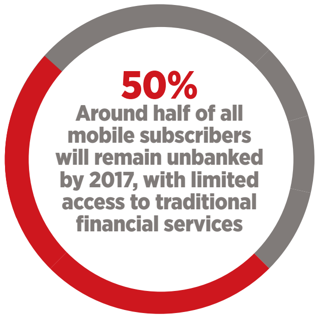
{ MOBILE BANKING: HANDSET & TABLET MARKET STRATEGIES 2013-2017 }

THE STATS

Many larger banks are now confidently deploying two or more of these technologies together, particularly where there is significant smartphone and tablet penetration

1bn+
mobile phone users globally will have used their mobile devices for banking purposes by the end of 2017

590m
In 2013, just over 590m mobile phone users will use their phones for banking



Most banks have at least one mobile banking offering, either via messaging, mobile browser or an app-based service

SOURCE: JUNIPER RESEARCH ON GLOBAL MOBILE BANKING

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{ CAPITAL MARKETS AND FUNDING }

EUROPEAN SPECULATIVE-GRADE DEFAULT RATE

The default rate for European speculative-grade companies will rise to 6.8% by the end of 2013, according to Standard & Poor's.

That's a jump from 6.3%, which was the corporate default rate at the end of the third quarter of 2012.

The credit rating agency believes the increase will be driven by the deteriorating credit quality of companies assigned private credit estimates, the eurozone's weak economy and looming debt maturities.

"While Europe's corporate sector was able to weather existential pressure on the euro and a lurch back to recession in 2012, we think 2013 will be a year when the corporate sector is not as readily able to detach itself from underlying economic realities," said Paul Watters CFA, senior director, head of corporate research Europe, Standard & Poor's Ratings Services.

"Although the intervention by the European Central Bank appears to have averted the crisis by reducing the risk of a disorderly break-up of the euro, the hard grind of adjustment and austerity will remain. As such, Europe's economy is likely to remain weak and fragile – our baseline forecast is for zero real GDP growth for the eurozone in 2013. In such a difficult operating environment, we consequently expect corporate credit quality to weaken moderately in most sectors in 2013."

But liquidity risks are expected to ease off due to improved corporate balance sheets and stronger conditions in the debt capital markets.

European corporate cash balances have increased by 30% in recent years, but comprise just 8-9% of companies' total assets. Some of the rise reflects companies' response to the deleveraging of banks and the consequent squeeze on loan growth. It also reflects a precautionary attitude.

AROUND THE WORLD IN 30 DAYS

LOANS, CHINESE FX PILOT, IFRS 9

European bank loans
European banks are expected to trade non-core loan portfolios with a face value of at least €60bn in 2013. According to PwC, which made the prediction, this compares with around €45bn of such deals in 2012 and €36bn recorded in 2011. To date, a large amount of loan portfolio transactions has involved real estate-backed lending. In future, PwC expects greater focus on corporate and leveraged lending, and loans with a longer maturity profile. PwC estimates that unwanted loan portfolios total more than €2.5 trillion across Europe.

Chinese sweeping pilot
HSBC and Intel will pilot the first foreign currency cross-border sweeping in China. Authorities have approved the scheme, which aims to centralise foreign currency management for multinational companies. Diane Reyes, global head of HSBC's payments and cash management division, said: "It's critical for treasurers to understand that the opening up of China's financial infrastructure favourably impacts their ability to manage their cash positions and internal liquidity – in all markets and in all currencies." The pilot scheme was launched to a group of selected Chinese and foreign-invested multinational corporates and banks.

Hedge accounting is delayed
IFRS 9 on hedge accounting is likely to be delayed further while the International Accounting Standards Board addresses a flaw in the standard's review draft. The draft excludes currency basis risk from the value of a hypothetical derivative used to calculate the change in the value of a hedged item. This will result in profit and loss volatility because the actual derivative incorporates a currency basis spread that cannot be avoided. The ACT wants an exemption of this market phenomenon that would affect all market participants entering into cross-currency swaps.

{ ACT NEWS }

ROYAL CHARTER

The ACT is entering a new chapter in its history as a professional body, says Ria Robinson

The great thing about the start of a new year is the feeling of new beginnings. At the ACT, we're even more excited about 2013, as we start a proud new chapter in the organisation's history – as a body incorporated by Royal Charter.

The grant of a new Royal Charter these days is comparatively rare. To be successful, a professional body must demonstrate that it represents a field of activity that is unique. So while we are unquestionably proud to join the ranks of the 900 or so Chartered bodies in existence, we are even prouder to do so in the knowledge that we are the only one dedicated to setting the standard against which corporate treasury can be measured.

A Royal Charter is ultimately an assurance to the public that the body is sound and well established, that its members are highly qualified, experienced and up to date, and that their professional conduct and activities are properly accountable. To further enhance these standards, we will continue to develop the leading global corporate treasury qualifications; we are relaunching our CPD programme and we will maintain a clear ethical code and disciplinary rules that provide an effective framework for professional behaviour.

The vision of a Chartered ACT both serving and setting the benchmark for a growing treasury profession was present at the start of the ACT. The then ACT chairman (1979-1982) Norman Tribble "looked forward to the day when the Queen will grant us a Royal Charter for our services to the community" and had "no doubt that the profession will grow and prosper".

In 2004, Niall Fitzgerald, then an ACT fellow and chairman of Reuters, was also convinced of the significant contribution the ACT had made to treasury practice over the previous quarter of a century, particularly in the development of standardised, professional treasury qualifications. In his view, "the interesting thing about treasury is that [25 years ago] it was not even considered to be a professional career. However, more and more demands were made of treasury, making it clear that it would pay to have professional training. This is where the ACT really stepped into the picture – with standard professional qualifications."

ACT director of membership Ria Robinson and ACT president Bob Williams

A Royal Charter is an assurance to the public that the body is sound and well established, that its members are highly qualified, experienced and up to date, and that their professional conduct and activities are properly accountable

The first thrust of the ACT was, and still is, its educational role and our success in this is reflected in our membership, which has grown to over 4,200 members and 2,400 students in 100 countries worldwide. Our voice has grown stronger as we contribute and respond to policy proposals and as we represent the corporate perspective in areas of financial debate and concern. Treasury, in turn, has moved firmly up the corporate agenda – spurred on by the onset of the financial crisis – with the treasurer gaining a more public image and elevated status with the c-suite, both inside and outside the boardroom.

Our Royal Charter, now in place, recognises what we have all achieved in increasing the profile and integrity of the treasury profession. It reaffirms our position as a leading treasury body and reinforces the ACT's public standing. Crucially, it also reinforces the public standing of our members and the treasury community at large, providing a platform from which they can demonstrate their contribution to the real economy and the financial health of their organisations.

Ria Robinson
ACT director of membership