

INSIGHT

An illustration of a man in a blue suit and green tie, seen in profile from the chest up. He is holding a large, rolled-up scroll horizontally, looking through it as if it were a telescope. The scroll is tied with a red ribbon. The background is a vibrant, textured sky with shades of teal, purple, and pink, featuring large, stylized clouds. The overall style is painterly and expressive.

TAKING TREASURY INTO THE FUTURE

As the role of the treasurer continues to evolve, the ACT is playing a leading role globally in terms of helping to develop first-class treasury professionals. Rebecca Brace reports

Professional standards are an important tool when it comes to defining the scope of responsibilities and required skill set within a particular profession. So where corporate treasury is concerned, treasury associations such as the ACT inevitably have a key role to play. “It’s important for the ACT to lay down what is expected of treasurers in terms of how they perform their work and what skills they need. Until recently, this was not described in a structured way,” says Vanessa Harwood-Whitcher, director of education at the ACT.

The role of the treasurer is also changing. Over the past 10 years, corporate treasurers have gained a higher profile within their organisations as a result of the financial crisis. At the same time, they have had to develop a broader range of skills than ever before.

“With the evolution of the treasury function, corporate treasurers have taken on a larger scope when it comes to responsibilities in areas such as corporate finance and risk management,” says Francois Masquelier, chairman of the Association des Trésoriers d’Entreprise à Luxembourg (ATEL), and honorary chairman of the European Association of Corporate Treasurers (EACT). “Of course, this requires additional hard and soft skills – which is complicated because treasury is a function that you cannot learn at university level.”

Where hard skills are concerned, Masquelier says that treasury is already a highly technical profession – and is becoming even more technical in everything from the IT tools it uses to how it complies with the relevant accounting standards, as well as the technical aspects of cash pooling and cash management.

But Masquelier believes that soft skills is the area where most improvement is needed. “Ten years ago, the corporate treasurer was really isolated in his ivory tower, and the treasury centre was often completely segregated,” he recalls. “Today, treasury tends to be closer to the operation, even if it is sometimes isolated and located in other jurisdictions for tax reasons. We came down from our ivory towers and, as a result, we need better communication skills than in the past.”

Masquelier points out that as well as communicating with customers and suppliers – including banks and affiliates within the company – treasurers have to communicate with a wide range of stakeholders, including rating agencies,

investment analysts and investors as well as internal management boards, audit committees and CFOs.

Evolving marketplace

In a rapidly evolving marketplace, treasurers need communication skills that they may not have required in the past. At the same time, factors such as wide-ranging regulatory change and advances in technology are keeping them on their toes.

According to Masquelier, recent and ongoing regulatory changes around the world – such as the Single Euro Payments Area, the European Market Infrastructure Regulation, Dodd-Frank and Basel III – have significantly affected the role of the treasurer. “The skill set is larger, which is why we need special professional bodies to provide this kind of education,” he observes.

Regulatory change has also been accompanied by a greater level of standardisation across Europe, which is providing more consistency for corporate treasurers in the region. In the past, Masquelier adds, the European regulatory climate was relatively fragmented, with different rules and cultures applying to different markets. “The good news is that the EU is increasingly taking a leading role in Europe,” he says. “Other than exceptions such as the financial transaction tax, EU rules and directives are largely translated into national laws and applied the same across the region.”

As such, Masquelier believes the market is becoming increasingly

A POTTED HISTORY OF THE ACT’S QUALIFICATIONS

- ◆ 1979 – the Association of Corporate Treasurers is formed
- ◆ 1983 – Professional Examinations correspondence course is launched
- ◆ 1989 – ACT establishes its own Part I course called the ACT (Technical) course, which later becomes the AMCT exam. The Part II course (ACT Diploma) later becomes the MCT exam
- ◆ 1993 – The ACT (Technical) and ACT (Diploma) are first examined
- ◆ 1997 – The Certificate in Cash Management is launched. Associates are recognised as members and designatory letters are changed to AMCT
- ◆ 1998 – the experience route to membership ceases and entry becomes by examination only
- ◆ 2006 – Modular exam system is launched
- ◆ 2007 – New MCT programme is launched
- ◆ 2008 – New Certificate in International Treasury Management (CertITM) is launched
- ◆ 2012 – CertITM is embedded in Sheffield Hallam University Master’s programme
- ◆ 2014 – Competency framework is unveiled

“Ten years ago, the corporate treasurer was really isolated in his ivory tower, and the treasury centre was often completely segregated”

uniform as regulations and standards become more harmonised. “We at the EACT and ATEL argue in favour of the greatest harmonisation possible, providing that the rules are satisfactory for corporate treasurers,” he says. “The fewer the exceptions, and the greater the standardisation and harmonisation, the better it is for everybody.”

Competency framework

In light of these changes, the ACT has been taking steps to define the treasurer’s role and skill set in a more structured way. Following a global consultation with treasurers, banks, and learning and development teams, the ACT launched a competency framework in October. It is designed to set out the skills needed by treasurers in today’s market. Covering three key areas of performance – technical, behavioural and business skills – the framework focuses not just on the technical skills that treasurers require, but also on the softer skills that they need to be a well-rounded treasury professional.

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“The ethical side is one aspect that was really drawn out in the framework,” comments Harwood-Whitcher. “Given the level of scrutiny on the finance sector in general, it felt important to build on the ethical code.”

The framework also provides a breakdown of the different competencies required by treasury professionals at different points in their careers, from treasury assistant up to the group treasurer level.

Harwood-Whitcher explains that the framework is intended both for treasury professionals and for those employing them. “As a treasurer, we hope members of the ACT are keen on developing themselves and keeping up to speed,” she

says. “The framework will allow them to benchmark themselves and see how they are performing at the moment. If they are interested in climbing the career ladder, it will help them to see where their skills gaps might be.”

On the flipside, Harwood-Whitcher says, employers will be able to use the framework when recruiting into the treasury team in order to identify the skills they are looking for and to build a person specification. “Employers will also be able to look at their own teams and benchmark how they are performing,” she adds.

The ACT will discuss the implications of the new framework at events and will work with employers to explain how the framework can be used. The framework

ILLUSTRATION: JON BERKELEY/KON IMAGES

BANKING INDUSTRY STANDARDS

PROFESSIONAL STANDARDS ARE SOMEWHAT DIFFERENT IN THE BANKING INDUSTRY, WHERE THE SPECTRUM OF ROLES AND REQUIRED SKILL SETS IS FAR WIDER THAN IN TREASURY

“Banking isn’t a profession as such,” says Paul Chisnall, executive director for financial policy and operations at the British Bankers’ Association (BBA). “When I engage an accountant or lawyer, I’m very clear what I’m engaging them on and the type of qualification that I want from them. But an industry like banking involves a wide range of activity and this requires an equally wide range of qualifications and professional standings, so it doesn’t work to say that every single person working in banking should be a qualified banker.”

Chisnall adds that the banking industry has a need for a range of qualifications – offered by a range of providers – suiting the different roles within the industry, treasury being one example.

“That said, it is right to think about how you can raise standards of professionalism,” he says. “The Parliamentary Commission on Banking Standards (PCBS), in particular, included various recommendations intended to enhance the professionalism of banking and enhance individual responsibility across the industry.

“There are various moving pieces to this, including turning the approved persons regime into the senior managers regime and the certification regime supported by the new banking conduct rules. The senior managers regime also involves criminal sanctions for reckless mismanagement and a reversal of the burden of proof for regulatory enforcement,”

says Chisnall. “Going forward, there will be a much clearer chain of command and people will be very clear about who’s responsible for what, and what those responsibilities involve.”

Chisnall adds that, while the focus of post-crisis regulation was initially on financial stability measures, including capital adequacy and liquidity, there is now a growing focus on culture, conduct and ethics. As such, in its response to the PCBS, the BBA recommended the creation of a banking standards review council in order to enhance professional standards.

“It’s very clear that there have been conduct failures,” Chisnall comments. “Banks themselves are working towards reviewing their cultures and thinking about what that means in terms of conduct. The review council will have a significant part to play in this.”

The planned body will oversee work carried out on professional standards by various institutes and educational bodies across the industry, as well as working with individual institutions to raise the standard of professionalism in banking.

Chisnall adds that the UK is “probably further advanced than many other countries in thinking about how to raise standards of individual responsibility in banking”. Nevertheless, the current focus on culture and conduct is no longer just a UK initiative: the US Federal Reserve recently held a closed-door banking culture event for high-profile bank executives focusing on corporate ethics.



ACT COMPETENCY FRAMEWORK

WHAT MAKES A SUCCESSFUL TREASURER? THE COMPETENCY FRAMEWORK OUTLINES THREE KEY AREAS OF TREASURY COMPETENCY, INCORPORATING THE FOLLOWING ELEMENTS:

BUSINESS SKILLS

Financial management; knowledge and information management; planning and projects

BEHAVIOURAL SKILLS

Commercial drive and organisation; self-management and accountability; influencing skills; working effectively with others

TECHNICAL SKILLS

Context of treasury; ethics and corporate governance; financial risk management; corporate financial management; treasury operations

These competencies have also been benchmarked to different treasury roles by seniority.

The framework details the skills and competencies required for the following job levels:

- ◆ **Tactical** – including treasury administrator, treasury finance officer and treasury assistant
- ◆ **Operational** – including treasury finance officer, treasury accountant and treasury dealer
- ◆ **Managerial** – including (group) treasury manager, treasury controller and assistant treasurer
- ◆ **Strategic** – including treasury director, group treasurer, head of treasury

More information on the ACT's competency framework can be found at www.treasurers.org/competencyframework



Rebecca Brace is a financial journalist with extensive experience of writing about corporate treasury

will also continue to evolve over the coming years. Professional bodies tend to operate on a three-year cycle in order to refresh material and keep up with market developments. The ACT is no exception, and will be welcoming any feedback regarding the competency framework.

Global significance

The framework is expected to have global significance – and, of course, the ACT's activities are not confined to the UK. Treasury professionals sit exams in more than 70 countries, including in the Middle East, where treasury is a relatively new discipline.

“Treasury has only existed as a distinct corporate function within the Middle East for five or six years – since the ACT became active in the region,” comments a banking professional based in the United Arab Emirates. “The ACT has mostly been focused on training corporate treasury

staff and bank cash management staff, but it has also driven the adoption of a common standard in treasury. As a result, there is an increasing number of people at some of the larger corporates that understand what corporate treasury functions are and, therefore, evaluate their roles in that respect.”

Meanwhile, other treasury associations around the world are working to support treasurers in their roles. “Treasury associations, including EACT and its members such as the ACT in the UK, the Association Française des Trésoriers d'Entreprise in France and ATEL in Luxembourg, have a role in providing education and information for our members through conferences, webinars, workshops and training,” concludes Masquelier. “External providers are also active in this market. There's a lot of competition in this area, because the demand is quite high.”