

# Financial strategists

At the ACT Middle East Conference 2014, speakers explored how treasurers can help their businesses to become more successful. Peter Matza reports



More than 400 delegates from 17 countries attended the ACTME's fifth annual conference, held in Dubai in October 2014. Last year (see the *Middle East Treasurer*, spring 2014, page 4), I wrote that there was a newfound maturity for treasury in the region. That theme was reinforced this year, but in some subtle and nuanced ways. In particular, it seems that there is increased recognition of the influence of the principles of treasury on business strategy and practice.

## Common ground

The conference opened with Matthew Hurn, executive director – finance, emerging sectors, at government-owned investment vehicle Mubadala Development Company, and ACT CEO Colin Tyler. They discussed the common ground that exists between treasurers all over the world. Tyler talked about increased levels of professional cooperation between treasury bodies, especially those in the EU, following the financial crisis. Hurn emphasised the need for regional legal and financial infrastructures to develop, but was wary both of over-regulation and conflict with other international structures.

Keynote speaker Carole Berndt, global head of transaction services at RBS, carried on the theme of change in finance. She focused on the 'disruptive innovation' currently being felt in all areas of the financial services industry. In her view, treasurers should seek to take advantage of their position as sophisticated users of services, both to drive change, and also to shape it. Berndt also warned treasurers to be careful what they wish for when comparing local, regional and

international banking, especially in their choice of partners and relationships. Berndt suggested that banks may form airline-style business-sharing groups – not necessarily an idea that would appeal to all treasurers, but food for thought in any event.

## Breakout sessions

We ran six different sessions. On the first morning, delegates chose between risk and liquidity management. In the risk discussion, much was made of the need for treasurers to appreciate how risk is about matching quantitative information with organisational appetite. Having said that, the practical advice for treasurers was to work hard at understanding how reliable that information is, how relevant it is, and thus how important to the board and stakeholders the analysis needs to be.

The liquidity discussion quickly became a crash course in growth. What do treasurers need to worry about as their businesses go cross-border, not just in the Gulf Cooperation Council or even in the Middle East and North Africa, but also further afield?

Well, it seems that self-funding, FX management, visibility and controls will all appear in the treasury in-tray. Balaji Subramanian, senior finance manager at Landmark Retail, an operator of shopping malls and commercial property, warned that regulatory regimes regarding FX and cash movement are not consistent everywhere. He was a keen advocate of using technology, especially SWIFT messaging, to get access to his information and his cash.

An afternoon strategy session looked at how active and reactive risk management

differ. In particular, the challenge is about being clear on the scope of treasury policy. So it is the difference between treasurers doing the job effectively and interfering, negatively, in business operations.

A funding panel took a practical view on the 'how to' questions. How and when should organisations fund, what options do treasurers have and who needs to know what the outcomes might be? Declan Sawey, group treasurer at investment holding company KIPCO Kuwait, had arguably the simplest, yet most prescient, advice of the whole conference: plan, plan and plan some more. In Sawey's view, treasurers must know their business, which should inform them of the funding they need, and they should be ready with a variety of options for the board.

## Technology and regulation

A discussion concluded that a treasury must have its ground rules and culture in place before committing to system investment. In addition, the frequently made error of thinking systems will

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## LOOKING AHEAD

The conference offered a tantalising glimpse of what the next few years hold for treasury in the Middle East.

When asked about their primary concerns for the next two to three years, 34% cited risk management. Meanwhile, 30% said treasury technology, and 25% indicated that they would look at their cash and liquidity management.

More than 70% of delegates said they were either confident or very confident about business prospects in the Middle East over the next three years.

## RECOGNISING SUCCESS

At the conference, we were delighted to celebrate the success of those individuals who had shown commitment, determination and excellence in passing the ACT exams.

A key role of the ACT as a Chartered, professional body is to support the treasury profession to meet the technical issues and challenges it faces, and to enhance the position, influence and standing of professional treasurers within their companies and the broader business community. Education and professional development are fundamental to this objective.

The United Arab Emirates is the ACT's fifth-biggest qualifications market. At present, 136 individuals are studying for ACT qualifications and more than 100 have already qualified. This is testament to the continuing drive for professionalism within treasury in the Middle East.

### The 2014 prize winners were:

**Certificate in Risk Management Prize 2014** – Robby Zahr, group treasurer, Al Jaber

**Certificate in International Cash Management Prize 2014** – Edward de Courcy-Ireland, senior manager, regional product management, HSBC

**Certificate in International Treasury Management Prize 2014** – Vineet Gupta, assistant treasurer, OCTAL Petrochemicals

Congratulations to all our winners. We're very proud of you and your excellent achievements.



**TOP:** David Aldred, MD, treasury and trade solutions, Citi (left), with risk management prize winner Robby Zahr and ACT CEO Colin Tyler



**MIDDLE:** International cash management prize winner Edward de Courcy-Ireland was congratulated by David Aldred and Colin Tyler



**BOTTOM:** The good results of international treasury management prize winner Vineet Gupta were recognised by David Aldred and Colin Tyler

do something they are not built for needs to be avoided. Information in itself is not risk management.

Almost inevitably, regulation crept into every conversation and discussion at the conference – whether that was in the sessions or during networking. To a certain extent, the region is only feeling the impact indirectly through the behaviour of the financial services industry. This especially applies to Basel III and its impact on lending, capital management and hedging. Changes in accounting are also being felt. It means that tactical and strategic risk approaches are forcing some corporates to look for natural hedges or increasing their tolerance for more volatile financial outcomes. There are upsides to some of the changes, though, since both new entrants and current providers are competing on innovation and service, rather than just on pricing.

### Speaking up

The rising profile of treasurers in the Middle East was emphasised in the comprehensive discussion that closed

This is an abridged version of an article on the ACT Middle East Conference 2014 that can be viewed in full at [www.treasurers.org/thetreasurer](http://www.treasurers.org/thetreasurer)

the conference. Firstly, three treasurers with different experience and backgrounds – Shrimati Damal, group treasurer of shopping mall operator Majid Al Futtaim, Rachel Pether, financial risk manager at commercial finance provider Mubadala GE Capital, and Gary Slawther, treasurer at petrochemicals company OCTAL, talked about the challenges that treasurers face in general and particularly in the region.

They were followed by Werner Flaig, CFO of building materials supplier Easa Saleh Al Gurg, who gave his view on the treasurer-CFO relationship. Flaig's perspective is especially interesting given that his team won the ACT Middle East small/medium treasury team of the year award in 2013. See [www.treasurers.org/node/9681](http://www.treasurers.org/node/9681)

When talking about the relationship between treasurers and the CFO and the board, Flaig was clear what he wanted: treasury teams with the right mix of expertise. A capable team consists of individuals who are knowledgeable about the company and have the business

acumen to analyse what needs to be challenged and – if necessary – changed.

The treasurers who spoke were clear that it's their job to set and manage financial strategy so that it connects with the overall business strategy. On top of this, treasurers need to communicate this 'coming together' to the various stakeholders that they work with. These include investors, lenders, executive management, subsidiaries and even rating or credit analysts.

In addition, speakers were adamant that treasurers should set a standard for business behaviour and management. Having clear policies – for example, a treasury charter or service level agreement – and operating practices are key for all businesses, irrespective of the geographic dimensions involved.



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