

Cash Management Survey finalised

The seventh annual JPMorgan International Cash Management Survey, conducted in conjunction with the ACT, has now closed after being completed by more than 300 respondents.

The survey is a vital barometer of changes and trends in the international cash management industry and the ACT's ongoing support is essential in ensuring the future viability of the survey. This year, the European Association of Corporate Treasurers (EACT) endorsed the survey for the first time.

For every survey completed, JPMorgan has donated £5 to the International Red Cross. All survey participants will receive a copy of the results, which will be published in January next year.

James Finch, Head of Liquidity Funds, EMEA, at JPMorgan Asset Management, said: "Given the continued evolution of the cash management business, we hope the survey will prove once again to be a benchmark for the industry." ■



Credit derivatives hit \$12 trillion

According to the International Swaps and Derivatives Association (ISDA), the notional amount for credit derivatives grew by almost 48% in the first six months of 2005 to \$12.43 trillion from \$8.42 trillion. That represents a year-on-year growth rate of 128% from \$5.44 trillion at mid-year 2004.

The notional principal outstanding volume of interest rate derivatives, which include interest rate swaps and options and cross-currency swaps, grew by almost 10% to \$201.4 trillion from \$183.6 trillion.

Robert Pickel, Executive Director and Chief Executive Officer of ISDA, said: "Consistently strong growth demonstrates the ongoing recognition of the benefit that derivatives offer as risk management tools. It also highlights the importance of all our efforts to improve the infrastructure of the business to increase operational efficiency and reduce risk." ■

Treasurers should look at emerging issues

Business and financial issues are emerging where treasurers can make a valuable contribution to their organisations, according to Stephen East, Group Finance Director, Woolworths Group. East, who is also Deputy President of the Association of Corporate Treasurers (ACT), said: "It is possible to take the financial skills and the skill set that are so important to the treasurer and apply those skills in another area."

East pointed to the developing role of treasurers within the pensions issue as an example where treasurers should move outside their traditional boundaries. He said "It used to be unusual for a treasurer to become involved in pensions, now it is almost the norm." East



Stephen East

pointed to the ACT's New Certificate Paper in Pensions – due to be launched by the end of 2005 – which is designed to provide treasurers with an understanding of the legislative and regulatory framework surrounding pensions, including the role of trustees, risk management implications and associated

governance issues.

East added: "It is all about applying the skill sets that treasurers have got to the business benefit. You have to do that with every single member of a company. You take the skills they have, help them develop those skills and help them apply them for the good of the business."

See Stephen East profile p14. ■

On the move...

- **David Andrews MCT** has been appointed Senior Partner at Chatswood Trading. He was previously Deputy Managing Director at Ashford's Future.
- **David Butler MCT**, formerly Director of Finance at Aviva GI International, has been appointed Director of Treasury Management at Norwich Union Insurance.
- **Spence Clunie AMCT**, formerly Managing Director at Dresdner Kleinwort Wasserstein, has been appointed Division Director at Macquarie Bank Ltd.
- **Chris Day MCT**, formerly Finance Director of Diageo Deutschland GmbH, has recently been appointed Group Financial Controller of BBC.
- **James Douglas FCT** has been appointed Partner at Deloitte & Touche LLP and is responsible for its Debt Advisory business within Corporate Finance. He joins from JPMorgan Cazenove.
- **Nika Jasal MCT**, previously Director of Treasury Consulting at American Express Europe Ltd, has been appointed Director of Corporate Treasury at Credit Suisse First Boston, based in London.
- **Daniel Jefferies MCT** has joined MyTravel Group plc as Group Treasurer. Previously he was Assistant Group Treasurer at NTL Group plc.
- **Timothy Green MCT**, formerly Group Financial Controller at Care UK, has joined Cefas as Finance and Resources Director.
- **Andrew Long AMCT**, formerly Programme Director at The Boots Company plc, has joined Speedo International Ltd as Chief Financial Officer.
- **Cameron Munro AMCT**, formerly Global Head of Credit Derivatives at National Australia Bank Ltd, has joined Reoch Consulting as Director.
- **Philip Ridal MCT** has been appointed Finance Director at British Waterways. He joins from Manchester Airport Group plc where he was Group Finance Director.
- **William Tink AMCT**, formerly Director of Gilts at Isis Asset Management, has joined Aerion Fund Management Ltd.
- **Linda Williams AMCT**, previously Treasurer at The Laurel Pub Company Ltd, has been appointed Treasurer at Metronet Rail.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at www.treasurers.org Email your changes to Anna McGee: amcgee@treasurers.co.uk

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Technology

Liquidity management tops concerns

Liquidity management is the top treasury issue for European companies. In its *2005 European Corporate Treasury and Liquidity Research*, Treasury Strategies Inc says that more than two-thirds of companies mentioned at least one of the following concerns: investment management, cash forecasting, global cash management or ensuring access to cash flow/liquidity.

European firms have relatively lean staffing levels in treasury, while managing multiple functions. The most common functions managed by treasury are daily cash management, banking relations, borrowing/financing and cash forecasting. To handle numerous responsibilities, treasurers have turned to technology. More than 70% of companies use some type of treasury management system or plan to implement one. Treasurers face a fragmented market of providers across Europe. No single pan-European bank dominates the market for transaction, credit or investment services, although banks demonstrate dominant positions within individual countries. ■

Trema increases at Scottish & Newcastle

International brewer Scottish & Newcastle is increasing its use of the Richmond Suite, Trema's treasury management solution for medium-sized treasuries. A Richmond client for more than 10 years, Scottish & Newcastle had developed a number of processes outside the system. The company's need for integrated cash and risk management had also increased as a result of stringent control requirements imposed by the company's board committee on treasury.

The Richmond Suite supports the enriched Microsoft .NET user environment, which affords support for multiple languages, user-configurable screen layouts and navigation.

Andrew McLauchlan, Treasury Development Manager at Scottish & Newcastle, said: "Our due diligence policies required us to perform a rigorous and objective market review to identify a treasury management solution capable of meeting the group's current and future requirements. A key strategy for us is to eliminate repetitive and unproductive manual processes. We are improving treasury and cash management efficiency through the introduction of real-time data availability."

Trema's recent acquisition of Richmond Software was a positive factor in the decision, according to Alan Dick, Group Treasurer at Scottish & Newcastle. ■

DFDS ships in AvantGard

Shipping company DFDS A/S of Denmark has selected SunGard's AvantGard for its Copenhagen-based central treasury operation. DFDS chose AvantGard to support its treasury and cash management needs across its business activities, with emphasis on cash management and liquidity forecasting.

Key considerations in the decision were the open platform architecture of AvantGard-Integrity, its connectivity with banking software, flexible global reporting and deployment flexibility to collect cash liquidity forecasting.

Martin Boyd, executive vice president, EMEA, of SunGard's AvantGard business unit, said, "AvantGard works closely with a number of customers in the shipping and transport industry in Europe and we will be able to bring this valuable understanding to the DFDS project." ■

Hybrids highlight

On Thursday 8 December, the ACT has organised an event, Hybrids: The New Bond between Debt and Equity, sponsored by JPMorgan Cazenove. Michael Day, Group Treasurer at Pearson, Nick Mourant, Group Treasurer at Tesco, and Henryk Wuppermann, Head of Debt Capital Markets at Bayer AG will all be on the panel. Visit www.treasurers.org/events for more details. ■

LETTERS

Why speed limits?

Note the question – not about speed cameras, but about the justification for speed limits at all. This is not a plea for reckless driving, nor even for an increase in the speed at which vehicles pass along the streets. It is a serious question about whether the idea of speed limits is of itself deleterious.

Picture yourself behind the wheel. The speed limit sign says 40 miles an hour. You come upon a vehicle doing a modest 25 and what is your reaction? I'd lay odds that you think, even if you do not vocalise it, "Get a move on, you silly old twit" (or maybe even worse). You read the speed limit as the appropriate speed for that stretch of road. The limit is the same on a dry midnight with nothing on the road as it is in rush-hour on a miserable wet day with cyclists and pedestrians abroad.

The supporters of cameras (in particular, the enforcement agencies) are publicising the dangers of speed *per se*, and, especially in cases where cameras are involved, enforcement is unthinking and without discretion. At 31mph you are illegal; at 29mph you are legal, irrespective of the road conditions.

So, as I see you checking the cover of the magazine to make sure that you have not inadvertently picked up your copy of *Motor Sport* or *Autocar*, why bring this up in the august columns of *The Treasurer*?

Last month's *cri de coeur* from NW2 and the editor's stout defence of standards led me to think about targets and benchmarks. Immediately, a two- or even a one-dimensional picture springs to mind – get the arrow in the dark area in the middle of the disc and you have hit the bull's eye; further out and you have progressively been less successful. But business is not one- or two-dimensional but multifaceted – and the nature of one new cut on a stone involves the reflections and refractions on many faces playing against each other, and that is what makes the difference between more successful and less successful gems.

Maybe, just maybe, we should be teaching regulators, accountants and the like to appreciate the sophistication of real finance and wean them away from the simple elegance of mere accounting.

Arthur Burgess

Former Treasurer British Gas ■

No qualitative elements

Although I agree with some elements of your leader on performance measurement, I am once again disappointed that most of the focus is on a circular process: we judge what we can measure in figures. Although I agree that elements of the process lend themselves to figurative measurement, where is the consideration of the qualitative element of treasury? How well do investors and bankers think the people perform relative to their peers? How well do internal customers think treasury has performed? Are they responsive, able to communicate, delivering corporate values? I would also be concerned that a focus on traditional tools could hide a more insidious question: does the board have confidence in its treasury team?

I am sure the treasurers you mention are disappointed that their 'worth' is only seen in a mechanistic light which partially hides their true contribution.

Peter Matza

Finance, RWE Aktiengesellschaft ■

If you have a comment on this or any other topic please email editor@treasurers.co.uk or write to *The Treasurer* at ACT, Ocean House, 10/12 Little Trinity Lane, London, EC4V 2DJ