

# An international profession

**RICHARD RAEBURN** EXPLAINS THE SIGNIFICANCE OF THE ACT BECOMING A MEMBER OF THE EUROPEAN ASSOCIATIONS OF CORPORATE TREASURERS.



**O**n 21 May 2005 the ACT became a member of the EACT – the European Associations of Corporate Treasurers. I see this as an important step for the ACT in underlining our commitment to represent the profession internationally; it also strengthens our ability to take an active part in debate on issues that we have in common with all those working in the field of treasury, financial risk management and corporate finance.

The EACT acronym is actually in its second generation. The organisation began as the Euro Associations of Corporate Treasurers, a euro zone body in which we could play no official part from the UK. This first version of the EACT formally dates back to 2002 but the main euro zone treasury associations were meeting informally for some years prior to that. Although we as the ACT remained outside, I always tried to ensure that we did nonetheless contribute as far as possible, so that we were seen to be willing participants even though

not a member of the 'club'.

**REDEFINED MEMBERSHIP CRITERION**

In October 2004 the EACT redefined its membership criterion to one based on the European Union; the ACT's Council therefore saw it as eminently sensible that the ACT should join. We now formally play a role in the governance of the EACT and have the opportunity to contribute directly to its work.

National treasury (and finance director) associations in the main European countries are involved in the EACT, with 15 organisations participating from 14 countries (Germany has two member associations). From the beginning the EACT has been ably led by a group of individuals who are predominantly practitioners and heavily involved in their local national associations. Some of the names – such as François Masquelier and Olivier Brissaud – will be known to a number of ACT members from their involvement in our work. There is also a significant and productive overlap between the EACT and the countries most actively involved in the International Group of

Treasury Associations (IGTA). This is helpful, given that the key concerns currently occupying the attention of the EACT, such as euro payment initiatives and the development of *IAS 39 Financial Instruments: Recognition and Measurement*, naturally play a significant part in the agenda of IGTA. We therefore find ourselves productively collaborating to move the debate forward through both EACT and IGTA meetings.

**EACT FOCUS** Over the past couple of years the EACT has focused on *IAS 39 Financial Instruments: Recognition and Measurement*, The Directive on Markets in Financial Instruments (MiFiD), the STEP proposals and payments harmonisation in Europe. It is on this last issue that I have seen the EACT capable of being most effective.

What has been achieved on payments harmonisation includes establishing that both the European Commission and the European Central Bank (ECB) recognise the EACT as legitimately expressing the views of the corporate users of euro payment systems. This has been achieved by a combination of having access to payment specialists within EACT member associations and successfully arguing the case for 'a seat at the table' in European Union and ECB discussions.

The EACT has been actively involved in commenting on the New Legal Framework for Payments (NLFP) and the underlying and associated principles required for the development of the Single Euro Payment Area (SEPA). Whilst we have had differences of emphasis in terms of the detail, nonetheless we as the ACT have fully supported the EACT submissions and expect to continue to do so.

**WHAT HAS BEEN ACHIEVED ON PAYMENTS HARMONISATION INCLUDES ESTABLISHING THAT BOTH THE EUROPEAN COMMISSION AND THE EUROPEAN CENTRAL BANK RECOGNISE THE EACT AS LEGITIMATELY EXPRESSING THE VIEWS OF THE CORPORATE USERS OF EURO PAYMENT SYSTEMS.**

### Executive summary

- The ACT has become a member of the European Associations of Corporate Treasurers (EACT).
- In October 2004 the EACT redefined its membership criterion to one based on the European Union and the ACT Council decided it was sensible for the ACT to join.
- The EACT has 15 organisations participating from 14 countries.
- Overlap exists between the EACT and the International Group of Treasury Associations (IGTA).
- Recently the EACT has focused on *IAS 39 Financial Instruments: Recognition and Measurement*, The Directive on Markets in Financial Instruments (MiFiD), the STEP proposals and payments harmonisation in Europe.
- Great emphasis is placed in EACT meetings on education, by both 'old' and 'new' Europe.

### DEVELOPING AN ACCEPTABLE

**COMMON POSITION** The effective way in which the EACT is capable of working, by corraling experts from within its member associations to develop an acceptable common position, broadly reflects how the ACT has approached its own work through our Technical Committee – which is to rely on largely virtual working groups to drive initiatives. I am hopeful that as the EACT moves on to address new issues with European impact we will be able to build on this way of working – and of course optimise the efficiencies that we can have in common between our own initiatives and those of the EACT.

One immediate development from our involvement with the EACT is that the annual International Cash Management Survey, conducted by JPMorgan Asset Management in conjunction with the ACT, is being formally extended with the endorsement of the EACT.

This builds on the efforts we have already made to ensure that

participants in this survey are drawn from as wide a geographical basis as possible; I am confident that the 2005 survey will further benefit from the support of the EACT and confirm the interest in and relevance of the results.

One of the most striking things to come out of EACT meetings is the emphasis placed on education, by the new participants from the Czech Republic, Slovakia, Hungary and Slovenia as well as by 'old' Europe. As our professional qualifications remain at the core of what the ACT is about there are excellent opportunities for us to work with a number of associations around Europe to help widen the access to our own qualifications.

**DEVELOPING APPROPRIATE QUALIFICATIONS** We will also be looking for opportunities to work with some of the European associations to develop appropriate qualifications for their members whilst maximising the potential to draw on existing material. This objective sits well with the commitment of IGTA to assess and grant formal approval to treasury qualifications from around the world where these conform to an agreed level of syllabus coverage. This is an initiative with which the ACT has been particularly closely involved.

I look forward to representing the ACT in the EACT's six-monthly meetings and am confident that our new membership is a significant step in reinforcing our global leadership role amongst treasury associations.

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For details of the ACT/JPMorgan Asset Management annual International Cash Management Survey see page 27.