



CELEBRATING 40 YEARS
OF ENGAGING TREASURERS

THE BUSINESS OF TREASURY

Strategic intelligence for a digital world

2019

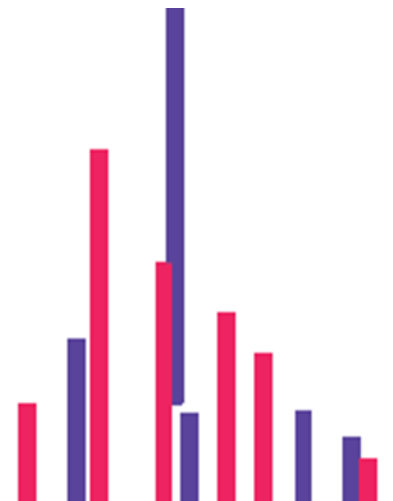


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BUSINESS OF TREASURY

Background

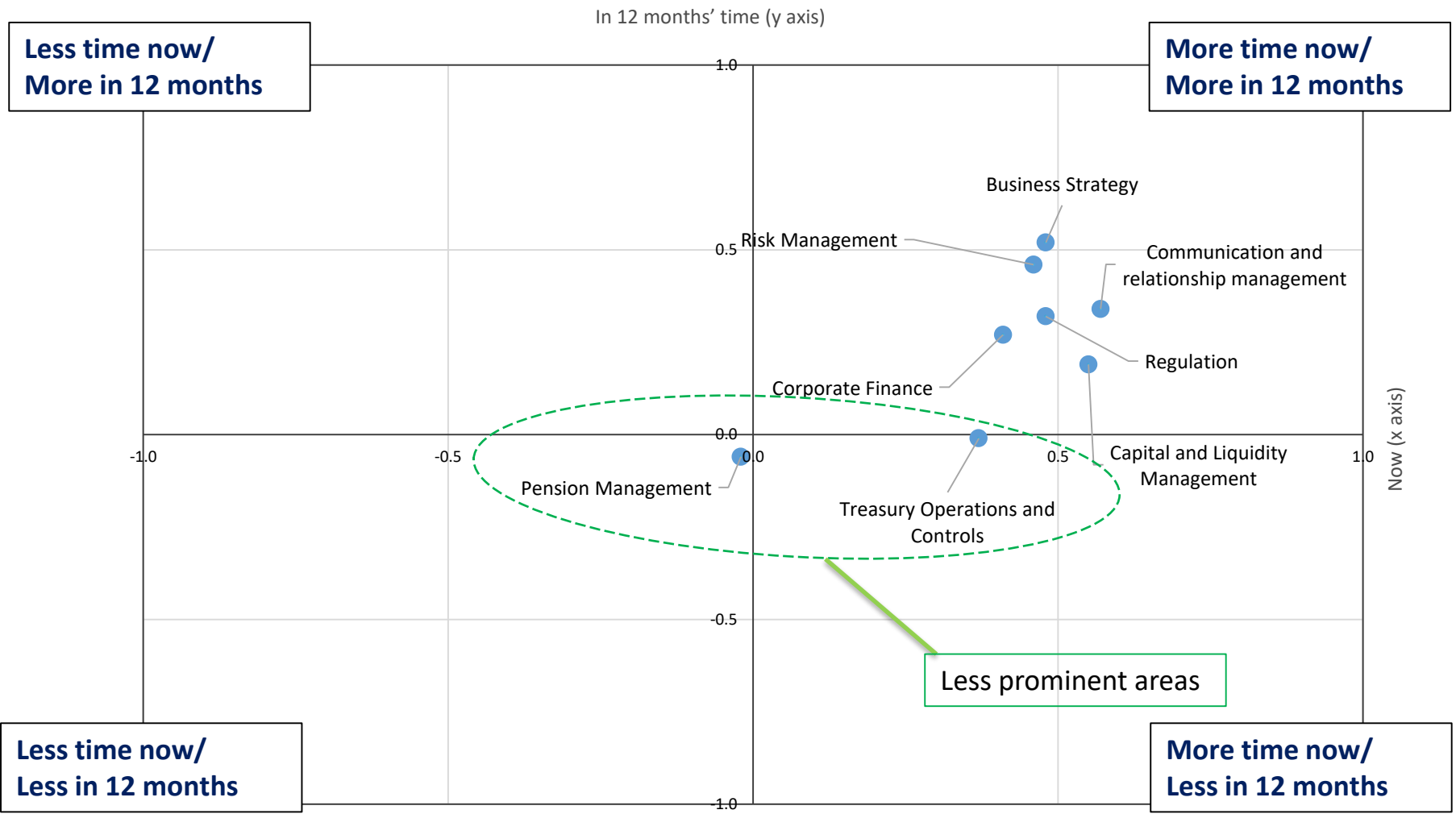
- Research run annually since 2013
- UK and Global respondents (c200)
- Complex organisations – on average, operations in 27 countries
- Treasury teams of various sizes: 1 - 400+
- 66% of responders had turnover \geq £1bn





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TREASURY AREAS OF FOCUS





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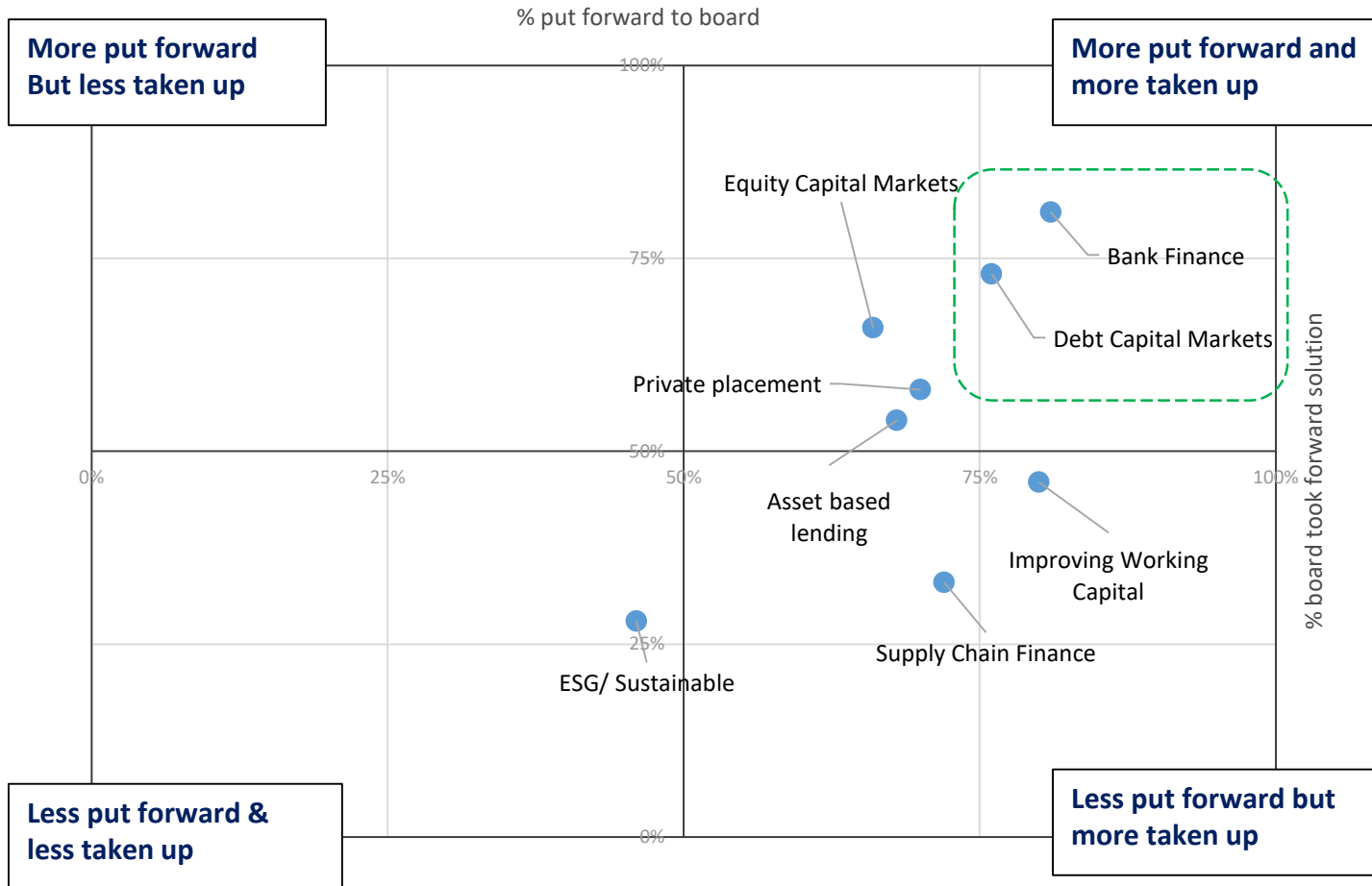
WHERE IS MOST TIME SPENT?

	Current most time	Expectation in 12 months	Predicted change
Capital and liquidity management	29%	21%	-8%
Treasury operations and controls	25%	18%	-7%
Risk management	15%	17%	+2%
Corporate finance	11%	15%	+4%
Business strategy	7%	13%	+6%
Communication & relationship management	6%	7%	+1%
Regulation	2%	4%	+2%
Pension management	2%	2%	0%



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BOARD ENGAGEMENT



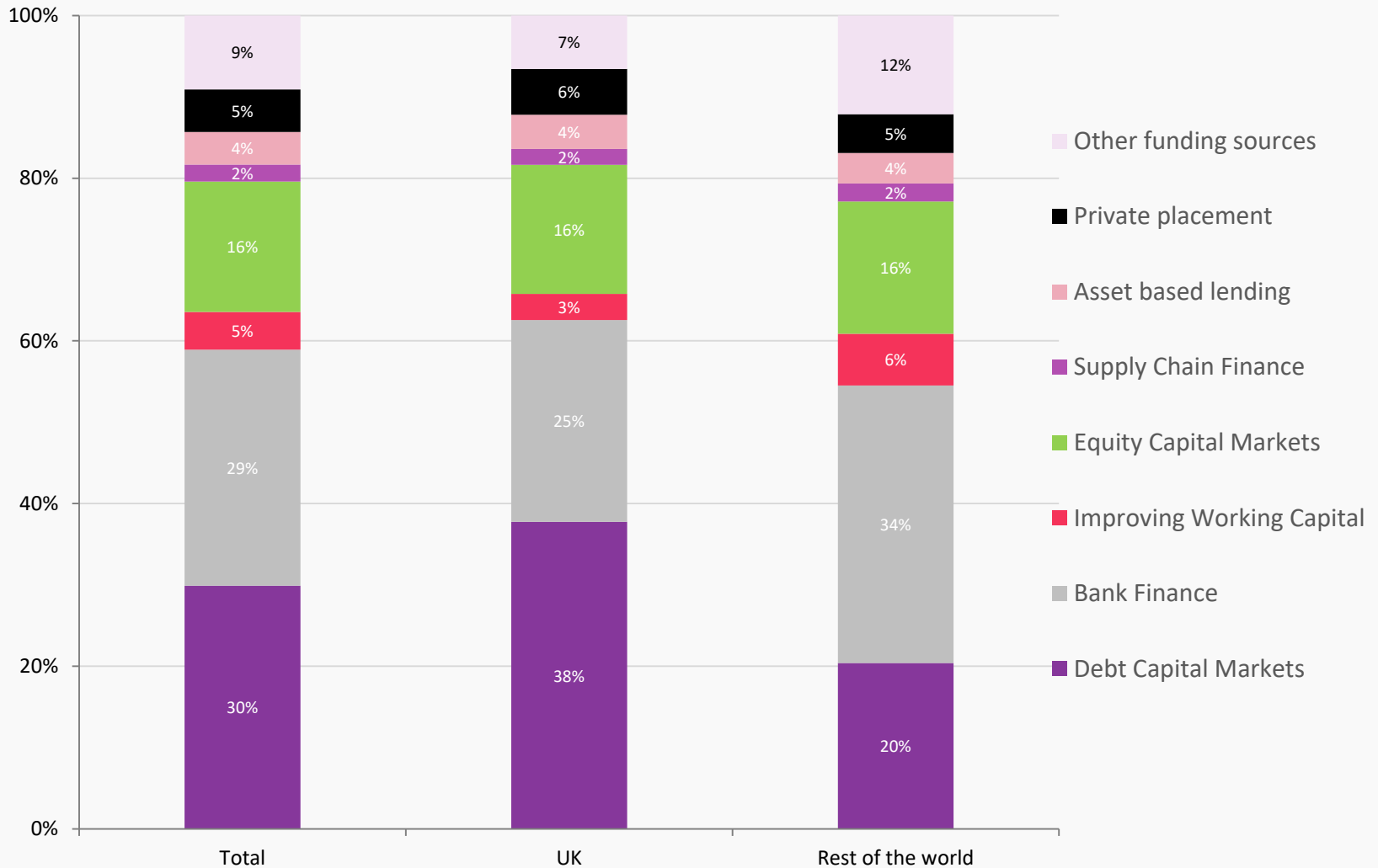
QA11a. Which of these were put forward to the Board or equivalent? / QA11b. Did your Board take forward that funding solution? Base: All who considered each funding solution (y axis) / Base: All who have taken each solution to the board (x axis)



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GLOBAL FUNDING AND THE BOARD

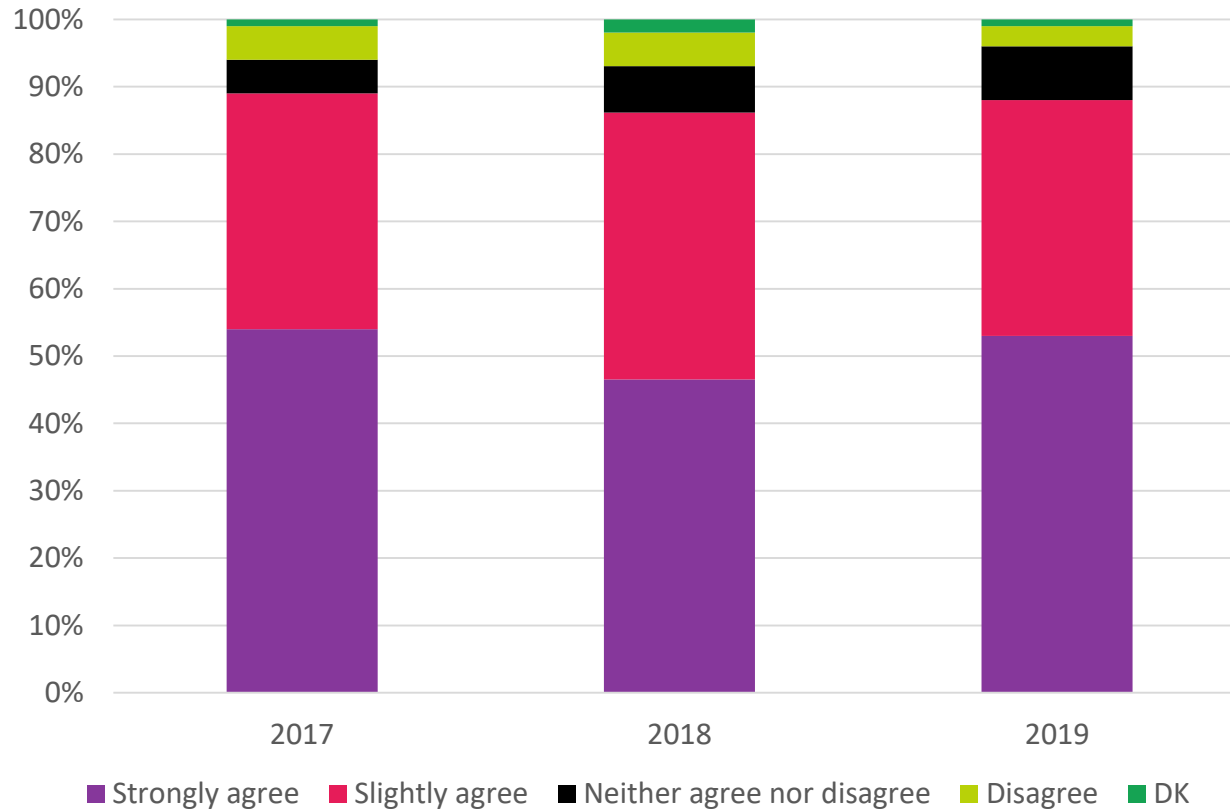
Global Funding Breakdown





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TREASURY AS A STRATEGIC PARTNER





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STRATEGIC PARTNERS?

“Because we are involved in all the major decision making, no debts can be raised without our approval worldwide.”

“Because the financial strategy goes hand in hand with the business strategy, anything the business wants to do, we need to be aligned with in regards to funding.”

“Because big strategic decisions are normally shared with group treasury and group treasury is consulted to support the development of our business strategy.”

“The head of treasury reports to the board director and treasury is considered a very strategic function within the company. We are engaged from day one if there is anything strategic going on.”

BUT

“We are not involved as much as we should be regarding business strategy.”

Treasury is viewed as an **integral component**, crucial to growth and providing consultancy in strategy

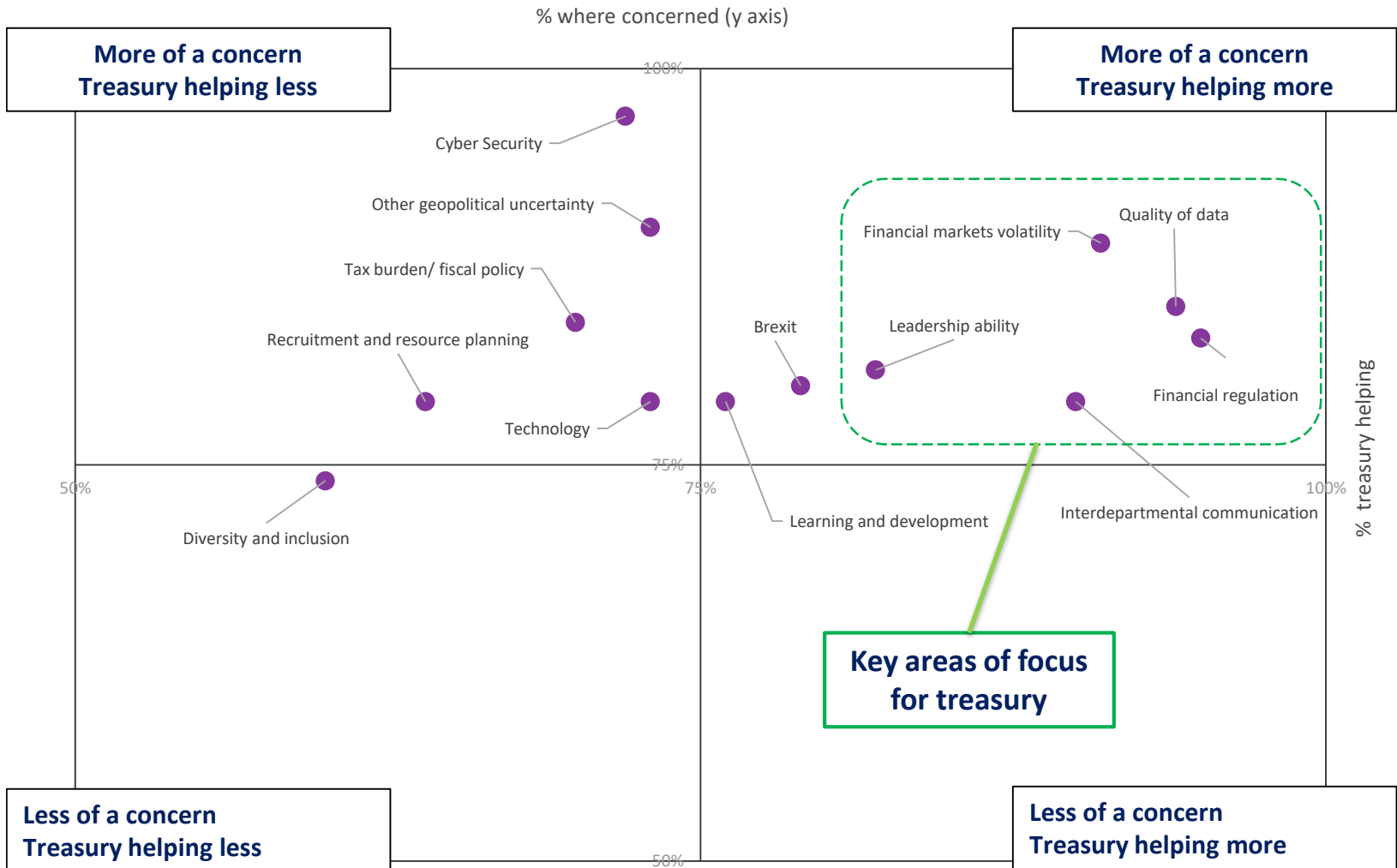
Strategy is often seen as revolving around making acquisitions and growth, which require finance – and this is where treasurers are largely getting involved. They work closely with the CEO, CFO, COO to advise and evaluate risk, or uncertainty.

Those who tended to be neutral about treasury as a strategic partner, were often from smaller businesses or newer to treasury. Only a small proportion didn't view their treasury function as a strategic partner. predominantly due to reasons such as insufficient resource, a sole focus on prices and funding etc.



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TREASURY AREAS OF CONCERN

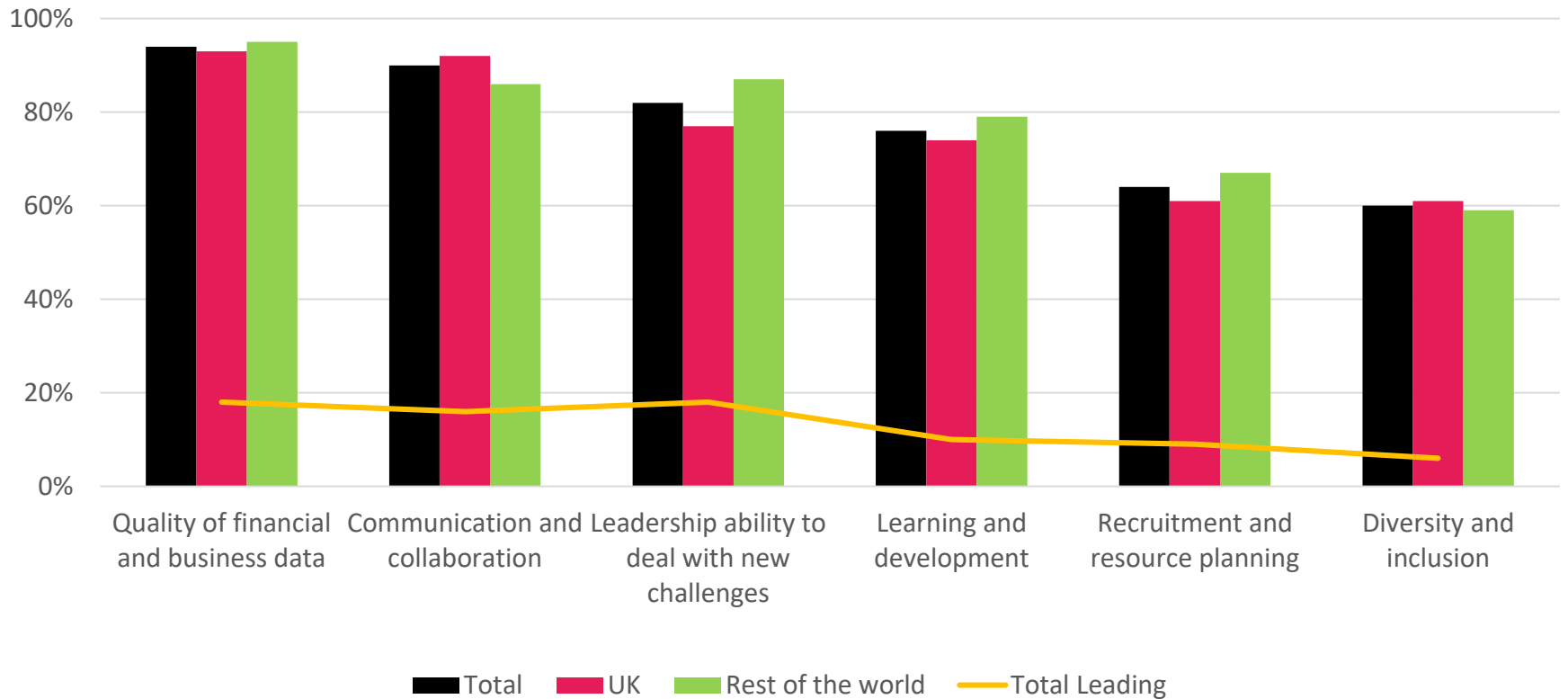




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TREASURY AREAS OF CONCERN

2019: Treasury helping with internal concerns

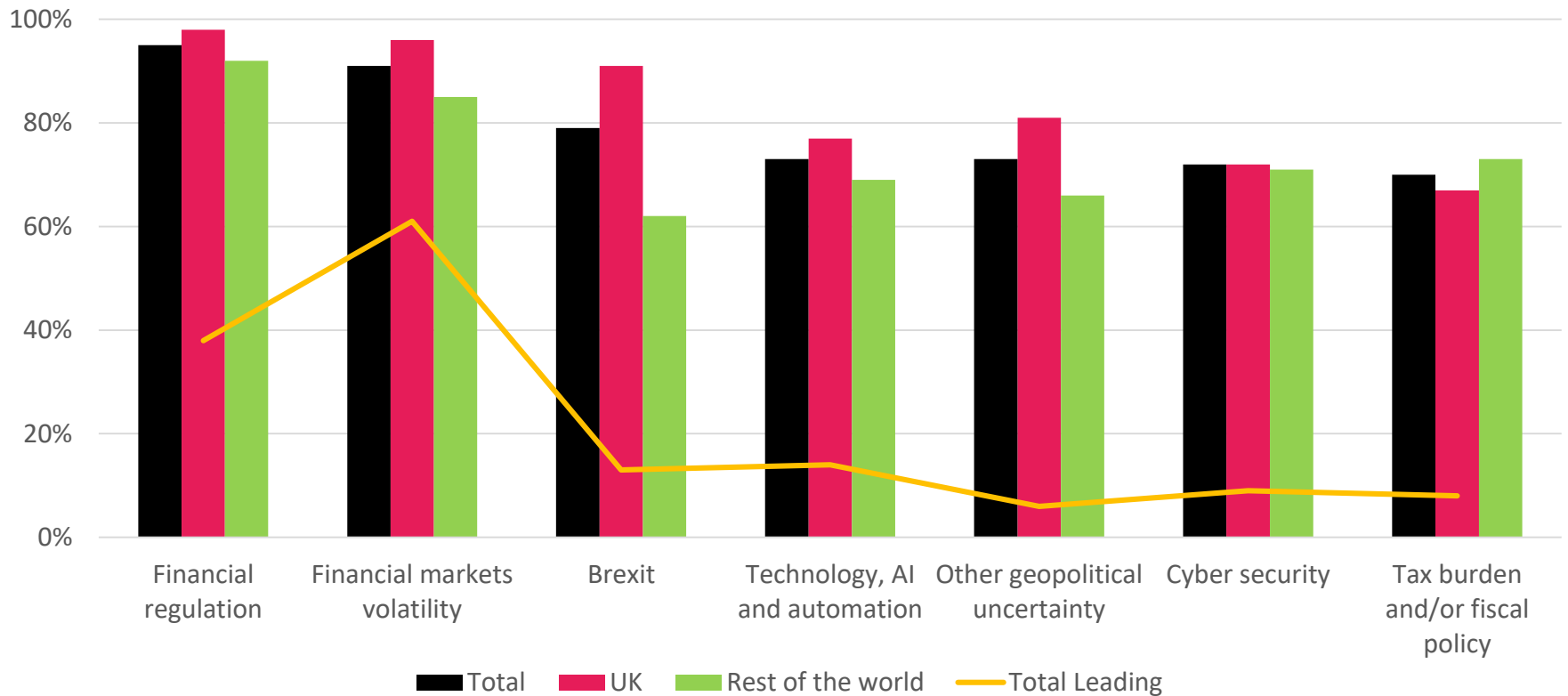




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TREASURY AREAS OF CONCERN

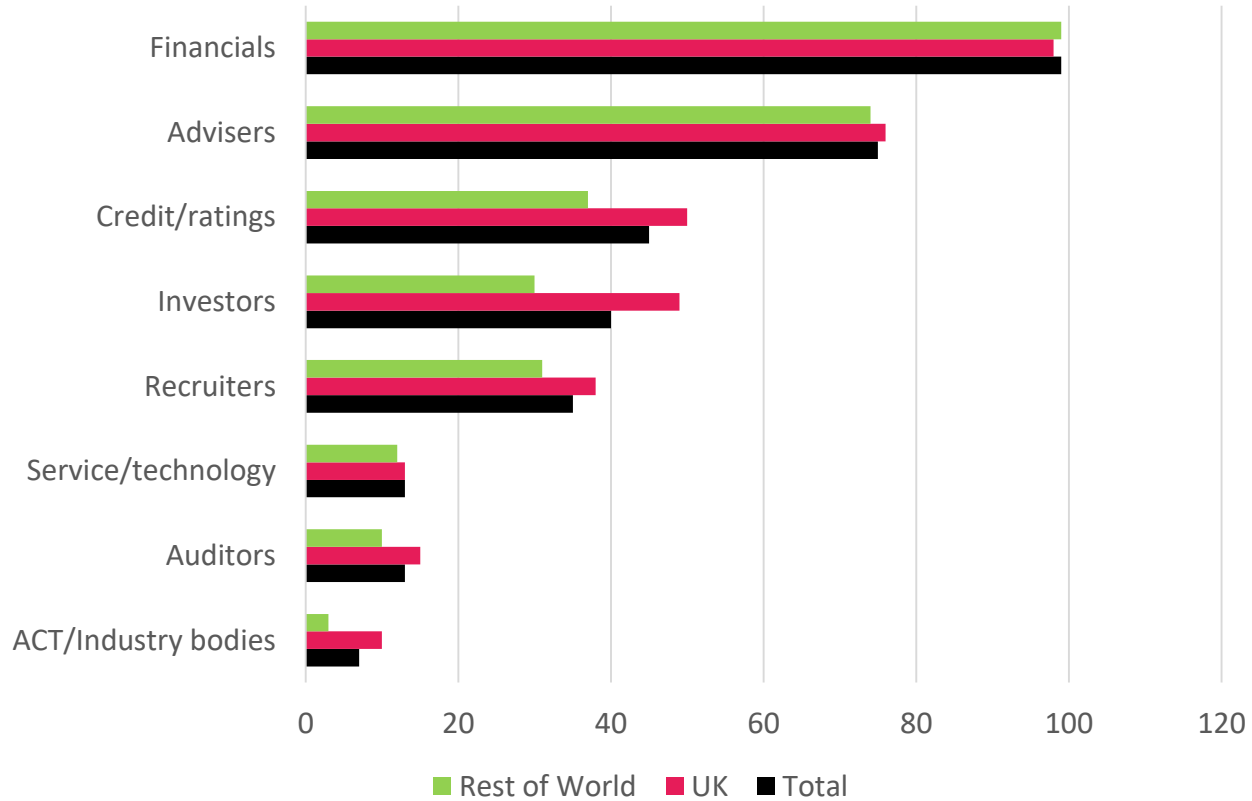
2019: Treasury helping with external concerns





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TREASURY EXTERNAL ENGAGEMENT

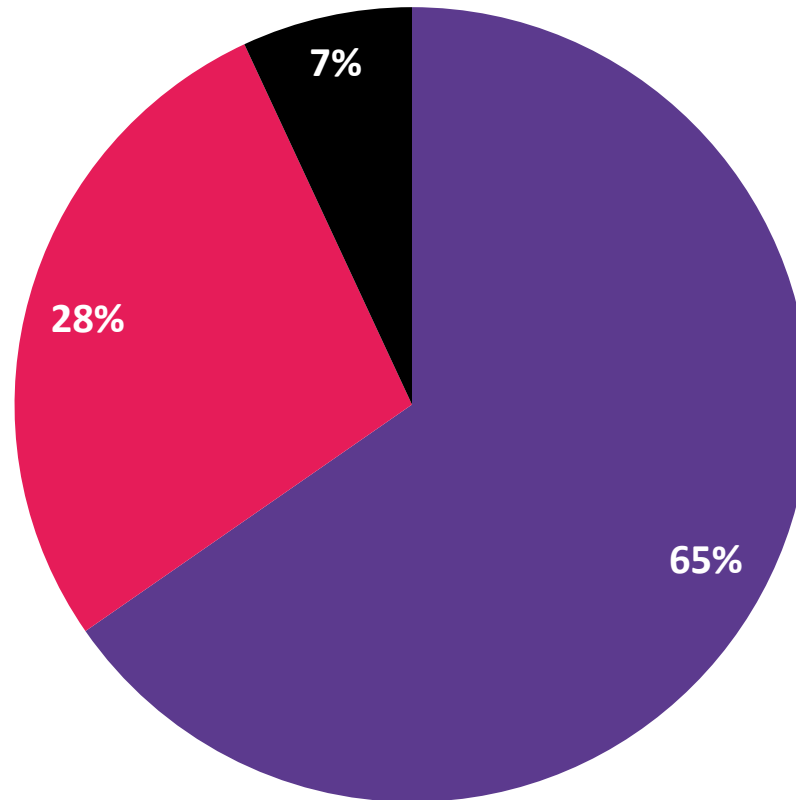




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TREASURY AND TECHNOLOGY

WILL TECHNOLOGY HAVE AN IMPACT ON TREASURY?



■ Predicts an impact

■ Predicts minimal/no impact

■ Unsure



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More time for strategic activities/ less operational

“I hope that it will be less operational and more strategic.” *UK FTSE*

“It will become more analytical. The availability of technology will also impact processes and the type of job we do in treasury.” *EU*



Minimal impact

“I think there may be some increased efficiencies automation but no significant reduction in head count.” *UK FTSE*

“I would say it will be slightly impacted, but I don't expect major impact in the next 2 years.” *N. America*



Making life easier

“Hopefully positively, hopefully a positive impact and it will make things easier.” *UK FTSE*

“There is going to be a lot of automation and because of that its going to make a lot of treasury functions easier.” *Africa*



No impact

“No impact. We are fully automated. Fintech provides no more value.” *APAC*

“Not so much on the basis that we have already invested in time and money in upgrading technology.” *ME*

AUTOMATION



Fewer treasurers

“I see changes. It is about the automation for treasury purposes. There will be less human involvement.” *EU*

“Fewer people.” *UK FTSE*

“I would say the use of AI and block chain will reduce some of the more routine operational activities.” *UK Non FTSE*



Uncertainty

“I don't know if I am honest.” *UK FTSE*

“I can imagine a fair amount, but I don't know how yet.” *UK FTSE*

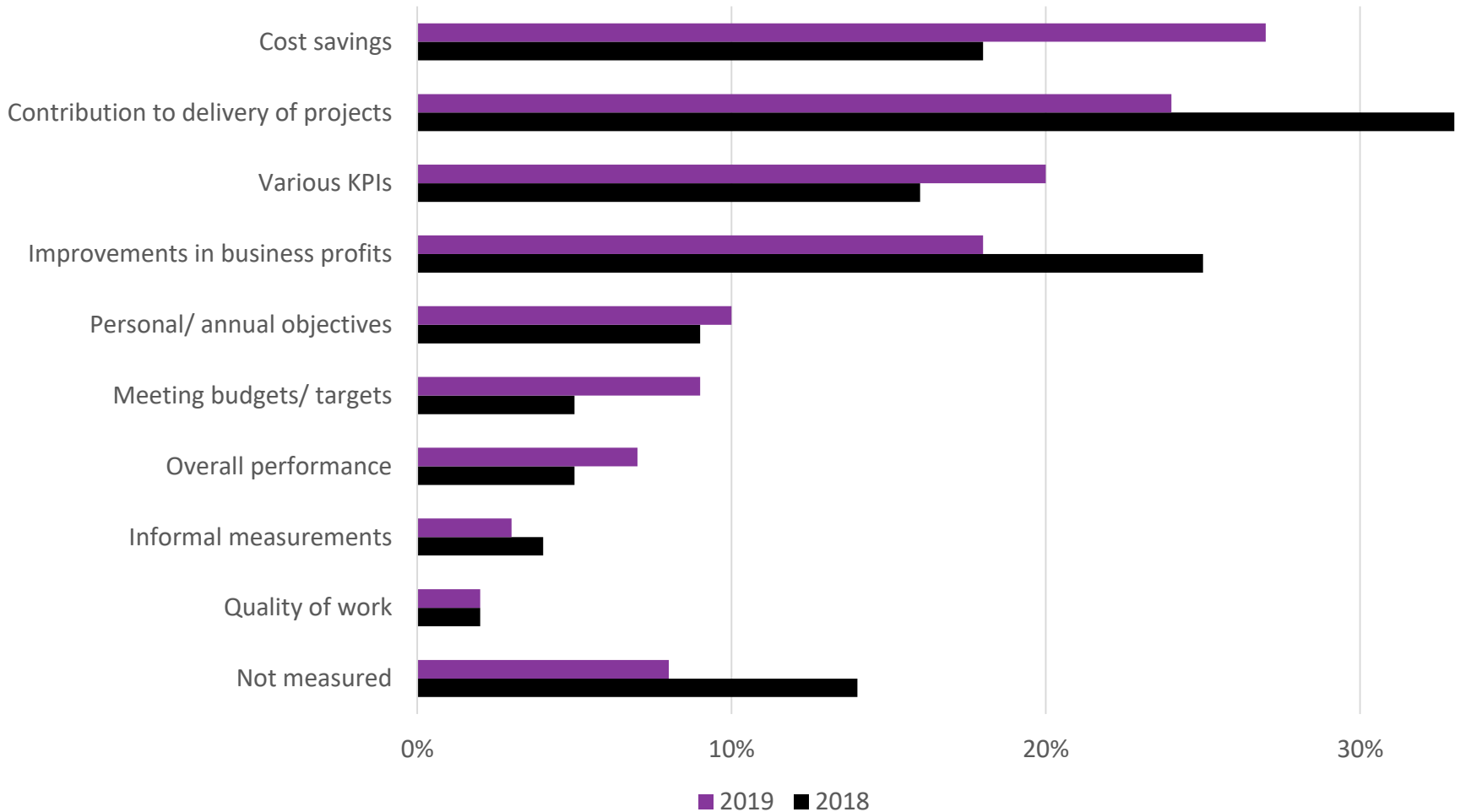
“No idea.” *UK FTSE*



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TREASURY AND PERFORMANCE

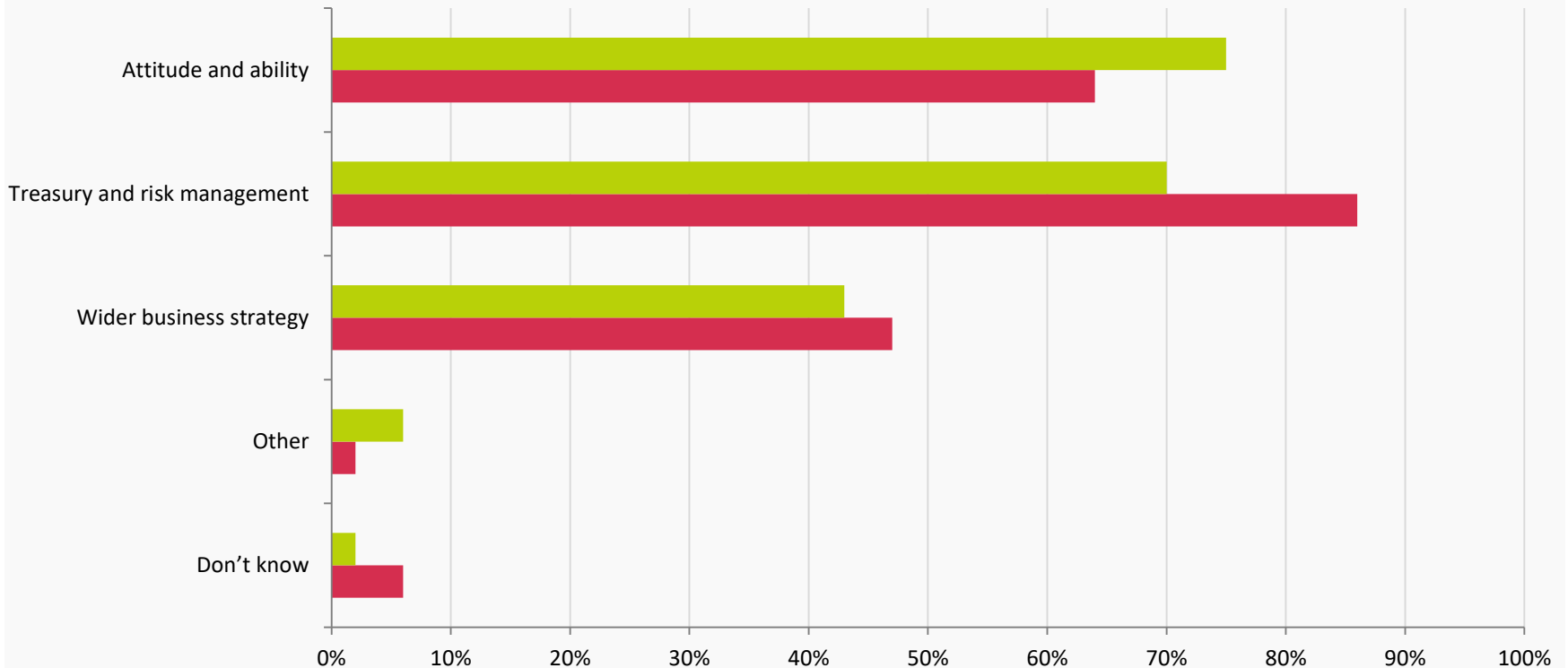
How is treasury performance measured?





Most important skills for new entrant treasurers to acquire (summary)

2019 2018





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Business:

- Financial management (1)
- Knowledge and information management (2)
- Planning and projects (3)
- Personal qualities (2)

Behavioural:

- Commercial drive and organisation (3)
- Self-management and accountability (4)
- Influencing skills (4)
- Working effectively with others (4)

Technical – Context of Treasury:

- The business context (3)
- Accounting and tax regulation (4)

Technical – Risk management:

- Risk frameworks (3)
- Identify and assess risks (2)
- Manage risks (1)
- Risk reporting (1)

TREASURY KEY SKILLS

Technical – Treasury operations:

- Treasury operations infrastructure (5)
- Financial products and markets (3)
- Technology (4)
- Cash management (4)
- Liquidity management (1)
- Trade finance (4)

Technical – Ethics and corporate governance:

- Ethics in treasury (6)
- Compliance and audit (6)

Technical – Corporate financial management:

- Corporate finance (5)
- Long term funding (3)
- Investment (3)
- Intercompany funding (3)



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What does the future hold?

- Global financial regulation driven by G20 (eg on money laundering/financial crime) - the changing nature of financial services regulation remains highly dynamic
- Two elements converging in cyber activity – action against fraud / theft (bottom up) & protection against business disruption / system failure (top down).
- risk management remains **key** operational & strategic issue but note impact of new business technology – AI, Biometrics and challenges of automation & robotics. Process automation will drive efficient and effective financial and business strategy – are users and providers on same page(s)?



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THE FUTURE-PROOFED TREASURER

The seven habits of tomorrow's treasurer

1. Adding value
2. Inclusive treasury
3. At the cutting edge of risk management
4. Overseeing a highly automated function
5. Highly networked
6. Sensitised to external forces
7. The Complete Treasurer

