

BANKING ON THE AMCT



When Lourie Kruger moved into corporate treasury with Kingdom Hotel Investments, enrolling for the ACT's core qualification was a "no-brainer", he tells Sally Percy

Words: **Sally Percy** / Photos: **Louise Shrigley**

➤ Lourie Kruger was already a successful banker with Standard Bank in South Africa when he switched to a career in treasury in 2009. After joining the bank as a graduate, he worked his way through the ranks until he and a colleague founded Standard Bank's real estate investment banking division, which provided debt advisory services to the entire sub-Saharan African region.

But Kruger had been weighing up a move into corporate treasury for a couple of years before he was approached about taking on a group treasurer role by his client, Dubai-based luxury hotel investment group Kingdom Hotel Investments (KHI). Intrigued by the possibility of seeing 'life from the other side' and keen to apply the skills and experience he had acquired in Africa to the Middle East, Asia and Europe, he jumped at the chance.

"It was a combination of the right time and the right opportunity," reflects Kruger. "I was curious about the way corporates were looking at their businesses, managing risk and allocating capital. Lots of bankers have a morbid fascination with what's happening on the other side of the table."

Once he was installed in KHI's treasury, Kruger was amazed by the scope of the role he had taken on compared with his experience in banking. "It's the sheer breadth of what a treasurer deals with on a day-to-day basis," he says. "I've never heard of any one individual who looks after such a range of responsibilities in a bank."

He continues: "The eye-opener was not any particular issue, it was the fact that you have to deal with all of them, all of the time. You think that if you come from a banking background, you would be able to sit on the other side of the table, but there was definitely a skills gap."

For Kruger, the skills gap was centred on tax, accounting and leading the FX hedging of a group (rather than hedging on a transactional basis, an activity he was familiar with from his banking days). So he researched options that would enable him to brush up on those skills and he settled on the AMCT diploma following discussions with Gordon Drake, KHI's CFO and a former treasurer.

So far, Kruger has found the Certificate in International Treasury Management (CertITM) the most useful module of the AMCT,

which is the ACT's core qualification. "It has a broad-based approach to treasury," he explains. "It has got great corporate finance material and very good information on cross-border cash payments."

Juggling a demanding job (Kruger is now vice president, treasury and M&A at KHI) with studying the AMCT is challenging, but rewarding at the same time. "As with all things that require a change in how you structure your day from a timing point of view, it requires a little discipline," says Kruger. "But you can start applying your knowledge and have more informed conversations almost immediately."

Kruger has put his AMCT learning into practice in a number of different ways. It has helped him to set up teams within treasury and to put the right infrastructure and controls in place to allow for "efficient yet controlled" cash management. It has also given him valuable knowledge on structuring businesses so that they are tax-efficient while able to effectively repatriate funds back to the centre. This is critical for KHI since it actively manages its cash across a number of different jurisdictions to optimise its balance sheet throughout the world.

There is a big opportunity cost to treasurers who choose not to do the AMCT qualification, observes Kruger. "Think of the amount of time it will take you to get to the same level of knowledge by doing it on the job and the potential risk that something might go wrong during that period. I think it's a no-brainer." He values the fact that the ACT is a chartered body and appreciates how well regarded its diplomas are. "There is a high level of recognition of these qualifications in the market, which helps them to build their own brand."

Besides equipping him with valuable skills, Kruger thinks the AMCT shows that he is serious about a career in treasury, despite coming from a banking background. "It takes quite a bit of work to get those letters after your name," he points out. "And I will stay on the corporate side because I find the challenges that I deal with on a day-to-day basis much more rewarding than where I was. Treasury is an exciting space, especially in the emerging markets." ➤

“It’s the sheer breadth of what a treasurer deals with. I’ve never heard of any one individual who looks after such a range of responsibilities in a bank”



Although treasury as a business function is still a relatively new concept in the emerging markets, companies are “waking up to the fact that they need treasury skills”, according to Kruger. This, in turn, will open up lots of opportunities for treasurers. He himself is proud of being part of a “world-class” treasury team that works across different jurisdictions and has done a number of highly structured transactions in various exotic locations, such as Morocco and the Philippines. He is also very excited about working in Dubai. “Dubai has done a fantastic job in terms of positioning itself as a business and financial hub for the Middle East and a gateway for investment funds and business into Africa and Asia,” he says. “The opportunity that Dubai offers for finance professionals and treasury professionals, in particular, is very good and it is getting better.” In addition, he notes that Dubai is a great base for travelling, which is his passion outside of work.

Although Kruger loves the diversity of being a corporate treasurer and has no plans to return to the banking world, his background is nevertheless an advantage in his new career. “The benefit is that you understand how a bank looks at, judges and prices risk, whether that’s risk in a company or in an investment,” he explains. “As that cuts across almost everything that a treasurer does, it makes for a very efficient and constructive conversation between treasury and the bank.”



For the same reason, Kruger believes that bankers would benefit enormously from doing the AMCT qualification so that they understand the issues their clients face. “Bankers are always being driven to become more client-centric, and treasury is the touchpoint between corporates and banks,” he observes. “It can only help bankers to understand how treasurers view the world. I almost think it should be mandatory.”

Sally Percy is editor of *The Treasurer* and *Middle East Treasurer*

He is proud of being part of a “world-class” treasury team that works across different jurisdictions

LOURIE’S TOP TIPS FOR SUCCESS:

1

“I’ve had the benefit of having some great bosses. My mentor on my graduate programme said: ‘This is your career and you need to take ownership. If you want something to happen, you need to make it happen yourself.’”

2

“As a treasury professional, you are managing financial risk, so it’s important to have an understanding of how your role impacts on the risk management of the rest of the company.”

3

“Ambitious treasurers should think about moving into a chief investment officer role, rather than a CFO role, because it aligns slightly better with their skills and doesn’t burden them with the administrative tasks that CFOs have to manage.”

4

“My top study tip is to apply what you learn.”

LOURIE’S CURRICULUM VITAE

2012-present

Vice president, treasury and M&A, Kingdom Hotel Investments

2009-2012

Vice president and group treasurer, Kingdom Hotel Investments

2005-2009

Manager, Investment Banking Africa, Standard Bank South Africa

2004-2005

Business manager, Standard Bank Mauritius

2003-2004

Sales manager, Standard Bank South Africa

2002-2003

Graduate trainee, Standard Bank South Africa

KHI IN NUMBERS

\$4bn

the value of KHI’s assets for the year ended 31 December 2011

17

the number of countries in which KHI operates

\$258m

KHI’s revenues for the year ended 31 December 2011

24

the number of hotels in KHI’s portfolio

10-15%

the returns that KHI targets before gearing