

**CENTRAL BANKS GO DIGITAL**

How the pandemic has fast-tracked currency innovation

**HIGHLIGHTS FROM ITW**

Dispatches from the ACT's first fully online conference

**AM I MISSING SOMETHING?**

What we lose and what we gain from homeworking

# The Treasurer

THE MAGAZINE OF THE ASSOCIATION OF CORPORATE TREASURERS ◆ AUGUST/SEPTEMBER 2020

## STEP INTO MY OFFICE

Richard Walker on Nomad Foods' treasury transformation



**PLUS**

**TREASURY-LED  
CHANGE AT AL-FUTTAIM**



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## EDITOR'S LETTER

As we continue to battle with lockdown, I can't be alone in weighing the restrictions in our social lives against a surprising number of upsides. Please don't misunderstand me. The hardships and losses we're suffering are real. COVID-19 will throw a long shadow, and it will take time to assimilate the implications. But as weeks go by, and as earlier and more optimistic assessments around the resumption of our normal lives are toppled, it can only help to focus on what we've discovered about ourselves and each other, and the positive features of conducting our business and working lives this way.

I'm thinking primarily about the increased willingness to share experience – generously and to a heartening degree. This was certainly in evidence at The Association of Corporate Treasurers' (ACT's) International Treasury Week (ITW) in May, when an impressive line-up from our global community of treasury professionals spoke candidly on all aspects of business life under lockdown. We heard the decisions around cash and liquidity made on day one; the need to show understanding and flexibility in the face of colleagues' varied home and working arrangements; and strengthened relationships with external stakeholders who appear newly willing to admitting to not always having all the answers.

ITW, featured on page 24, also included all the essentials, such as sessions on regulation, liquidity, ESG and – importantly – mental health. These can still be accessed in full via the ACT's website (go to: [treasurers.org/events/past](https://treasurers.org/events/past)).

And while our day-to-day challenges still loom large, the collective conversation has begun to turn to the future. Here again, change is in the air. Given the opportunity, do we want simply to return to the working methods and processes that we were used to and that we depended on? Or will we take the opportunity to change things for the better?

Other features in this issue of *The Treasurer* reflect the theme of the ACT's next event: The Festival of Treasury Transformation. Nomad Foods and Al-Futtaim have treasury transformations under way, both of which began pre-lockdown. Richard Walker, group treasurer at Nomad Foods, talked to *The Treasurer* about the milestones reached so far – a rating from Fitch and a Bloomberg implementation – and the tasks ahead, including greater support for the company's supplier base. Details can be found on page 14.

Al-Futtaim's finance transformation was modelled on its treasury transformation, where automation and simplification of processes were key drivers. Over the course of the pandemic, Al-Futtaim has reaped the benefits of greater transparency and enhanced analytics. The full story starts on page 18.

I hope you enjoy this issue.

Liz Loxton

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## THIS ISSUE'S CONTRIBUTORS



**KALLUM PICKERING**, senior economist at Berenberg Bank, is *The Treasurer's* regular economic commentator and a recognised forecaster, regularly contributing to public debate through interviews on Bloomberg, CNBC, the BBC and CNN. This issue, he turns his lens towards government debt. You can find his article on [page 11](#)



**BEN POOLE** is a long-standing contributor to *The Treasurer* as a freelance writer and editor. His portfolio reflects interests across corporate treasury and finance, transaction banking and fintech. He is also a former editor of GTNews. Turning his attention to treasury transformation for this issue, his feature is on [page 18](#)



**NICHOL BURGESS**, founder of Treasury Consultancy Services, has a track record in treasury transformation. She spent 11 years at British Airways, first as a finance manager, and then as a treasury risk specialist. Next, she moved to Travelport, where she worked on a TMS implementation. Her article can be found on [page 34](#)

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is the official magazine of  
**The Association of Corporate Treasurers**  
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#### THE TREASURER ©2020

Published on behalf of the ACT by  
**Think**, Capital House,  
25 Chapel Street, London NW1 5DH  
♦ +44 (0)20 3771 7200  
♦ [thinkpublishing.co.uk](https://thinkpublishing.co.uk)

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MDX  
Paper from  
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FSC® C004116

Printed by Pensord  
ISSN: 0264-0937



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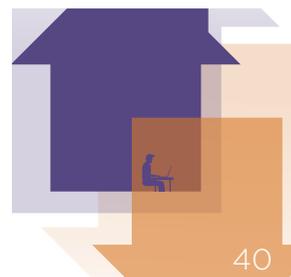
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## ESG FUNDS 'OUTLAST TRADITIONAL PEERS'

**G**reen investment funds have outperformed their more traditional rivals over the past decade, according to new research. In an analysis of almost 5,000 Europe-domiciled funds, market intelligence provider Morningstar found that those based around ESG criteria “consistently exhibited higher survivorship rates” than conventional funds over the 10 years up to December 2019.

In relative terms, the organisation noted, of the

sustainable funds available to investors a decade ago, 72% have survived, compared to less than half (45.9%) of traditional funds.

Reflecting on the findings in a blog post, Morningstar director of sustainability research Hortense Bioy pointed out that, in addition, ESG funds had proven more durable than their traditional counterparts amid the COVID-19 sell-off that occurred in the first quarter of this year. In Bioy’s assessment, this can be explained by a combination of factors. “Firstly,”

she noted, “being underweight in less ESG-friendly sectors like oil and gas, and overweight in [industries such as] technology and healthcare benefitted many sustainable portfolios. Traditional factors such as quality and low volatility have also played a role.”

Another critical factor, she wrote, is that “companies that score high on ESG tend to be well-run businesses that treat their stakeholders well, address their environmental challenges, enjoy more

conservative balance sheets, and have lower levels of controversies. Many such companies tend to be more resilient during market downturns.”

The research appeared in the Morningstar report *How Does European Sustainable Funds’ Performance Measure Up?*

### FITCH: STERLING MMFs SAFE FROM NEGATIVE YIELDS

Even if they prove long lasting, negative yields on UK government bonds are not an existential threat to sterling money market funds (MMFs), reports Fitch. In a recent opinion piece, the rating agency stressed that MMF managers “have levers to avoid fund yields going negative in the short term

## WHAT THEY SAID...

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The European Central Bank contests that six years of negative interest rates have not eaten into bank-sector profits.

**“Negative interest rates have had a broadly neutral impact on bank profitability so far, as their negative effect on net interest income has been offset by a positive effect on borrower creditworthiness”**

Miguel Boucinha and Lorenzo Burlon, authors of a paper on the policy’s impacts.



by extending maturities and waiving fees”. As such, it noted: “Even if fund yields eventually went negative, we believe most investors would ultimately stay with the funds, given the lack of alternatives with comparable liquidity and low risk – although the likelihood of material redemption requests may be higher initially.”

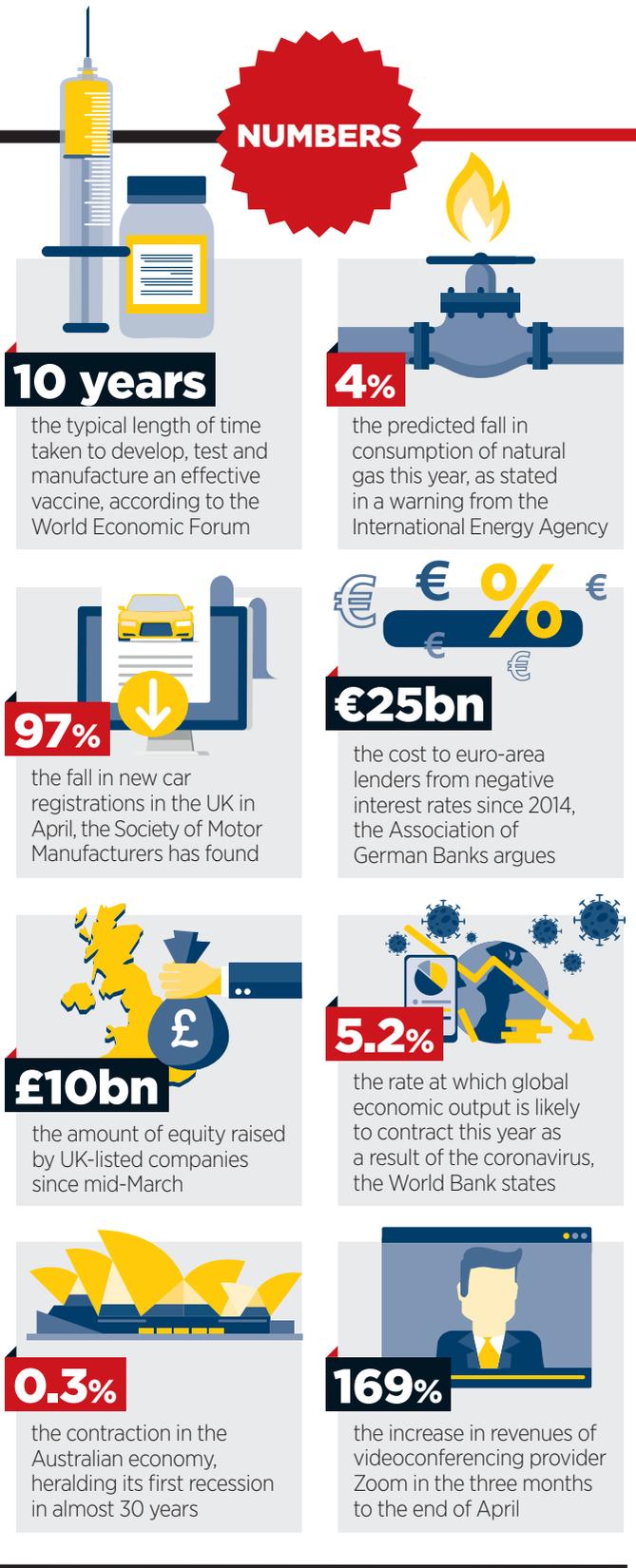
Fitch pointed out that the UK had recently sold



negative-yielding government bonds for the first time – with three-year gilts placed on 20 May, yielding -0.003%. However, the agency assured stakeholders, the sale does not indicate that negative yields on sterling MMFs are imminent. “The effect of market yields on fund yields is not immediate,” it wrote, “as it takes time for assets to mature and be reinvested.”

It added: “If a fund’s yield turned negative, this would not in itself constitute a negative rating event, as Fitch considers principal to be preserved provided that the fund’s gross yield is in line with the return on a relevant-reference, short-term money market interest rate.”

## NUMBERS



## IN THE NEWS...

### ► SPILL BLIGHTS RUSSIA'S GREEN HUB HOPES

A 20,000-ton oil spill in the far north of Russia could dent the country's ambitions to reinvent itself as a green finance hub, according to reports. Speaking to Bloomberg on 14 June, Alexey Miroshnichenko – deputy chairman of state development bank VEB.RF – said that his organisation plans to form guidelines for national green bonds by the end of the summer, with the aim of raising RUB 300 billion (\$4.3bn) for environmental projects.

However, he signalled the bank's intention just days after a diesel tank at the Arctic MMC Norilsk Nickel PJSC power plant ruptured, causing a leak so severe it drew comparison to the Exxon Valdez oil tanker spill of 1989. Forced to declare a state of emergency as the incident unfolded, Russian President Vladimir Putin rebuked the plant's management for failing to upgrade the tank. Those managers, meanwhile, attributed the fault to climate change thawing out the tank's surrounding permafrost.

Commenting on the bank's plans, Union Investment Privatfonds GmbH money manager Sergey Dergachev

told Bloomberg: "In theory, it's a tremendous opportunity for many Russian issuers to diversify their investor base. But at the moment, especially for metals and mining companies, potential green bond issuance might be tougher to accomplish."

### ► COVID-19 SPARKS CYBERTHEFT SURGE

Cyberattacks on financial-sector targets surged by a whopping 238% from February to April this year, cybersecurity experts VMware Carbon Black has found. In a recent study, the firm found that, over the same period, ransomware attacks on the sector had grown by a multiple of nine. Closer analysis showed a direct correlation between notable security alerts and significant moments in the COVID-19 news cycle – indicating, in the words of the firm's strategy chief Tom Kellermann, "that attackers are capitalising on disruption to attack while the world looks the other way".

In the third edition of its *Modern Bank Heist* report

series, the firm noted that 82% of CISOs had seen an increase in attack sophistication over the past year – and the ways in which incidents are developing provide valuable insights into attacker behaviours that must inform corporates' response. "Overall,"

Kellermann wrote, "we're seeing attackers moving past inelegant 'smash and grab' tactics, and towards more of a 'hostage situation', where their motivation is to gain and retain footholds in target networks for long-term campaigns."

### ► PAYMENT FRAUD INEVITABLE, SAY FINANCE CHIEFS

Almost 60% of financial decision-makers in UK firms regard payment fraud losses as 'part and parcel' of running their businesses, a recent poll from software provider Bottomline

has discovered. Some 81% have been unable to recover more than half of the money they have lost through payment fraud – but among small businesses, that figure rises to 88%. As COVID-19-related scams continue to rise, payment fraud losses at firms in the small and medium categories have grown by 14% and 38% respectively, from 2019 to this year.

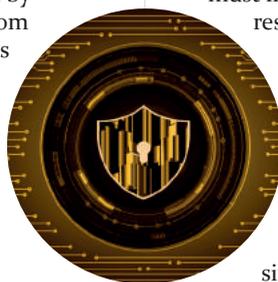
However, while the amount of cash lost to fraud has increased, individual occurrences have declined. The number of respondents who indicated that fraud impacted upon their firms has dropped from 45% in 2019 to 34% this year. The greatest reductions are among large corporates and enterprise organisations, who reported a 22% and 25% drop in fraudulent cases respectively, compared to 2019.

In Bottomline's assessment, this can be explained by corporates being more likely to use automated payment protection measures than their smaller counterparts.



A containment boom is deployed to clean up the oil spill in northern Russia

GETTY



## FIVE MINUTES ON... COVID-19 AND FINANCIAL MARKETS

Issuers must fully disclose any business impacts they are dealing with as a result of the COVID-19 crisis, says the International Organization of Securities Commissions (IOSCO).

In a recent announcement, the watchdog noted: "The pandemic and the uncertainty it has caused have material implications for financial reporting and auditing, including issuers' disclosures of current and reliable information material to investment decisions."

It added: "Current circumstances may make disclosures outside the financial statements more challenging and hence

make high-quality disclosures that much more important."

With that in mind, IOSCO has released a public statement urging issuers to:

1. Acknowledge the importance of disclosing COVID-19's effects on any amounts recognised, measured and presented in their financial statements;
2. Ensure disclosures are complete, transparent and entity-specific – particularly when involving significant judgements and estimates;
3. Understand that interim financial information will require more robust

disclosures of material data and management's response to the changing circumstances; and

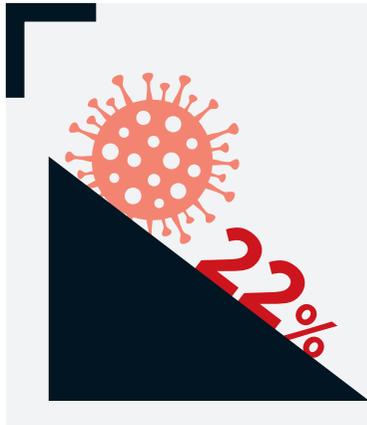
4. Balance any regulatory flexibility extending the period to file with the responsibility to provide timely and comprehensive financial data that includes reasonable and supportable judgements.

Find the full statement on the Publications page of [iosco.org](https://iosco.org) (go to: [iosco.org/news/pdf/IOSCONEWS568.pdf](https://iosco.org/news/pdf/IOSCONEWS568.pdf))

**SURVEYS  
AND  
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# CONSERVE CASH, MANAGE DEBT DOWN

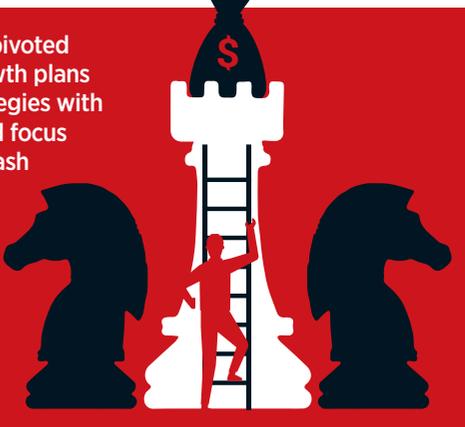
CFOs OF MULTINATIONAL CORPORATES EXPECT HEAVY IMPACTS ON THEIR BUSINESSES AND ARE SHORING UP THEIR BALANCE SHEETS, ACCORDING TO DELOITTE'S CFO SURVEY



CFOs of multinational businesses have demonstrated record lows in confidence in the face of COVID-19 impacts. They expect revenues to fall by **22%** this year, compared to their pre-COVID-19 projections, and expect recovery to be slow.



**52%** of CFOs expect a long-term increase in corporate debt levels. Other long-term impacts they predict include:  
**98%** - a continuation of flexible and home working  
**97%** - pandemic planning within businesses  
**94%** - increases in levels of corporate/household taxation  
**89%** - greater diversification and strengthening in supply chains



Businesses have pivoted sharply from growth plans to defensive strategies with an unprecedented focus on cost control, cash conservation and debt reduction.



Finance strategies are defensive.

- 76%** are focused on reducing costs, compared to 50% in Q4 2019
- 68%** have increasing cash flow in their sights, compared to 45% in Q4 2019
- 41%** are looking to reduce leverage, compared to 19% in Q4 2019
- 17%** are disposing of assets, compared to 13% in Q4 2019



Businesses' responses continue the pattern seen in the early days of the onset of COVID-19, including encouraging levels of support for suppliers and customers.

- 99% have introduced or expanded flexible working arrangements, such as remote working, shifts, etc
- 59% are furloughing employees
- 52% are reducing output
- 33% are diversifying suppliers
- 29%** are offering payment holidays to customers
- 23%** are offering credit to suppliers



A majority expect demand to pick up in Q3 and Q4 (**40%** and **33%** respectively) 2020. However, **23%** don't expect to see recovery in demand until next year.

More than a half (**53%**) do not expect to see a return to pre-pandemic levels of demand until the second half of 2021 at the earliest.



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# NO NEED TO GET QUEASY ABOUT THE SURGE IN PUBLIC DEBT

GOVERNMENT DEFICITS ARE RISING TO EYE-WATERING LEVELS: HOLD STEADY

▶ Reacting to the COVID-19 pandemic and ensuing global mega-recession, advanced nations have opened the fiscal floodgates.

On both sides of the Atlantic, and in the developed parts of Asia, governments are running record peacetime deficits to finance generous employment subsidies, massive loan guarantees and higher spending on healthcare.

Public debt is surging. Major economies will add at least 20 percentage points to their GDP ratios in 2020. Public debt as a percentage of GDP will likely rise to: around 124% of GDP in the US, 102% in the eurozone and to 106% in the UK.

In Japan, which remains in a league of its own when it comes to public borrowing, debt will rise to around 222% of GDP this year.

Should we worry about the extra debt? Not much.

Contrary to the warnings of some commentators during

the past decade, which started during the financial crisis when public debt started to surge, financial markets do not seem too panicked by the extra public debt.

Quite the opposite. Despite the sharp rise in public debt, borrowing costs for governments have fallen to near-record lows. No government of a major economy is struggling to finance itself.

The coronavirus recession has merely reinforced four interlinked factors that have caused government borrowing costs in the advanced world to decline over time: 1) a rising glut of global savings seeking a safe haven; 2) declining inflation and inflation expectations; 3) weaker

**No government of a major economy is struggling to finance itself**

productivity growth in an age of growing economic and political anxiety; and 4) huge central bank balance sheet expansion.

Instead of adding to the risks, the aggressive fiscal action has helped to buffer the huge shock instead.

With help from central banks and their extensive bond purchases and liquidity injections, economic policymakers have prevented the inevitable global COVID-19 recessions from morphing into a financial crisis and depression.

▶ There are no hard and fast rules that limit government spending based on some arbitrary ratio of debt or deficit, especially in times of crisis like these.

The usual debt rules that apply to private businesses and individuals do not apply to governments.

Unlike a household or firm, the government is a currency issuer with its own central bank. In principle, it can always meet its debt obligations in its own currency as long as people are willing to accept the pieces of paper with the faces of famous people from history on them that central banks print.

When there are unused resources in the private economy and inflation expectations are well anchored, the government always has the fiscal capacity to spend until full employment is reached or inflation expectations start to rise too much for some other reason.

Learning to live with the virus will involve semi-permanent disruptions to daily life. The risk of a second virus wave



looms large. Avoiding this outcome will require a go-slow approach to the easing of lockdowns. This may frustrate the economic recovery, which could be uneven and prone to downside surprises for a while.

In time, once the virus has run its course and economies are recovering nicely, it will be time for governments to think about ways to return public finances to a more sustainable path. But it is still far too soon to think about that.

Providing for people who have fallen on hard times during the downturn while promoting a recovery that returns people to work should remain the immediate and overriding priority of governments in the advanced world.

If that involves persistent high borrowing for the next year until modern medicine wins the fight against COVID-19, then so be it. It is the lesser of two evils. ♥



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Berenberg Bank



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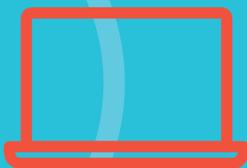
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# BLACK LIVES MATTER

OUTRAGE AT RACIAL INEQUALITY HAS BEEN SWEEPING THE GLOBE – AS SO IT SHOULD

▶ Reflecting on the current situation, I know these are emotional times for many in our community. Worldwide reaction to the death of George Floyd has highlighted to me the suffering of Black, Asian and minority ethnic (BAME) people every day that goes unnoticed by others. We assume ‘all is OK’, perhaps because we feel we don’t discriminate ourselves, or because we have never actually witnessed or experienced this before. And there are of course others, sadly, who just don’t care.

People tell me racism is systemic, and they talk about how it feels to be told throughout their lives that their race ‘never achieved anything’. They talk about the realisation that they needed to adapt their behaviours so they could ‘fit in’ to a white world way of doing things if they are to progress up the corporate ladder. One result can be that they are silent in meetings, because they have learnt that if they speak out people can quickly brand them as aggressive, inappropriate or awkward.

The result: we miss the ideas and engagement on a business level of a large part of the

population. This applies to many white-dominated countries. Studies show that diversity of thought in teams is directly and positively correlated with innovation and performance. We also miss out on the fun and learnings gained from engaging with a wider cross-section of society.

We can broaden this out, and talk about the experiences of all minority groups, but the point is: we have not, among all the noise and company programmes, including the wonderful training on unconscious bias that many of us felt was the answer, managed to make a significant difference in terms of racial equality, neither in the US nor in Europe. We have failed, and it’s taking a revolution to galvanise the change that is needed.

The Association of Corporate Treasurers (ACT) is not a political organisation, nor does it take stances generally on matters where its membership may have different and varying views. But in this case, treating all humans as equals, and being equitable with everyone we encounter, is at the core of our vision and mission. I felt, therefore, that it

was worth reiterating our stance on racial diversity and the fact that it is hugely important for us to represent the world in which we work, ie our communities. We have tried to assess our membership statistics in terms of ethnicity. It’s difficult to be precise, but from what we see, BAME treasurers are hugely under-represented. And we believe strongly that we need to work on this for the overall benefit of the profession.

▶ COVID-19 has had a greater impact on the BAME community than other sectors of society, and we know much of this is down to social, economic and environmental factors. If more BAME people had the opportunity to access roles in finance and treasury, wouldn’t that be a good thing? Treasury roles are interesting and well paid (better than their accounting equivalents), and yet there is still an imbalance. We have been looking at this issue recently and are hoping to move ahead with a scheme sponsored by a third party, where the ACT offers free scholarships to members of the BAME

community with third-party support for exam fees. If you are interested in supporting this, we’d love to hear from you.

As we launch this initiative in the next month or so, please encourage your contacts to spread the word and get in touch with us for further information if they are from a BAME background and do not have an employer willing to fund their study.

I am also calling on all treasurers to do what you can to ensure everyone in your team, including those who may not be the standard ‘fit’ due to their background, shares their perspectives, so we can all learn from each other. It really does help to talk. I know ACT members would never knowingly discriminate, but let’s think how we can make a positive difference and be an ally and advocate for those who cannot, pragmatically speaking, do it for themselves. ❤️

**Caroline Stockmann**  
is chief  
executive  
of the ACT





## CAREER PATH

### 2018–present

Group treasurer, Nomad Foods

### 2017–2018

Group treasurer, Bridon-Bekaert  
The Ropes Group

### 2014–2017

Group treasurer, Marken

### 2008–2014

Group head of financial risk  
management, Thomas Cook

### 2005–2008

Asset-backed funding manager,  
GMAC RFC

## QUALIFICATIONS

- AMCT (2014)
- LLM (1998)
- LLB (1994-1997)

# “WE WORK HARD TO CHALLENGE WHAT HAS GONE BEFORE”

**Richard Walker**, group treasurer at Nomad Foods, has made treasury transformations his forte

WORDS: REBECCA BRACE / PHOTOGRAPHY: LOUISE HAYWOOD-SCHIEFER

▶ For Richard Walker, group treasurer of Nomad Foods, treasury and transformation go hand in hand.

Transforming treasury at a key moment in the company's journey has been Walker's focus in more than one of his previous roles. And today, fully supported by senior management, Walker is halfway through a comprehensive initiative to transform many aspects of treasury for Nomad Foods, which was formed only five years ago with the amalgamation of several well-known frozen-food brands.

While no two routes into treasury are the same, Walker's career path is perhaps more unusual than most – both because of his legal background, and because his journey into treasury meant that he has only ever held group-level treasury positions. At Liverpool University, Walker studied law, gaining a Bachelor of Laws (LLB) and Master of Laws (LLM). “As part of that, I did a thesis on foreign direct investment and expropriation of foreign-owned assets,” he says. “I always felt that I didn't want to be a lawyer, and there was something about financial markets that interested me.”

After leaving university, Walker's career began at a small fund management house in Liverpool, followed by a stint at an investment trust in London, focusing on securitisation. In 2005, he took the role of asset-backed funding manager at GMAC RFC, with a focus on structuring mortgage-backed assets. There he remained until 2008, when the financial crisis

began. As Walker remarks: “That wasn't a great time to be working in mortgage-backed assets.”

From there, Walker was ready for a change. “At the time, I had some conversations with recruitment consultants to work out where I should go next,” he says. “I'm not sure I was set on treasury, but the advice was that while I had exposure to bank facility structuring and negotiation, asset modelling and cash forecasting, what I didn't have was exposure to direct financial market derivatives.”

## REFINANCING AND TRANSFORMATION

This was addressed in Walker's next appointment, which was to take responsibility for fuel price risk management at Thomas Cook, and subsequently also for the full financial risk portfolio, including interest-rate, FX and commodity risk. In addition, he provided principal treasury support to the group treasurer for all refinancing activity in the period 2011-13, including the company's 2012 £1.4bn bank refinancing and subsequent capital markets issuances and equity offering. He was also lead on the treasury transformation programme. >

“There was something about financial markets that interested me”

RICHARD WALKER



**WHAT I VALUE MOST ABOUT THE ACT IS...**

...two things. It is the benchmark reference guide for all technical treasury skills. Most of us have never had experience in some areas, and so it is always helpful to have a little guiding hand! Secondly, in all the events, training sessions and networking opportunities that it puts together, the ACT brings together all treasury professionals to share knowledge and experience.

During his time at Thomas Cook, Walker also wrote the teaching manual for commodity risk management for The Association of Corporate Treasurers (ACT), which was then taught and examined as part of the financial risk paper at the time.

After seven years at Thomas Cook, Walker was keen to move into a group treasurer role, which he duly did – first at logistics and supply chain company Marken, and then at Bridon-Bekaert The Ropes Group, a supplier of cords and ropes, which was at the time a joint venture. In both cases, the focus was on overseeing treasury transformation and refinancing ahead of a sale: Marken was acquired by UPS in 2016, while Bekaert took full ownership of Bridon-Bekaert The Ropes Group in 2018.

**EMBARKING ON A TRANSFORMATION**

In November 2018, Walker moved into his current role as group treasurer of Nomad Foods – a frozen-foods company headquartered in the UK, which includes well-known brands such as Birds Eye, Findus and iglo. The NYSE-listed company was formed in 2015, following the acquisition of the iglo Group, and recent acquisitions include Goodfella's and Aunt Bessie's. The company's treasury team

is centralised and comprises a treasury manager, senior treasury analyst and an intern, with technical treasury support provided from the financial reporting team.

Walker says his role at Nomad Foods is something of a departure from his most recent roles, which have tended to involve financing restructure within a stressed leverage environment. "The treasury function at Nomad is already very well established, but it needed to increase its level of sophistication to match the increase in size and complexity of the group," he says.

One area of focus has been to streamline processes as a result of the integration of acquired businesses. "We had a number of companies coming together with prior differences in ways of working and policies that reflected the needs of individual businesses, but needed to be future-proofed for a group with the ambition of Nomad," Walker says.

Consequently, a key focus for the transformation process has been on centralising activity and decision-making

capabilities – first by reviewing the existing situation, and then by drafting a treasury transformation plan. "We spent a lot of time working out ways of how we wanted our future state to look, from our capital structure all the way through to the processing of payment," Walker explains. "We were then able to identify and ensure full stakeholder engagement with a vision of what we wanted to do, with a heavy focus on automation and improvement of process, to allow us to become a true value-adding business partner."

To achieve this, the treasury team also required support via further education and development, with much of Walker's focus on making sure the team is both engaged, empowered and visible throughout the organisation. "I want a treasury function that is seen to be bringing financial and operational value at all levels of the company," he says.

**TWO-YEAR JOURNEY**

This type of change doesn't happen overnight, and Walker says the transformation is expected to be a two-year journey. At the halfway point, many of the team's goals have already been achieved: the company has secured a rating from Fitch, and has implemented Bloomberg to inform the valuation and hedge effectiveness of cross-currency interest-rate swaps. New policies have been implemented, including cash investment and FX, with work ongoing regarding cash flow and currency forecasting processes.

"We have widened our banking group, and are taking some actions relating to capital structure," Walker adds, noting that what he expects from the banking group is not only support for the company's future needs, such as M&A, funding and credit, but also for the ability to help with internal process efficiencies. "We aim to focus our time on value-adding tasks, such as the assessment of financial markets and mitigation of risk, with non-value-added tasks addressed where possible via system automation and standardisation."

Another component of the project involves refining the company's cash-pooling structure. "We had some cash pools that were not fully integrated, meaning we were not as efficient as we could be in terms of interest-cost optimisation or liquidity planning," Walker says. "Refining that structure also allows us to integrate future acquired businesses more easily."

The arrival of the COVID-19 pandemic has, of course, brought some challenges

## WHAT I LIKE BEST ABOUT TREASURY IS...

...the variety and scope. Gone are the days of treasury being considered as a cost centre responsible only for making payments. The modern treasurer should be seen as the custodian of several business risks and the interplay between internal business aspirations and an ever more complex external marketplace. In developing the wider role, the treasury function can become both a value creator and strategic business partner for all levels of the organisation.

where treasury is concerned, although the frozen-foods sector is one that has seen greater demand during the crisis, with people spending more time at home. "Our balance sheet is very strong and we hold a lot of liquidity, so from a COVID-19 perspective our story is probably a little different to a lot of other sectors that have had a tough time," Walker says. "But similar to many others, dislocated working is not easy, and the team has had to find a way of making sure we are connected both to each other and to the wider organisation."

Despite these challenges, the transformation project continues apace. Still on the to-do list is the transition to IFRS 9 for hedge accounting, further improvements in end-to-end FX risk management, and implementation of a comprehensive programme to support the company's supplier base, which will incorporate supply chain finance, dynamic discounting and corporate cards. "So it may be that the largest suppliers are offered supply chain finance; mid-tier suppliers can access dynamic discounting – and the corporate card programme will cover lower tier expenses and other travel-related spend," Walker explains.

While work was already under way on this project before the COVID-19 crisis began, Walker notes that its importance "has only grown in light of the liquidity challenges that may be faced within our indirect and direct supply chain structure – it comes back to how we see treasury as the business partner for many things, including procurement and working capital efficiency".

### TAKING STOCK

Looking back at his career so far, Walker says that his legal training has stood him in good stead, particularly when it comes to navigating documentation. "Documentation can be quite fulsome,

whether you're talking about a senior facilities agreement, bond indenture, intercompany funding, external guarantees or commercial contracts – anything where the first point of call might be to your internal or external counsel," he comments. "I have found it helpful to be comfortable with the details of legal documentation without needing to have counsel sat on your shoulder, as it were."

In his current role, Walker says he particularly enjoys variety and the challenge involved in making change and promoting new ways of working. An important aspect of this is the ability to harness a positive team dynamic. "I have quite a heavy focus on people," he says. "I have an incredible treasury team, and we work hard to challenge what has gone before, while remaining present and fit for purpose in what we do."

Summing up the treasurer's role, Walker says the treasurer should be expected to both own and be accountable for all technical treasury topics. In addition,

## THE WORK CHALLENGE I WOULD MOST LIKE TO FIX IS...

...inefficiency and resistance to change. We can all become settled in our ways and be comfortable with the way things are done, simply because they have always been done that way! I am passionate about the people I work with, their engagement and the value they can bring. However, often that means they need to be empowered to look up, develop and implement new ideas and better ways of working, rather than becoming stuck in a rut that leads to disengagement.

he says the breadth of the treasurer's role requires comfort with topics as diverse as project management, legal, accountancy, sales, relationship management, commercial trade negotiation, strategy and others.

"To succeed, the treasurer requires a strategic mindset with a focus on detailed execution, and a strong commercial and people focus," he concludes. "Above all, a high level of energy, optimism and resilience for the challenges that will inevitably be faced." ↴

Rebecca Brace is a freelance journalist specialising in treasury and banking



# A TRAILBLAZING TREASURY TRANSFORMAT

The treasury transformation undertaken at UAE-based conglomerate Al-Futtaim Group was so successful that it inspired a wider finance transformation in the firm. **Ben Poole** finds out more

▶ Headquartered in Dubai, United Arab Emirates (UAE), the Al-Futtaim Group comprises more than 200 companies and 42,000 employees. The group is present in 25 countries, and while it has a strong presence in the Middle East, it can also be found across Southeast and Central Asia, and some countries in Africa as well.

The group mainly focuses on five core divisions: automotive, retail, real estate, construction and financial services. The growth of the company over the past decade, in terms of companies and geographical scope, posed a challenge to Al-Futtaim Group's treasury function.

"We had high-complexity manual processes and little automation," explains Benjamin Koch, finance transformation and digitalisation lead at Al-Futtaim Group. "There were many different banking partners globally, all of which used different online banking platforms and portals."

Due to all the different companies in the group, there are more than 1,000 bank accounts to be managed,

with a large number of banking partners. "One of the key challenges we faced was that all treasury activities were recorded in Excel," Koch says. "For an organisation of the size and complexity we have, it was very challenging to run all of this from Excel. It required a lot of manual work and wasn't up to standard any more."

As such, the treasury team decided to embark on a treasury transformation project to simplify some of the complexity and automate time-consuming manual processes.

## TRANSFORMATION TAKES SHAPE

The starting point for Al-Futtaim's treasury transformation was a material



analysis of the function and processes that connect to it in any way.

“We set up a multi-year transformation agenda, focusing on key areas of improvement, with the strategy as a starting point,” says Koch. “We wanted to define the role of treasury globally – who we are, what we do and how we support the businesses.”

From that, a target-operating model was developed. This comprised components that established the right personnel set-up and the right organisational set-up for treasury. This confirmed where treasury teams might need to be set up and ensured that capacity and capability was established.

A similar process was worked through on the governance side, where specific policies that needed strengthening or

“One of the key challenges we faced was that all treasury activities were recorded in Excel”

needed to be aligned with the new set-up were established, while the responsibilities between group treasury and division treasuries were agreed.

“We clearly established the front office, back office and mid office notion, which is a standard concept for most treasuries of this size,” says Koch. “This was not an entirely new concept for us, but it wasn’t very formal in the governance until this point.”

That also went hand in hand with the third area of focus: system implementation. This represented one of the single-biggest changes to treasury operations, moving away from an Excel way of doing things to choosing a system. Al-Futtaim chose SAP and implemented the treasury management system as a foundation for the group treasury in the UAE to

capture all treasury activities from the different divisions in the group.

“Part of the strategy was to strengthen the divisions’ capabilities in dealing with treasury activities,” explains Koch. “The treasury centre has been set up for a little while, but there were some missing links both in terms of interaction points and counterparty management.

#### A TRUE TEAM EFFORT

To support the scope of the treasury transformation, it was important that the project was staffed appropriately.

“There was a large IT team that supported the transformation and helped us to implement both the system and the new processes,” says Koch. “We had the full support of the CFO, the group >

# ION



TREASURY TRANSFORMATION TEAM PLAYERS

## Olivier Boutet, group treasurer

### New role

I've been group treasurer for around two months as we're speaking, but I've been working for Al-Futtaim group treasury for more than four years. Previously, I was responsible for corporate funding and was exposed to the transformation process from that side.

### New benefits

Cash visibility has been a life-changer. Now we can come up with some strategies around

cash management and cash pooling, and are in a much better position to have some interesting discussions with all stakeholders, creditors, banks and others.



### A bright future

There is more functionality to come, in terms of an in-house bank, with payments, and for cash-flow forecasting – we are close to realising the ability

to forecast on a 13-week basis. So there is more to come, and that's going to be under my oversight, which I'm very excited about.

treasurer, IT and divisions, which is incredibly important. If you don't have that support and sponsorship, you are not going to get very far."

With such a big project impacting treasury staff in divisions and businesses all over the Al-Futtaim portfolio, a certain level of change management was required in order to get everybody on the same page.

"On the technical side, there were quite a few calls in the beginning for customisations of the system, from those that initially could not see the benefits of a standardised system," explains Koch. "There was also a change in the way we work together. Everyone needed to stick to the process and how the system operates,

"On the technical side, there were quite a few calls in the beginning for customisations of the system"

or the transaction doesn't get completed or recorded. This was a change management task, and it took a fair amount of time to operationalise this."

### CAPITALISING ON THE BENEFITS

When examining the benefits of the treasury transformation project at Al-Futtaim, it is clear that transparency over treasury transactions and cash is key. This is particularly timely given the COVID-19 pandemic.

"Having transparency at the push of a button is essential," comments Koch. "A few months ago, this functionality might

have been seen as nice to have, but maybe only needed every six months or so. Today, the net financial position really matters again to enable timely decision-making on loans, deposits and financial risks. Having balance information readily available is a great advantage."

The treasury's analytical abilities have also been transformed by the project, with various analytical reporting dashboards implemented. For the first time, treasury can analyse aspects such as the group's entire cash positions and understand how they move over time.

TREASURY TRANSFORMATION TEAM PLAYERS

## Gerhard Roux, CIO

### Identifying the right external partners

We appointed PwC to help with the operating model and the business case, and also as the architects of the piece. With them, we worked through what the vision for the project was – where we wanted to get to and what the target operating model was. This then related back to the technology, and we selected SAP Treasury as the solution.

### Agreeing the road map

The business set out that eventually it would like to get to an in-house bank stage, and we documented the steps to get there. Cash visibility was

critical, but we had hundreds of bank accounts. You can only gain that visibility if you start from scratch, with all transactions transparent, integrating with the banks and then building from there.

### Introducing standardisation

Standardising the operating model across the globe was a challenge. The UAE is properly organised and has a proper treasury function. But that's not the case in some of the other regions. We did a good job in bringing everybody together, designing and giving input to a single operating model. From a technical perspective, we're running SAP, and the treasury solution we implemented is the next-generation S/4 HANA.





## TREASURY TRANSFORMATION TEAM PLAYERS

### Ismail Al Khatib, CFO of real estate

#### The divisional treasury perspective

The real estate treasury team is essentially an extension of the group treasury, due to the nature of our long-term projects and large capital management needs. We work closely through an operating model to meet real estate business needs.

#### Project input

My role was primarily participating in steering strategy formulation, ensuring alignment and connectivity of the various finance transformation strategy objectives with each other's and with the treasury transformation objectives. I also ensured that the overall

finance objectives and capabilities fit the needs of the real estate business.

#### Visibility over cash and risk

A key benefit of the transformation has been the ability to create more accurate cash-flow forecasts. As well as providing value for decision-making, these also anticipate and flag risks, particularly those to do with capital and facilities management. The re-engineering of internal process, supported by the right systems and tools, has greatly helped in creating consistency across business units and providing a focus on information analysis, interpretation and decision support.

“For our 500 bank accounts in the UAE, for example, after six months worth of daily bank statements, we were able to analyse the actual cash movements and where optimisations are possible,” explains Koch. “On the back of that analysis, with selected banks we were able to implement credit interests and mini cash-pooling arrangements that yield interest benefits for us.”

Another benefit can be seen in treasury’s FX trading. Before the transformation, the company’s large number of annual FX trades went into Excel and manually into the enterprise resource planning for accounting purposes. Now, straight-through processing is utilised, with Bloomberg connected to the treasury system, which itself is connected to the accounting system. This opens new opportunities for tracking and analysing FX trade data.

“We were also able to put some robotic process automation solutions on top of that, for example, which enables senior management to approve major FX deals directly on mobile phones,” says Koch.

#### SUPPORTING TRANSFORMATION THROUGH EDUCATION

A treasury gap analysis was carried out to get a clear picture of how what had been implemented compared to Al-Futtaim’s foundational target-operating model. A key

insight from that analysis was that while the group had a large community of treasury people globally, most were not full-time treasury staff.

“We realised the potential for treasury trainings to strengthen the community’s capabilities, and support development over time,” says Koch. “This was something we wanted to tackle, to ensure skills were improved and standardised.”

In early 2020, Al-Futtaim set up its Finance Academy, which is the umbrella for all financial management training in the group.

“For treasury trainings, we wanted to go through a proven framework, which is something that The Association of Corporate Treasurers [ACT] provides,” explains Koch. “We got accredited with the ACT and then started a journey to eventually offer these trainings globally in the organisation on a needs basis.”

#### KEEP PUSHING FORWARD

In March 2020, Al-Futtaim was awarded the SAP Certificate for its outstanding performance and contribution in implementing and integrating S/4 HANA Treasury & Cash Management as a cornerstone of its treasury transformation journey. Beyond the roll-out, there’s still more innovation planned by the treasury team.

“On the structural component, we’re in talks with SWIFT and are further automating our payments landscape,” says Koch. “This also ties in with

areas like the bank account structures, and potentially rationalising some accounts.”

Treasury has been a trailblazer for transformation at Al-Futtaim – so much so that the wider finance function has embarked on a transformation project of its own.

“The treasury transformation continues as one of the central work streams in the finance transformation,” concludes Koch. “With changes in other areas of finance, we keep a keen eye on the treasury target operating model to make sure it evolves and fits with the wider finance transformation.”

Ben Poole is a freelance journalist specialising in treasury and banking





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A B U D H A B I



C H I N A



G E R M A N Y

# NEW WAYS TO CONNECT

Presented online, The Association of Corporate Treasurers' International Treasury Week 2020 set the standard on connecting members remotely



U N I T E D K I N G D O M





U S A

COVID-19 has impacted all corners of our business and working lives, and one of the most significant losses has been our ability to congregate to share knowledge and expertise face to face. Technology has been mission-critical not just to treasury operations, but to sustaining contact with colleagues. Since lockdowns began coming into force earlier this year, managers and businesses have leant heavily on videoconferencing. Collectively, teams and whole workforces have found ingenious ways to plug the social gap that remote working brings about. Meanwhile, educators, consultancies and others have filled our inboxes with invites to webinars and online conferences.

As a learning provider and membership organisation, The Association of Corporate Treasurers (ACT) wasn't slow to address the challenge of staging an online event that would

bring its usual mix of timely, thought-provoking and helpful material direct to its audience.

In its first ever fully online conference, the ACT's events team brought together an impressive 71 speakers from 13 different countries. They shared their experiences of operating mid-lockdown, plus their expertise on subjects ranging from business continuity planning, the future for ESG in a post-pandemic world, liquidity issues and leadership.

With more than 18 hours of content spread over four days, the event attracted an impressive 3,456 registrations from more than 2,000 companies. Registrants from 80 countries took advantage of the conference programme, which then remained accessible via the event portal for a month following the event.

Discussions were nuanced and detailed, and panel discussions as well as content recorded ahead of the event



“The treasury team could not stay away from these challenges”

SHARON WANG



can be accessed via the ACT's YouTube channel. Here, meanwhile, we offer a number of highlights.

### SURVIVING UNCERTAINTY

International Treasury Week (ITW) opened with a fascinating panel discussion on how treasurers responded to the onset of lockdowns, and how relationships with wider teams and external stakeholders have fared over time.

Panellists shared the measures they took in the earliest days of the crisis, such as ensuring that: team members were well placed to work from home; technology was in place to connect everybody; cash forecasting came to the fore; and liquidity and the terms of funding facilities were fully reviewed and understood.

Facilitating the session, speakers' chair Peter Matza polled the audience on how their treasury teams had responded to the crisis. Forty-three per cent said their teams had been an integral part of their organisations' strategic response, clearly demonstrating the value of treasury in times of crisis.

Sharon Wang, director group treasury at Alibaba Group,

echoed that sentiment; treasury had been integral to Alibaba's pandemic response and central to its aspiration to aid SMEs through their economic hardships by providing financial support in different forms. Treasury was also involved in the group's desire to provide medical supplies where needed around the globe. “That required the cooperation and involvement of treasury. The treasury team could not stay away from these challenges,” she said.

When it came to the human impact of working under pandemic conditions, Joseph Braunhofer, head of treasury at Smith & Nephew, said the outcomes had been positive. Staying in touch with team members – informally as well as formally – was paramount to avoid any sense of isolation setting in, along with understanding colleagues' situation at home. “Flexibility and understanding, and making sure you take those things into consideration for everyone's situation are important.”

“Operate on a lean basis. It's a time to conserve cash and watch liquidity”

WILSON KOH

A U S T R A L I A



“Challenge your team to continue to deliver”

ADAM BOUKADIDA

Panellists said that they had been working more closely than before with external contacts and counterparties, too. “Everyone is experiencing the same challenges and difficulties,” said Matthew Hurn, chairman of the ACT Middle East. “It has actually

“It’s worth remembering that ESG isn’t just about the environment and climate”

CAROLINE DAWSON

become acceptable across all stakeholders to say ‘we don’t have the answers at our fingertips, but we have the ability to assess the impact and source a solution if you give us time’. The more you can communicate openly and honestly, and with a sense of humility, the better. Show some empathy, show some understanding. We find that actually, coming together, we are uniting in a much better way.”

**REGULATORY WISH LIST**

The global financial crisis of 2007/8 prompted a decade of financial regulation. As part of a panel discussion on

regulatory developments, facilitated by the ACT’s James Winterton, panellists shared a wish list of regulatory inputs that might put a framework around a sustainable recovery in the wake of the pandemic.

The business and wider world would benefit from greater stewardship around ESG, digital issues and cybersecurity, along with a continued focus on anti-money laundering measures, the panellists argued.

Caroline Dawson, partner at Clifford Chance, put the case for renewed focus on ESG. While some commentators have suggested that the ESG agenda will likely be put on hold in the

interests of economic recovery, others are positioning ESG front and centre. European Commission president Ursula von der Leyen, for example, has said that the European green deal needs to be at the heart of Europe’s recovery, positioning the current crisis as an opportunity to rebuild European economies with greater resilience.

“It’s probably also worth remembering that ESG isn’t just about the environment and climate. COVID-19-related disruptions also raise a number of social issues, such as an increased focus on healthcare and the value of key workers,” said Dawson.

**AN UPSIDE FOR THE PROFESSION**

Today’s pandemic conditions are operationally tough for treasurers, but they also represent an opportunity to look at the bigger picture and make the case for steering a socially responsible course, as Matthew Hurn argued at ITW



Matthew Hurn is CFO alternative investments & infrastructure at Mubadala in Abu Dhabi, and chairman of the ACT Middle East

As a profession – fortunately, or unfortunately – we have been front and centre for more black swan-type events over the past five to 10 years than probably anybody else. Any treasurer who has not yet become very familiar with their CFO, CEO or chairman has probably missed an opportunity to demonstrate the true value that a treasurer and a treasury team can bring to an organisation during such uncertain times.

Treasurers are used to horizon-scanning and looking for the bigger picture. Collectively, we’re looking at various macro themes and the economic impact, testing multiple scenarios and the impact they may have on key shareholder value metrics. The risk with that, however, is ‘analysis paralysis’. Everyone’s running various sets of assumptions on what may or may not happen, some of which are stand-alone and some of which are consequential, but

in truth, nobody really knows. And therefore you need to start questioning the basis of assumptions being used and the value any output may provide in order to make a broad-based case for action. Is the data and analysis actually going to help make a better-informed decision?

We also need to be mindful of the longer-term consequences of today’s actions. For instance, we’re seeing many organisations drawing down on committed loan facilities and actively going into the debt markets because interest rates are so low and liquidity remains strong, but what is the consequence of that going to be?

For a lot of investor relations and treasury teams consulting with a wide range of external stakeholders, both debt and equity, including the rating agencies, there are going to be some interesting discussions soon around: ‘have you been socially responsible by taking

that amount of liquidity out of the system if you didn’t need it? Are you going to be able to generate a reasonable return on it? Is that liquidity going to be available for those companies that probably would want it, but perhaps now can’t access it?’

At Mubadala, we have spent a lot of time assessing the cash impact of COVID-19 on our portfolio companies, trying to determine how much cash is going to be required to support a business, for sure, but also making sure we contribute responsibly in other ways. We have looked at how we can support our customers and communities at this important time in all the countries where we have a significant presence, perhaps to support people who have been so adversely impacted during this time. If this crisis taught us anything, perhaps more so than previous ones, it’s the importance of compassion, tolerance and humility.

Governance is also attracting attention, Dawson pointed out. “Certainly, in the financial sector, there’s much more of a focus on conduct-related issues and you see a number of regulators talking about banks’ obligations to borrowers and starting to dig into some of the behaviours around relationship management.”

### STRATEGIC LEADERSHIP

In a session on strategic leadership, panellists discussed the importance of keeping the bigger picture in mind and shared advice on responding to the crisis in a way that served treasury colleagues and their organisations well for the future.

Wilson Koh, group treasurer at Grab, for instance, suggested treasurers should keep an open mind and try to adopt the mindset of the CEOs of their organisations. The pandemic, he said, has rightly prompted treasury professionals to concentrate on sound business principles, and is also encouraging businesses to discard those practices or operations that no longer contribute to their overall financial health. “Baggage or overheads that we used to accept and carry during the growth periods now have to be scrutinised and shed fast. There is also a strong leadership push to accelerate automation and simplification of key business activities,” he pointed out. “Operate on a lean basis. It’s time to conserve cash and watch liquidity,” he said.

Looking ahead, he urged treasurers not to lose the learnings that weathering the pandemic can offer. “This crisis is a good time to reflect, reset yourself, others and your teams.



And believe that we will emerge from this stronger, wiser and more connected,” he said.

Adam Boukadida, CFO at Etihad Airways and a former treasurer, said he was encouraging staff to look ahead and focus on key stakeholders – within and outside the business.

Treasurers, CFOs and finance professionals as a whole have a role to play in adopting that forward-looking approach, rather than relying on what’s happened already this year. “Ask: what can we do differently for the rest of this year and beyond? That could be around targeting an operating model in order to become more cost-effective, efficient and using technology better,” he said. “Appropriately challenge your team to continue to deliver, but learn more.”

### REBUILDING BUSINESS RESILIENCE

In a session on rebuilding business resilience, an audience poll found nearly 60% of respondents expected to require both their professional and technology skills to make the most of a post-pandemic recovery period.

Surviving recessions and rebuilding companies are resource-intensive periods,

the panellists said, with business divisions likely competing for budget. Making an investment case for treasury technology, cash management systems and greater connectivity will be difficult when organisations are managing costs at a business level, they said.

Treasurers will need to bring their leadership and negotiation skills to the fore if they are to articulate to

said experience throughout her career has taught her the importance of making the case for technology investment – even in difficult times. However, today’s focus on cash and liquidity should strengthen treasurers’ case. “It can be quite daunting to think about making that investment case. Hopefully, with the focus that treasury is getting from senior management in businesses that haven’t perhaps had to think about [the treasury function] so carefully before, perhaps now is the opportunity to get ahead in that queue,” she said.

Treasury and cash management specialist Bill Wrest argued that some of the issues treasuries would need to solve around cash management and liquidity were achievable without a large technology spend. “We’re going through unprecedented economic times. It begs the question



“Justifying investment is always a bit of a challenge”

AGNES FAVILLIER

build successful cases for investment. “I think treasury always has a bit of an uphill battle on that front, because most of the time we are a cost centre for the company,” said Agnes Favillier, treasury director at technology company Sage. “Justifying investment is always a bit of a challenge.”

Katherine Horrell, who joined the Automobile Association after lockdowns were in place,

as to whether the existing structure you have will be robust enough to be able to give you a proactive rather than a reactive treasury. However, I don’t think that – with the way technology has continued to develop – it involves or needs a huge budget to achieve best practice these days. Looking at the addressable gaps in liquidity or connectivity could well mitigate the cost of any solution.”

The ACT Annual Conference will be held online this year for the first time, 5-8 October 2020. For more details, go to: [treasurers.org/events/conferences/annual-conference-20](https://treasurers.org/events/conferences/annual-conference-20)

# DIGITAL BY DESIGN

CENTRAL BANK DIGITAL CURRENCIES ARE MOVING UP THE AGENDA, THANKS TO ADVANCING TECHNOLOGY AND COVID-19.

NARESH AGGARWAL LOOKS AT THEIR DESIGN FEATURES AND PRACTICALITIES

In the space of a few short months, the subject of central bank digital currencies (CBDCs) has moved from an academic abstraction to an important question in central bank boardrooms around the world.

In addition to looking for a response to Libra, the digital currency proposed by Facebook, the practicalities of rapidly distributing cash to citizens as part of government responses to a pandemic have made the introduction of CBDCs a strong likelihood. The key question is not 'if', but 'when and where' a CBDC will be introduced.

According to *Impending Arrival*, a recent report from the Bank for International Settlements (BIS)<sup>1</sup>, 80% of the world's central banks are working on launching their own digital currency. In addition, 10% of central banks had developed pilot projects, and banks that collectively represent 20% of the world's population said they were likely to issue CBDCs in the next few years.

So, what are CBDCs and how do they affect treasurers, if at all?

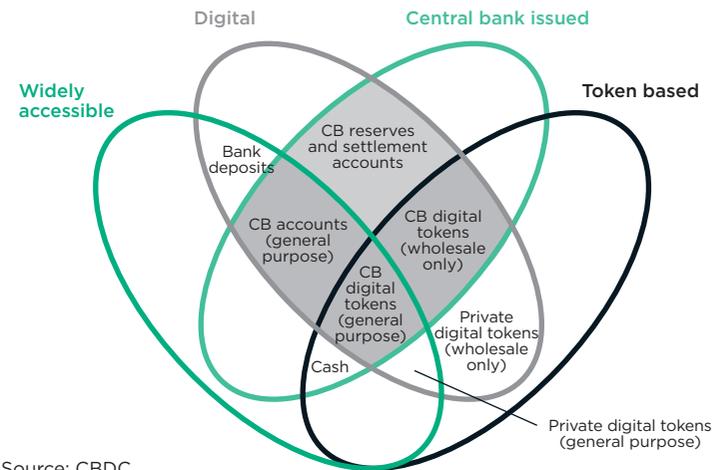
### Pinning down CBDCs

There is no common definition of a CBDC, as the term refers to a range of possible designs and policy choices. It is a concept that brings together computer science, cryptography, payments systems, banking, monetary policy and financial stability. The Bank of England defines a CBDC as an electronic, fiat liability that can be used to settle payments or as a store of value. It is in essence electronic central bank, or 'narrow', money.

Most treasurers will be familiar with the concept of electronic money, since they process large-value payments to support borrowings, investments and currency transactions. The main area of innovation would be for the retail market.

CBDCs can share many of the same characteristics of existing examples of money, as the following diagram shows.

The money flower: a taxonomy of money



Source: CBDC

Money is typically based on one of two basic technologies: tokens of stored value or accounts. Cash and many digital currencies are token based, whereas balances in reserve accounts and most forms of commercial bank money are account based. Token-based money relies on the ability of the payee to verify the validity of the payment object (for example, the coin) and to

avoid counterfeits (or in the digital world identify whether the token has already been spent). Account money depends on the ability to verify the identity of the account holder, and here a key concern is identity theft, which allows perpetrators to transfer or withdraw money from accounts without permission. Digital central bank money is at the centre of the

money flower. The taxonomy distinguishes between three forms of CBDCs (the dark-grey shaded area in the diagram). Two forms are token based and the other is account based. The two token-based versions differ by who has access – the wholesale or the retail market. In the account-based version the central bank provides general-purpose accounts to all participants.

**Design decisions**

In its report the BIS lists five key components that central banks will need to consider when designing their own CBDC.

**1. Availability** – Currently, access to digital central bank money is limited to central bank operating hours. CBDCs could be available 24/7 or during non-standard hours to accommodate a migration or test plan – or for another specific reason (such as a pandemic).

**2. Anonymity** – Token-based CBDC can offer different degrees of anonymity similar to private digital tokens. The central bank has to balance concerns such as money laundering, financing of terrorism and privacy.

**3. Transfer mechanism** – The transfer of cash is conducted on a peer-to-peer basis, while central bank deposits clear through a central bank, which acts as an intermediary. CBDC may be transferred either on a peer-to-peer basis or through an intermediary, which could be the central bank, a commercial bank or a third-party agent.

**4. Interest-bearing** – As with other forms of digital central bank liabilities, it is possible to pay interest (positive or negative) on both token- and account-based CBDCs. The interest rate on CBDC can be used to either encourage or discourage demand for CBDC. Both non-interest-bearing and interest-bearing accounts could be used for retail or wholesale payment transactions.

**5. Limits or caps** limits on the use or holdings of CBDCs can be used as a way of controlling undesirable consequences or to steer usage in a certain direction. For example, they could make a CBDC less useful for wholesale rather than retail payments.

The table (right) provides a comparison between CBDCs and existing central bank money.

**Are CBDCs cryptocurrencies?**

CBDCs are expected to be fundamentally different to cryptocurrencies or cryptoassets, such as Bitcoin. Most cryptoassets are privately issued and are not considered money because they are:

- typically too volatile to be a reliable store of value;
- not widely accepted as a means of exchange; and
- not used as a unit of account.

Some privately issued cryptoassets, known as ‘stablecoins’ (such as Libra), aim to provide stability by backing the coin with one or a basket of assets (such as market-traded currencies). However, there have been issues over the collateral backing stablecoins with problems at Tether<sup>2</sup> being an example of the effects of a lack of transparency.

The UK CBDC would represent a new risk-free form of digital sterling, issued by the Bank of England and therefore performing all the essential functions of money without increasing any of the risks associated with other cryptoassets.

**What are the benefits of a CBDC?**

Central banks have been looking into CBDCs to achieve the following:

- Supporting a resilient payments landscape by providing an alternative payment infrastructure;
- Avoiding the risks of new forms of private money creation

**Key design features of central bank money**

	Existing central bank money		Central bank digital currencies		
	Cash	Reserves and settlement balances	General-purpose token accounts	Wholesale-only token	
24/7 availability	✓	✗	✓	(✓)	(✓)
Anonymity vis-à-vis central bank	✓	✗	(✓)	✗	(✓)
Peer-to-peer transfer	✓	✗	(✓)	✗	(✓)
Interest-bearing	✗	(✓)	(✓)	(✓)	(✓)
Limit or caps	✗	✗	(✓)	(✓)	(✓)

✓= existing or likely feature (✓)= possible feature ✗= not typical or possible feature

Source: *Impending Arrival*, BIS

(such as Libra) by providing a trusted alternative;

- Supporting competition, efficiency and innovation in payments by introducing a new infrastructure that enables the private sector to develop new products and services;
- Meeting future payment needs in a digital economy by building a solution designed specifically to support this new economy that could, for instance, set up rules-based payments (such as the automatic routing of tax payments at the point of sale);
- Improving the availability and usability of central bank money by enabling households to hold central bank money and therefore strengthening the pass-through of monetary policy changes to the wider economy;
- Addressing the consequences of a decline in cash by ensuring that lack of access to cash did not restrict households from undertaking financial transactions (especially those of low value); and
- As an enabler for more efficient cross-border payments if the different CBDCs were to be linked together to enable immediate and transparent settlement.

**What does this mean for the treasurer?**

At the moment, CBDCs remain, like blockchain, more of a concept rather than a reality.

However, the fact that the European Central Bank, Bank of France, People’s Bank of China and Bank of England to name but a few are all looking into it means that treasurers should at least be aware of the topic. Significant sums are being invested by both the private as well as the public sector, as the current costs of running physical currency is high. The Bank of Korea spent approximately £40m on producing coins in 2016.

As the number of different stablecoins increases and as central banks move from proof of concepts to actual delivery, treasurers will need to understand these new currencies and assess the benefits to their business, their customers and their suppliers, and determine the impact on their own payment, accounting and reconciliation systems and processes. The lead time to implementing many of these changes is long. Nevertheless, treasurers should add CBDCs to their horizon-scanning activities now. 📌

1 bis.org/publ/bppdf/bisbap107.pdf  
 2 coindesk.com/big-fail-tether-might-still-cryptos-ticking-time-bomb

**Naresh Aggarwal** is director – policy and technical at The Association of Corporate Treasurers





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ACADEMY

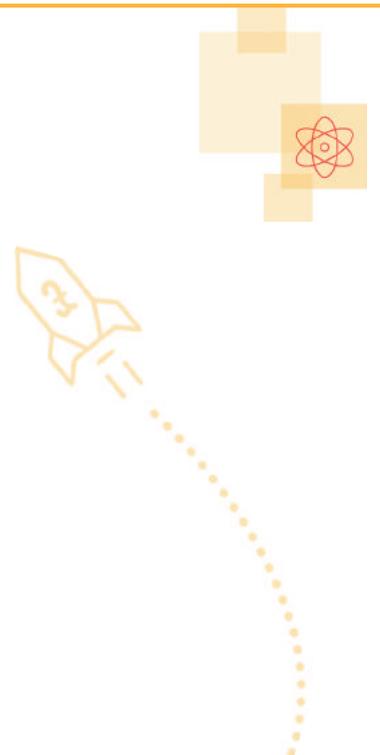
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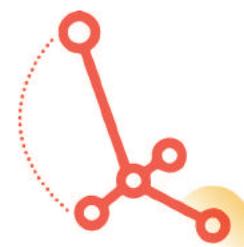
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# THINGS THAT MAY NEVER BE THE SAME AGAIN

DURING A TIME OF UNPRECEDENTED CHALLENGE AND UPHEAVAL, WE ARE ADJUSTING TO CHANGES THAT MAY HAVE FELT IMPOSSIBLE JUST A FEW MONTHS AGO. **JAMIE McFARLANE** EXAMINES THE NEW NORMAL

Worldwide, we have been adapting to profound changes in the way we lead our lives. Many of these changes seem likely to persist beyond the pandemic lockdowns. In this respect, COVID-19 may turn out to be a catalyst for lasting change.

So, which parts of our lives will be swept away, and which of the evolutions we've seen are likely to persist into the future? Here are 10 aspects of our lives likely to see lasting change, along with questions we should ask ourselves as we work out how and when to normalise our daily and working lives.

## 01 Society - redefining what's important

In spite of far-reaching governmental and societal responses rarely seen in

peacetime, the COVID-19 pandemic will bring loss and hardship for individuals and families around the country. In recent months, we've seen a surge in respect for healthcare workers. New armies of front-line workers have emerged, and supermarket staff, delivery drivers and supply chain workers have been redefined as key workers. During times of hardship, our attention is refocused on the things that really matter to us. Family. Friendship. Community. Safety. Values, meaning and purpose.

What demographic changes will this crisis affect? How will marriage, divorce and birth rates change? How will people's priorities change regarding how they save and spend their money? Where and how will people want to

live? What employment market shifts and career changes will we see?

## 02 Work - a remote-first approach

More than ever before, this pandemic has challenged the notion of the office as the primary place of work. With cost savings available for employers, and flexibility for employees, it's likely we will see the development of more agile and liquid workforces. This could lead to an acceleration of the gig economy, with more workers becoming employee-freelancer hybrids, working for several virtual organisations simultaneously. As organisations' physical footprints become

virtualised, the implications for large cities could be immense. The need for infrastructure to cope with rush-hour demand may be lessened. The appeal of suburbia and commuter belts will fade away. City centres will become more residentially focused.

Today, working remotely feels unusual. For many, returning to the office will signify a return to normality. But if that doesn't happen, what changes will need to happen to support the new, virtual world of work?

## 03 Spending and saving - persistent shift in consumption and investment

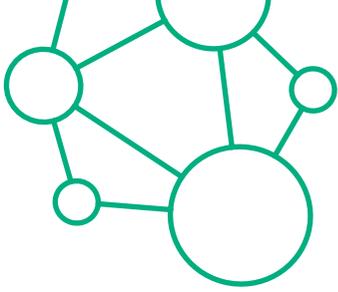
Batten down the hatches. Cut outgoings. Beware of little expenses. Businesses are in a state of enforced hibernation that not all will survive. For those that do, budget intended to be delayed or deferred may be lost entirely. For many investors, safety and stability is now greatly prioritised over potential return. Despite interventions from government and financial services, many individuals and households are facing uncertainty.

Financial products, services, organisations and regulators respond to the behaviour of agents within an economy. As we emerge from this pandemic, what knee-jerk reactions will evolve into long-term behavioural changes? How will the financial needs of individuals and businesses change?

## 04 Collaboration - solving complex problems, together

Manufacturers working with government to build ventilators. Breweries switching





production from beer to hand sanitiser. Citizen-led volunteer schemes. Market competition still observed, but existing alongside a growing feeling that we're all in this together. Unprecedented problems solved with unprecedented collaboration and innovation.

If we can do this now, could we keep doing so when COVID-19 becomes a memory? Historically, wartime was when some of the biggest medical advances were made. How will our approach to, and our understanding of, healthcare and its resourcing be informed by this pandemic?

## 05 Big brother and big tech – using data and connectivity for good

Across the world, governments are enlisting the help of technology firms such as Alibaba, Tencent and Google to help understand the spread of COVID-19 and plan what to do next. The potential for smart cities to be safer cities could lead to greater efforts and collaboration to digitally track and analyse our behaviour. While the distrust and unease surrounding the reach of big tech into our lives may remain, they have become a lifeline, as we've isolated ourselves at home.

With their importance perhaps now clearer than ever, what actions can we expect big tech and the regulatory bodies that hold them to account to take? What arising opportunities for change will technology firms identify? What changes will a shift in public perception towards big tech and their impact on privacy, trust, permission and protection of data occur? To what lengths will we go to ensure global connectivity?

## 06 Leisure – immersive digital socialising

Like it or not, COVID-19 has shown us that we don't need to go out for much. It's possible to enjoy leisure time and socialise through human-digital interfaces. Studios have started releasing current blockbusters for early home viewing. Social platforms like Zoom and Houseparty have seen huge growth in uptake as people try to stay in touch and capture face-to-face social interaction in digital form. This is active and immersive digital socialising. And it's very different to passively scrolling through an updates feed.

When social-isolation measures are relaxed, will our approach to socialising and leisure return to our current perception of normal? Or will we learn to enjoy and appreciate the advantages of a more physically separated but digitally connected existence?

## 07 Learning – education reimaged

School and university buildings are closed, but for many, learning continues. Millions have tuned in for PE classes each morning. Digital learning tools have become the primary interface between educators and learners. Rich, multimedia, artificial intelligence-enabled learning materials, capable of responding to learners' progress in real time, have replaced books and worksheets.

Digital learning could quickly grow and scale at low cost. In a digital-first education model, how will the role of the educator change? If students can easily access knowledge and technical skills through phones, tablets and computers, what role will the physical

classroom, school and university play in the future?

## 08 Consumption – the death of cash and reinvention of the high street

The decline of the high street was evidenced prior to the pandemic. The personalisation, range, price point and rapid fulfilment of e-commerce, accelerated by the rise of marketplace platforms like Amazon, have caused bricks-and-mortar-focused retailers to experience declining footfall. With the rejection of cash in a digital-first world becoming ever more apparent – even an act of survival for some segments of the population – the usage of existing digital payment methods will continue to accelerate.

Considering this, what will the future purpose of the high street be? We may still want to see, touch and feel some products in 'real life'. But what will they be? And while paying with a physical card is the current status quo for digital payments, is this the best way of doing things? Might alternative payment solutions be developed that better suit consumers' needs in a post-COVID-19 retail sector?

## 09 Technology – the glue that holds it all together

From rail to aviation, telegraph to telephone, local networks to global internet connectivity, technology advances have brought us closer to one another. In the current crisis, accessing essential supplies, information and social interaction without digital connectivity has quickly become challenging. Digital connectivity has become a lifeline.

Going forward, with the internet's role in keeping us

fed, informed, safe and socially connected, could its status as a non-essential service change? Could access to the internet be prioritised and protected in the same way that our gas, electricity and water connections are? Will we see an uptake in internet connectivity among the offline segments of the population? Will the cost-to-benefit ratio of providing high-speed broadband to rural areas be challenged?

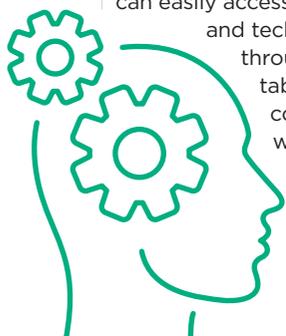
## 10 All leading to a new era of financial services

These shifts will usher in a new era of financial services. The requirement of financial services to facilitate exchange of value between parties will remain. Yet our customer journeys through which value is exchanged are likely to experience significant change.

Technology disruption will continue the change in how financial services are created, consumed and distributed.

Market shifts mean financial service organisations will need to respond to changes in the competitive landscape as some existing competitors fall and new ones, perhaps emerging from other sectors, appear.

What changes do financial services need to make, what longer-term preparations must we begin, and what unknowns must we explore if the sector is to continue to help people, families and businesses to thrive within the new normality that is upon the post-COVID-19 horizon? ➔



Jamie McFarlane is head of research at NatWest



# A STRUCTURED APPROACH TO PROJECT MANAGEMENT

TMS IMPLEMENTATIONS CAN BE STRESSFUL AFFAIRS, WHICH IS WHY A PLANNED, MEASURABLE APPROACH IS ESSENTIAL.

NICHOL BURGESS PROVIDES A FRAMEWORK FOR DECISION-MAKING

▶ For some of us, the idea of embarking on a new project in addition to, or instead of, the day job is a positive. It's a possibility that sparks feelings of optimism, engenders a positive attitude and brings with it an eagerness to embrace change.

For others, however, the thought of having to take on a project is more likely to prompt feelings of stress or anxiety. It may cause worry about the workload, or lack of knowledge or experience to manage the project. It might cause anxiety about success or potentially making career-limiting mistakes.

All of these negative feelings are totally understandable, and yet most of us are likely to be faced with a project at some point in our careers, whether we face them with dread or embrace them with enthusiasm.

The good news is that with a few simple techniques, projects – even complex ones – are entirely manageable. It is possible to keep ourselves and our colleagues on track in a way that helps everyone involved to remain motivated, organised and successful.

The key weapons in your armoury are careful planning, a communications strategy, and simple tracking and reporting. It is particularly important to ensure you keep very organised and that you prioritise different activities effectively.

Let's take as an example the implementation of a new treasury management system (TMS), a project at the heart of many treasury departments.

## Plan carefully

Before you get going, it is particularly important to establish what resources are available. This stage is absolutely key, particularly the budget. You will also need to establish the timescales you will be working to.

Begin by taking an objective look at the resources required. Be realistic about the time needed to put the system in place. Consider any

obstacles that could interfere with the implementation, such as an acquisition or internal restructure.

Consider an external consulting budget and, importantly, do consider what support might be available internally. Projects, particularly systems implementations, can provide great opportunities for a team member to step into new challenges. Consider also whether external

## TMS IMPLEMENTATIONS - TOP-DOWN CONSIDERATIONS

Any implementation will require broad scoping at the outset. Here are a few features that can be factored in:

### Key reasons for a new TMS

- For example, is a TMS being considered as a reaction to an event or as a best-of-class aspiration? The reasons will impact the budget being justified.
- What are the tangible benefits to the company, finance and treasury teams?
- What reduction in risk will a proposed TMS bring about?

### Choosing a system

- Deciding what the best system fit for the organisation does depend on its needs, complexity and budget. A comprehensive

request for proposal (RFP) will be required for suitable TMS providers.

- Once a system is chosen, the timescales and wider delivery can be planned.

### Key early actions

- Identify all stakeholders and their impacts.
- Communicate broad plans for the project before final dates are established, as budget and resource can impact delivery.
- Avoid duplicated effort. Understand wider company projects like an ERP upgrade to avoid rework.
- Will the system be hosted internally or with the system provider? It may depend on risk appetite, what is available, internal IT support and the number of users; internal hosting can be expensive.

## The key weapons are careful planning, a communications strategy, and simple tracking and reporting

issues that arise along the way. Bear in mind that it is easier to cancel a regular meeting that you really don't need than set up an ad hoc one with busy people.

### Tracking and reporting

A simple one-page summary of key deliverables listed by row, with key actions by column, and with room for a few words on the status of each action can be shared with all on a regular basis. It is a simple approach and quick and easy to maintain. If push comes to shove, your summary document can provide a useful audit history if you later need to refer back to any elements or work streams that may have gone off-track. In addition:

- Your spreadsheet and pivot tables will be your friends – keep them simple.
- To take care of the day-to-day management, create a few targeted schedules, depending on the stage of the project.

### Prioritisation

Knowing what to prioritise and when is critically important. Following on from the early stages of scoping and system selection, you move to the implementation stage.

The following are the key steps in an implementation:

- gathering and cleaning up static data;
- system configuration;

operational support will be required.

Before launch, there are several other key planning areas that must be considered. For instance, it is important to really ensure everyone who needs to be involved is engaged from the start. Try to keep it simple by addressing the following:

- Why is this project important – what are the key outputs and objectives?
- Who are the key stakeholders?
- What is the impact on those stakeholders of the project once it gets under way?

- What benefits will the stakeholders enjoy?
- Who do you need to include or obtain support from? Will you need to engage with banks, finance departments, business departments or systems providers?
- What will success look like?
- How long will the project take?

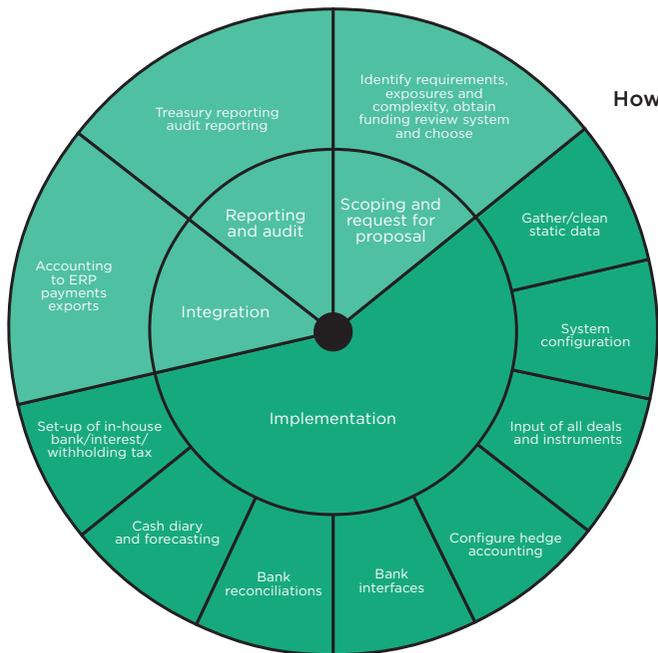
### Communications

Ensuring everyone stays in the loop is easier if you establish a framework and a regular pattern for meetings and catch-ups. One approach might be to:

- Communicate the project to all parties involved, giving an overview of the key milestone dates and deliverables.
- Set up a project group for key stakeholders.
- Diarise regular calls with the project group.
- Diarise regular calls with individual stakeholders.
- Establish your reporting tools.

Preparing these in advance sets up expectations among your stakeholders. It also ensures that you can get regular time with the people who matter to discuss any

How an implementation works



- input of all deals and instruments;
- configuring for hedge accounting;
- bank interfaces;
- bank reconciliations;
- cash diary and forecasting; and
- integration of transactions into the finance system or enterprise resource planning (ERP) system.

Taking static data as an example, ensuring that this activity is considered early in the project is vital, as it will impact the ability to move to the next stages.

Likewise, understanding the rules for integration of accounting transactions into the ERP is something that needs to be clearly understood early on. Despite the fact the activity is posted 'go live', the configuration is done upfront.

There will be other activities that will add value to the business, such as the setting up of an in-house bank or automating withholding tax and interest calculations.

They are no less important, but could form part of a second phase of implementation, so that the initial or primary phase of implementation is not impacted by too many work streams vying for limited resource.

**A word about softer skills**

Generally, the tangible tasks within a project are quite objective, and will feel familiar to you and your stakeholder. For the most part, achieving buy-in around a shared set of objectives tends to be reasonably straightforward. However, a project of any scale brings change and it cannot be underestimated that change can be a real roadblock to moving forward for some.

Take time to consider the following aspects during your interaction with stakeholders throughout the project: does this person feel their job may be at risk? Do they feel intimidated by changes in technology and are worried about asking questions? Quite often people do not feel

comfortable asking questions when they feel they should already know the answer.

Being alert to these kinds of issues and having empathy towards those impacted will go a long way to ensuring success for all. It can be as simple as listening a bit harder. Genuinely encourage a culture where all questions are welcome. Everyone who has an input is important, and if issues or technical matters need to be covered three times over – all well and good. What is important is to keep the team's motivation up and provide reassurance whenever

possible, and assist with finding a solution where necessary.

To wrap up, planning, consultation, resource allocation, engagement, tracking, scheduling regular calls and reporting are all key to the successful delivery of your project. 📌

**Nichol Burgess is managing director of Treasury Consultancy Services, and a treasury consultant with wide experience of transformation projects**



Genuinely encourage a culture where all questions are welcome



IKON IMAGES

# ACT DIARY DATES

## ACT EVENTS

■ **13-16 July, Online**

### ACT FESTIVAL OF TREASURY TRANSFORMATION

This event will explore the ongoing changes to the treasury function, including systems, processes and people, and how this has been accelerated in light of the ongoing pandemic. Each of the four days will focus on a specific theme: transforming systems, transforming processes, transforming people and building resilience through transformation. We'll be joined by expert speakers from around the world, including former corporate treasurer The Most Reverend Justin Welby, Archbishop of Canterbury. [treasurers.org/festival-of-treasury-transformation-20](https://treasurers.org/festival-of-treasury-transformation-20)

■ **POSTPONED**

to 5-8 October, Online

### ACT ANNUAL CONFERENCE 2020

The highlight of the treasury calendar moves online for 2020. The theme of this year's ACT Annual Conference is 'Balancing Risk: Championing Sustainable Growth' and will focus on how treasurers can balance risks, while promoting sustainable growth and profitability. [treasurers.org/annual-conference-20](https://treasurers.org/annual-conference-20)

■ **POSTPONED**

to 8 November, Dubai

### ACT MIDDLE EAST TREASURY AWARDS

Nominations for the ACT Middle East Treasury Awards are open!

Now in its sixth year, the awards celebrate the achievements of the corporate treasurer and recognise deals, projects, companies and individuals that have shown innovation and excellence in the region.

[treasurers.org/middle-east-awards-20](https://treasurers.org/middle-east-awards-20)

■ **POSTPONED**

to 9-10 November, Dubai

### THE ACT MIDDLE EAST TREASURY SUMMIT

The summit is the principal event in the region for corporate treasury. This year's theme is 'Furthering innovation, developing sustainability', and the key topics to be covered include fintech, sustainability, payments, divesting from oil and developing an inclusive treasury community.

[treasurers.org/middle-east-summit-20](https://treasurers.org/middle-east-summit-20)

■ **11 November, London**

### ACT ANNUAL DINNER

Join us for fine food, wine and entertainment at the premier networking event in the corporate finance calendar.

[treasurers.org/annual-dinner-20](https://treasurers.org/annual-dinner-20)

■ **POSTPONED**

to 14 December, London

### THE ACT'S DEALS OF THE YEAR AWARDS

The Deals of the Year Awards play a crucial role in championing the outstanding work of treasurers and their contribution to their organisation's success. Watch this space for details on the winners.

[treasurers.org/deals-of-the-year-19](https://treasurers.org/deals-of-the-year-19)

+ To attend an ACT event or webinar, book online at [treasurers.org/events](https://treasurers.org/events)

+ For more information, email [events@treasurers.org](mailto:events@treasurers.org) or call +44 (0)20 7847 2589.

## ACT LIVE ONLINE TRAINING COURSES

*We have moved to a virtual classroom!*

■ **27 July**

### TREASURY IN A DAY

An introduction aimed at anyone new to treasury, looking to broaden their understanding of the function, or wanting to improve their ability to have better conversations with management, operations and banks, or with treasurers as customers. In just one day, you will learn about the role of a treasurer and will be introduced to key treasury concepts and commonly used financial instruments. (Also running in October.)

[academy.treasurers.org/training/treasury-in-a-day](https://academy.treasurers.org/training/treasury-in-a-day)

■ **30 July**

### THE NUTS AND BOLTS OF CASH MANAGEMENT

In just one day, you will explore the principles and practices of cash and liquidity management, and their importance to the business and treasury function. (Also running in October.)

[academy.treasurers.org/training/cash-management](https://academy.treasurers.org/training/cash-management)

■ **13-16 October**

### ADVANCED CASH MANAGEMENT

This course covers practical cash management, bank account structures, payables and receivables, liquidity and finance, cash management solutions and real-life case studies. The course is delivered over four interactive sessions for four consecutive days.

[academy.treasurers.org/training/advanced-cash-management](https://academy.treasurers.org/training/advanced-cash-management)

■ **TBC**

### THE A-Z OF CORPORATE TREASURY

This overview of the fundamentals of treasury management is perfect for new entrants to the profession, bankers and those working alongside the treasury team. Learn about corporate treasury within the context of international markets, and build a deep insight into the core areas over three days.

[academy.treasurers.org/training/corporate-treasury](https://academy.treasurers.org/training/corporate-treasury)

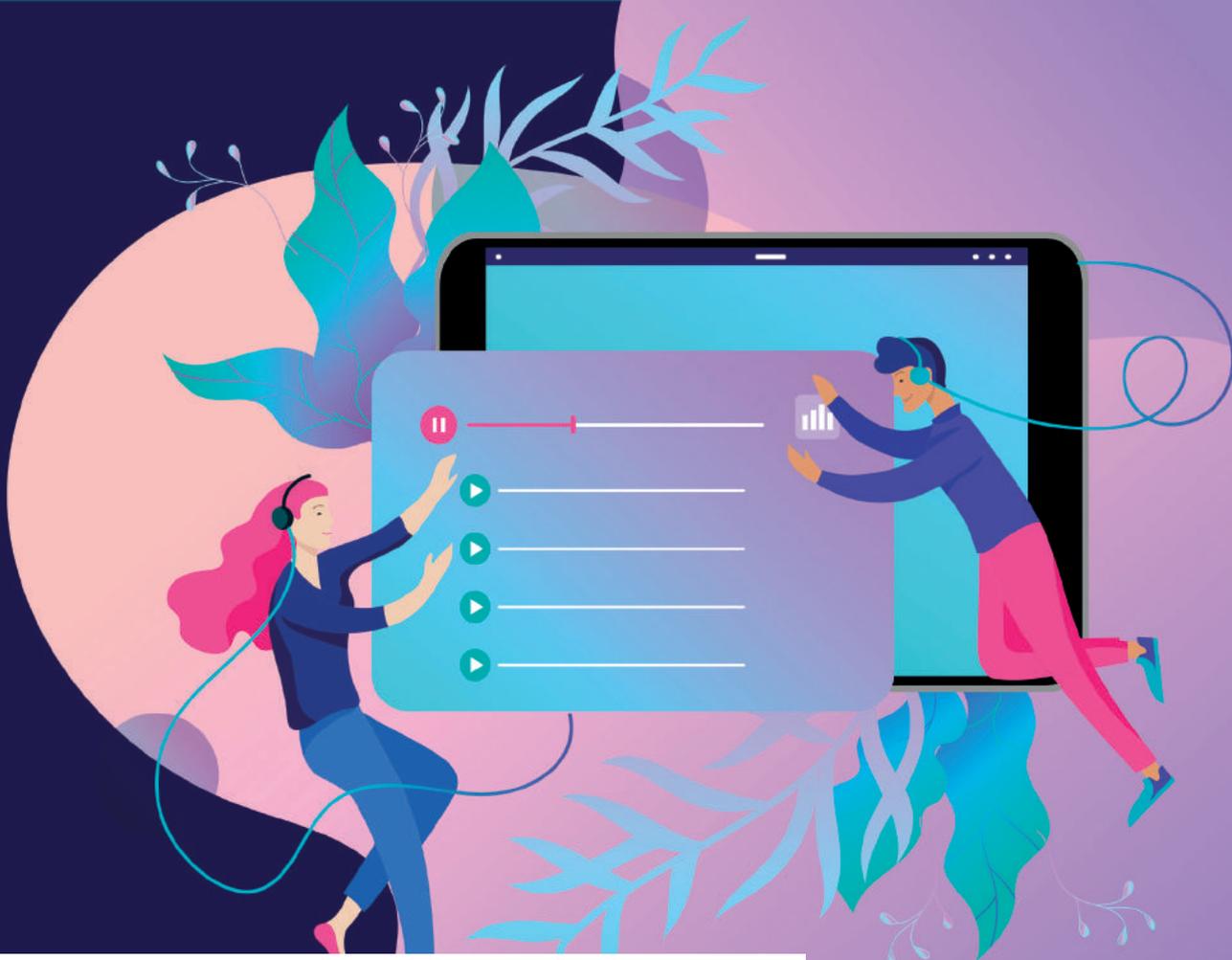
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# HOW TO MAXIMISE YOUR BUSINESS AND BEHAVIOURAL SKILL SET

THE TREASURER ASKS **CAROLINE STOCKMANN** ABOUT THE RATIONALE AND GOALS BEHIND HER STRATEGIC INSIGHTS PODCASTS

▶ At a time when much of our attention is quite rightly concentrated on the technical aspects of treasury, it can be difficult to make time to focus on business and behavioural skills. However, without understanding how to support your team, run effective virtual meetings, manage your stress levels – to name just a few business skills – you risk not using your time as effectively and efficiently as possible.

The Association of Corporate Treasurers (ACT) has always

championed business and behavioural skills, and these are two of the three areas embedded within the Competency Framework. Along with technical skills, they underpin excellence and best practice, and combine to create expert finance professionals. Understanding them enables all professionals to differentiate themselves from others more effectively, and increases the likelihood of progressing in the workplace.

We asked the ACT's chief executive, Caroline Stockmann,

who has written the strategic insights podcasts, about her motivation behind creating the series.

## **What made you decide to record the strategic insights podcast series?**

I feel strongly that there are a lot of people out there writing books and making money out of it, but when you read the book you perhaps only gain one real insight in, say, 300 pages. What I wanted to do was make accessible to as many people as possible a range of insights that

I have learnt over the years, whether through experience, reading or from one of my great coaches. I wanted them to be in a time-efficient format, hence short podcasts. My aim is that anyone listening will come away with one or two takeaways that would make a positive difference to their life – something they can start on right away.

**Why do you think it's important for professionals to focus on their business and behavioural skills?**

This is what really differentiates you in life and in your career. Technical areas in a profession can, to some extent, be taken as read. You do your training or get your qualification, and you know the rules, how it works and what to do. But so does everyone else in your profession. How you communicate what you know, how influential you are, and whether people actually like you is a real differentiator, however. Our *Business of Treasury 2020* research shows that treasurers are more and more focused on these types of skills, and feel this area is where they experience barriers to progression. That awareness, to me, is a very positive development.

**You advocate planning your soft-skill development in the same way as you would a technical skill, for example, setting an objective and looking at the best options for achieving this objective. Why do you think individuals tend not to plan their business and behavioural development?**

This is a really interesting question. I'm not entirely sure why that should be, and I'm sure a historian or sociologist would have some answers here, but I think that for whatever reason we have been 'programmed' to focus on the technical skills and our culture in the West certainly rewards us for being clever, passing memory tests in effect. Education has always focused on this kind of learning.

Looking at some other cultures, for example, in Thailand we see the great importance of teamwork, and in Native American Indian culture it's said that the success of the group is key rather than the individual – so we can see there are different ways of approaching life and work. But because we in effect separate

the softer skills from our technical skills, we don't view them nor treat them in the same way. So it doesn't occur to us to make a plan around them and their development. And yet if we believe planning does work, then why wouldn't those same principles apply? At the end of the day, it's about priorities, and we often prioritise what we are rewarded on. So the more our workplace encourages these other skills to be developed, the more we will see them to be recognised and rewarded.

**Which three skills do you think have been the most useful in your career?**

I don't know if it would qualify as a skill, but I think my sense of fairness has held me in good stead – I like to treat others fairly, and to be honest and transparent, and although it can sometimes bring you into conflict, for example, if there is an ethical matter you feel you need to speak out on, I think people like to know you are someone they can trust.

A second skill is listening and being in the present, so I really hear what others have to say. I've learnt as well that it's not just about listening, but about showing you are listening. Sometimes my mind jumps ahead and I want to follow up, forgetting to repeat the idea for reinforcement or thank the individual – but then they don't feel heard. That's something I still work on, as I do tend to get excited by an idea and make a 'connection', and then I'm off!

A third skill – again one that has developed over time – is strategic thinking. I like to think about the bigger picture and look at the consequences in the future of actions now. It's hard to do when we're firefighting, but I guess it's about values and something in my core that gives me the energy to look longer term rather than short term. 💡

## ACT RESOURCES

### Career Hub

The Career Hub provides tools, information and advice on a range of business and behavioural skills. These resources can support members by providing valuable insight not only on their own strengths and weaknesses, but on how to work effectively with their team. Subjects range from practical topics such as how to plan meetings and how to get the most out of remote learning to more developmental areas such as emotional intelligence, performance and team working. The Hub includes online assessments to give you a better understanding of your work style, your resilience and your management skills. There are also employer advice videos, industry guides and – for those looking to move roles – there is a wealth of information on how to frame your CV, prepare for interviews and plan your career. [careers.treasurers.org](https://careers.treasurers.org)

### Strategic insights series

These short podcasts look at non-technical skills and provide advice and guidance on how to develop personal skills. We tend not to treat developing these non-technical skills in the same way as technical skills, and often only fleetingly consider them when we attend an occasional training course. These skills should be nurtured in the same way as technical skills, and podcasts provide a resource to help with developing resilience and a positive mindset, for instance. The podcasts provide a framework for focusing on qualities and skills we have the power to change and develop. [treasurers.org/strategic-insights-podcasts](https://treasurers.org/strategic-insights-podcasts)

### Mentoring

A mentoring relationship can provide an opportunity to consider and analyse the options available, get new information and identify any support that may be needed. The key is to develop effective

mentoring conversations through active listening, asking/answering open questions to fully understand the basis of the relationship and the key priorities, and to have honest exchanges reflecting and learning from past experience. The ACT mentoring scheme matches members based on set criteria – enabling you to hook up with the best possible mentor. In times of crisis especially, it can be useful to find a mentor who may work in the same industry, but not the same company, who could provide a useful perspective and help with your decision-making. [treasurers.org/membership/mentoring](https://treasurers.org/membership/mentoring)

### The Treasurer magazine

The Career and Insight sections of *The Treasurer* look at non-technical skills and provide considered comment on areas such as communication, leadership, teamwork and managing workplace conflict. Additional articles are available online and content includes commentaries from guest writers and interviews with topic experts, such as the recent discussion with Jo Owen, author of *How to Lead: The Definitive Guide to Effective Leadership, Power at Work: The Art of Making Things Happen* and *Leadership Rules: 50 Timeless Lessons for Leaders*. [treasurers.org/hub/treasurer-magazine/career](https://treasurers.org/hub/treasurer-magazine/career)

### Blogs

Our blogs provide a quick and accessible way for members to develop useful insights, tips and reflections on areas such as wellbeing, resilience and stress management. They also provide a useful mechanism for experts to provide quick commentary on topical issues, such as the Time Critical Conversations blogs, along with signposting to additional information. [treasurers.org/hub/blog](https://treasurers.org/hub/blog)



# TOGETHER ALONE

WORKING FROM HOME HAS HELPED TO SAVE OUR BUSINESSES, TEAMS AND JOBS. BUT IT HAS ITS DRAWBACKS. AMANDA BRADLEY SUGGESTS WAYS TO REDRAW THE LINES BETWEEN WORK AND HOME

▶ If you'd asked me this time last year whether I thought it would be a good thing for us to be able to work from home more, I would have said yes. No doubt about it. But as the weeks pass and office blocks worldwide remain empty, the

experience has caused me to think again.

Don't get me wrong. I'm grateful, especially for the technology. Can you imagine what lockdown would have been like without 2020 technology? Go back 15 years and we would be listening to the modem's siren song as it cranked through data at a stunningly slow pace. There would be no Netflix bingeing, no WhatsApp, no home videoconferencing. Creative proxies for being together have emerged to allow us to meet, work and play virtually. But remote working is not the same as being face to face for myriad well-rehearsed business reasons.

So, what have we learned and how can we refine our ways of working to improve the balance between human needs and corporate expectations?

## **Lesson one: witnessing the intimate detail of life is not the same as intimacy**

Working from home shows us more about each other. We get a sneaky peek into each other's homes, 'meet' each other's children and see each other's cats streak across keyboards with no respect for who might be on-screen. We have had to become less formal - but that is not the same as being more familiar with one another or knowing each other better, and seeing these details can be confusing.

If anything, we need to guard against the online disinhibition effect, where we become overly relaxed with each other. This can be benign, causing shy people to find communication easier. But it can also be more toxic. Empathy diminishes when we operate virtually. We can be ruder and meaner because it's easier to forget we are dealing with real people. There is therefore greater capacity for rift and misunderstanding, which we need to pay close

attention to and resolve so teams can run effectively.

Meeting via videoconferencing often means getting straight into business with little time for the gentle chat that happens on the way to the meeting room. Assuming we retain a bigger element of working from home as restrictions ease, it will be useful to build in small conversational breaks with colleagues to network and connect – as well as work together.

**Lesson two: video brain drain**

It is also more tiring to work remotely, particularly via videoconferencing. This is because our brains are working overtime to compensate for lack of in-person data. Loss of micro-expression (the tiny muscle movements that help us read subtle emotional changes), vocal tone (often distorted by conference calling) and the shame that comes from talking over colleagues due to video lag all contribute to us feeling zoomed out and overloaded. Taking a twenty-minute gap between meetings allows our systems to calm down again. It also gives us time to think and revise plans based on new information gained.

**Lesson three: the extended working day**

The average working day has extended by two to three hours during the pandemic.

A simple reason for this is because the average office commute has plummeted to below one minute as people travel from their beds to their kitchen tables. Without a commute, we simply log on and get working. But losing the physical commute has its disadvantages. And thinking time has been subsumed by doing time.

Many of my clients are benefitting from using their

commute time to exercise and to create a start and stop to their working day. This is particularly important when the sacred boundary of home and work has been destroyed by lockdown. There was a time when calling someone at home started with “I’m sorry to disturb you”. That nicety seems to have gone as we increasingly see home and work as interchangeable. Book-ending the day with exercise helps us to reinforce the distinction and signal the change to ourselves, along with packing away our desks and closing down the working day. Transferring incomplete tasks to tomorrow’s diary enables us to say “that’s it” and allows us to ‘go home’.

**What else are we missing?**

According to Eric Berne, we have six main psychological hungers: stimulus hunger (not getting bored), recognition hunger (feeling like we belong), time structure hunger (knowing what we are doing with our time), contact hunger (physical touch), incident hunger (a nice bit of gossip) and sexual hunger. Being together at work meets many of these. Hopefully, if you’re in a job you enjoy, it will be fulfilling your stimulus hunger. Gossip around the water cooler feeds our incident hunger. Our calendars and meetings provide the time structure. Even contact hunger is met with the ubiquitous handshake. Being part of a team obviously fulfils recognition hunger. And, of course, around 15% of us met our significant other at work, thereby furthering the survival of the species.

Taking away the physical office can feel like psychological starvation. There is no water cooler, no handshake. Teams are remote and faceless. And it’s a bit harder to casually ask Chris



**Taking away the physical office can feel like psychological starvation**

from accounts if they want to pop out for a drink after work when you’re working from home. All we have left is stimulus hunger and time structure hunger. So, we look for proxies. We scroll Instagram and Facebook to meet our incident hunger (and sadly lose efficiency, dragging out the working day). We eat more to meet our contact hunger, producing the brain chemicals with junk food that we would obtain more healthily from physical touch. And we work longer hours and attend more meetings to feel that sense of belonging and meet our recognition hunger.

None of this is wrong or bad. It just might be that if we think about what we need, we can find something better.

How much more effective could you be in a day if you planned to speak with a friend at lunchtime? If you manage people, maybe your team would benefit from more team social time on a Friday morning where the details of work are secondary to playing a game together for 10 minutes. Use your time structure hunger to prioritise your downtime as much as your work time. It’s got to be OK to stop working.

Contact hunger is the tough one, especially where food is used as the proxy. A good place to start is simply to notice what we are eating and make a better choice. Imagine upgrading your low-grade snack to a super-fancy brand to be savoured as a reward for a job well done. But there are other alternatives to food. Many children have begun carrying their teddy bears with them to hug. While we can’t necessarily show up to a meeting with our boss with

our childhood bears, we can increase our awareness of the textures we are wearing or the fabrics in our homes. Softer, more comforting textures can be a good proxy for Big Ted.

**What do we do when we meet again?**

For some, going back to the office will feel overwhelming, particularly if your office is large. Working in our home space with fewer people around day to day is a world away from working in a 100- or even 1,000-person shared space, particularly if that office is open plan. So, think as we plan to meet again about your needs. What have you gained from working from home? If you need space to think on a regular basis, plan to give it to yourself by perhaps working from home one day a week or booking a quiet room for an hour a day. If you struggle with being distracted by your incident hunger, give yourself a coffee break once a day with co-workers, where you can catch up on all the gossip without it breaking into your concentration.

As for contact hunger and the return of the handshake, that may well have to wait until we can be closer than one or two metres apart. But whether we continue to work remotely or return to our offices, we can be more effective, more efficient and, dare I say, happier if we make choices that let us be human beings rather than human doings. 💜

**Amanda Bradley FCT is an executive coach at Liberty EQ**



# “A KEY ELEMENT IS TO IDENTIFY WHERE TREASURY CAN ADD VALUE TO THE BUSINESS”



IVC EVIDENSIA GROUP  
TREASURY ANALYST  
**KURTIS POPE** DISCUSSES  
HIS DAY-TO-DAY  
ROLE AT EUROPE'S  
LARGEST VETERINARY  
CARE PROVIDER

I work as a group treasury analyst for IVC Evidensia, Europe's largest veterinary care provider. The company was set up in 2011 and is private-equity owned. It is fast growing and very acquisitive, seeking to acquire clinics across the UK and mainland Europe to join the IVC Evidensia family, with an ethos to remain independent.

Currently, we operate in 11 countries, with more than 19,000 staff in the UK and mainland Europe.

In treasury we are a team of three, with everyone pitching in to all aspects of the function – very different to my previous roles within a large corporate.

Although small, the treasury function has progressed exponentially since I joined, with a treasury policy currently being created, a solid procedure framework put into place and strong relationships built. It is exciting for me to use my previous experiences to help lay the foundations, ready to grow the treasury function as rapidly as the business itself.

One of the key objectives of treasury is to ascertain control over acquisition cash, to ensure clinic bank accounts and revenue streams are integrated into the company's established business model as soon as possible.

A large aspect of my role is to mitigate risk and ensure strict

control by managing various banking platforms and the users that have access to them, to regularly audit these platforms, adding and removing users where necessary, and to create and maintain solid relationships internally and externally. It is key to liaise regularly with colleagues and banks in the countries in mainland Europe within which we operate.

The veterinary world across Europe has different regulations to many large corporates and indeed to the UK, so healthy and regular communication is vital. Another key element is to identify where treasury can add value to the business and to build processes to facilitate this. Examples are creating a process to invest surplus funds to earn better rates of interest, and executing FX trades to ensure cash is in the required currencies at the right time.

My day generally begins with compiling cash balances from the various countries and bank platforms we oversee, and periodically analysing the transactions in the accounts to ensure any anomalies are spotted and discussed with the right people.

Later in the morning, I begin checking our current cash position, then liaising with key internal contacts to ascertain the approximate remaining movements for the day. Once this is confirmed, any surplus funds are invested.

My afternoons are generally less structured, meaning I can work on some of the many projects and objectives that the team has. This includes looking at how we can improve controls and the banking processes for each of the countries and identifying where our team can add value to the work of the group.

The team has a shared email bucket, into which the majority of requests and queries are sent, and it is important to check this throughout the day and action any urgent requests or questions as soon as we can. I personally enjoy a nice, clean

bucket, so I am usually seen flicking in and out of there to see if there is anything I can clear.

Being part of such a small team within a company in a high-growth phase gives me the chance to experience many aspects of treasury that I might not experience in a larger team or in a more established function. I am looking forward to seeing what new challenges come my way in this rapidly changing world. I also hope the experience will assist me as I study for the ACT CertT qualification, having just passed the CertTF.

When it comes to finding time to study, I usually find that being in the office after most people have left helps me. Under lockdown conditions, I have found ways to make the office/home divide less of an issue, with a dedicated study space at home, away from any distractions.

## I am looking forward to seeing what new challenges come my way in this rapidly changing world



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