expected consolidation. We will therefore try to ascertain whether this increase in the number of relationships is linked to

## THE PERCENTAGE OF RESPONDENTS WHO USE ASSET MANAGEMENT SERVICES HAS DOUBLED.

events in the credit markets. The survey also reveals that respondents are utilising a wider range of investment management services from their primary banks. In particular, the percentage of respondents who use asset management services has doubled.

Figure 1 shows how respondents structure their treasury department now and how they think they will do so in the future. Interestingly, while participants predict more global cash management structures, the proportion of actual global structures has only increased by 1% since 2006.

When it comes to surplus cash management, North American treasurers and companies with a market capitalisation larger than \$500m tend to make greater use of pooled investments, while European treasurers and smaller companies are more likely to use bank deposits. The most important criteria for pooled investment selection were yield followed by bank relationship.

The full survey results will be available early in the New Year. In the meantime, we would like to thank all our respondents for their contribution, and for helping to ensure that the JPMorgan Asset Management Global Cash Management Survey remains a benchmark for the identification of ongoing short-term investment management trends among treasurers.

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**Figure 1: How does your treasury department structure its cash management?**

