

**ACT**

**Competency  
Framework**

**GLOBAL TREASURY  
STANDARDS**

# TREASURY SKILLS AND CAPABILITIES DEFINED



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# CAPABILITIES

The competency framework defines the treasury skills and capabilities needed by treasury professionals to operate successfully in today's challenging business climate.

## FINANCIAL MANAGEMENT

Financial management is a critical element of treasury's role. Cashflow forecasting, balance sheet funding, valuing and managing FX and interest rate risks, budget monitoring and timely identification of financial trends and variances are all core aspects.

## DATA MANAGEMENT

Data management is increasingly important for the treasurer. It involves collecting, analysing, and translating reliable data into information that can be appropriately disseminated to assist with problem-solving and decision-making across the organisation.

## PROJECT MANAGEMENT

Treasurers need to be able to manage projects of all types. Projects requiring treasury input may be as diverse as niche treasury-specific solutions, or highly complex organisation-wide programmes.

## COMMERCIAL ACUMEN

As members of the leadership team, treasurers need to demonstrate commercial acumen. They need to have the ability to evaluate a range of tools to communicate and negotiate effectively, in support of the overall growth of the business, and to identify opportunities for innovation within treasury.

## LEADERSHIP AND SELF-AWARENESS

Treasurers are leaders. They use skills and competencies confidently and effectively to help deliver the organisation's objectives. They understand their core strengths, as well as areas for development and hold others to account. They are able to get the best out of others through active listening and constructive challenge. They apply best practices in relation to diversity, equity and inclusion.

## INFLUENCING SKILLS

Treasurers develop mutually beneficial working relationships with internal and external stakeholders, gaining support for ideas and plans of action. They create opportunities which deliver value to the organisation and the treasury team, through a diverse range of influencing skills.

## ETHICS AND CULTURE

Ethical behaviour should underpin all business activity. Treasury professionals need to appreciate why ethics matter, to act ethically at all times and to lead by example. They contribute to high ethical standards within a business.

## CONTEXT OF TREASURY

### ORGANISATIONAL AWARENESS

Treasurers need to actively engage with current affairs and must have a detailed understanding of the implications of external events on their organisation.

### FINANCIAL PRODUCTS AND MARKETS

A thorough understanding of the various financial markets and related instruments is core to effective treasury management. Familiarity with the intricacies of transacting such products and the risks and benefits they offer the business, as well as the ability to explain products to non-treasury members of the organisation, are key.

## CORPORATE GOVERNANCE

Treasury's activities need to be clearly defined, executed and monitored, and this includes the independent review provided by regular internal and external audits (e.g. the three lines of defence model). Policies and procedures need to be documented, up-to-date and followed, and reporting must be provided for all stakeholders (both internal and external). These reports form part of the corporate governance framework.

### ACCOUNTING, TAX AND REGULATION

Accounting rules, tax and other legislation or regulation may affect the financial markets accessed by the organisation, the activities undertaken by treasury and how such activities are reported. Such requirements can change frequently, so keeping up-to-date is key.

## FINANCIAL RISK MANAGEMENT

### RISK FRAMEWORKS

Every organisation needs a risk management framework that not only establishes the policies and processes to be followed but also articulates the risk appetite of the organisation. The treasurer needs to understand this fully and will lead where financial risk management is concerned.

### IDENTIFYING AND ASSESSING FINANCIAL RISKS & OPPORTUNITIES

Strong relationships, clear communication and straightforward processes will enable the treasurer to identify and assess the scale of financial risk within the business. This includes both core treasury (e.g. liquidity, working capital, FX and interest rates, counterparty risk) as well as other financial risks and opportunities that may fall under treasury's remit (commodities, pensions, etc).

### MANAGING FINANCIAL RISK

There is a range of techniques for managing financial risk, which includes avoiding, accepting or transferring it (e.g. using derivatives). Treasurers need to select the most appropriate response to a particular risk, dependent on the organisation's risk appetite.

### FINANCIAL RISK REPORTING

Stakeholders (both internal and external) need to understand how risk is being managed and whether the approach is effective. Treasurers should apply the most appropriate financial risk evaluation and effective reporting methodology for the organisation.

## CORPORATE FINANCIAL MANAGEMENT

### CORPORATE FINANCE

The treasurer needs a thorough understanding of corporate finance theory and needs to ensure it is applied to evaluate sources and uses of finance. This encompasses everything from capital structure (debt, equity and dividend policy), through to major business transformations (e.g. mergers, acquisitions and divestments) and to individual financing decisions.

### LONG-TERM FUNDING

The success of the organisation is dependent on access to funds. These may take a variety of forms (debt, equity, or hybrid). Implementing the most appropriate mix of funding to achieve the organisation's medium/long-term objectives whilst accommodating its risk appetite is critical for the treasurer. This activity is important for many organisations in achieving their sustainability goals.

### INVESTMENTS

Treasury needs to be prepared to handle cash surpluses. An investment strategy based on security, liquidity and yield that is consistent both with the needs of the business and with its risk appetite, should be in place. This will include a methodology to monitor the creditworthiness and, increasingly, the sustainability credentials of investment counterparties.

### INTERCOMPANY FUNDING

Intercompany funding is generally an efficient source of funds for an organisation. However, such arrangements may be complex and the treasurer needs to take tax, legal and regulatory aspects into account when setting up intercompany structures.

## TREASURY OPERATIONS

### TREASURY INFRASTRUCTURE

The treasury function should reflect the needs and culture of the organisation. This is achieved through establishing a framework of policies and procedures to enable treasury to be resilient to external shocks (including having appropriate disaster recovery plans) and to function effectively.

### TECHNOLOGY

Technology is a critical enabler for all activities undertaken by treasury. The wide range of solutions available are evolving rapidly and treasury needs to proactively identify solutions (e.g. cloud, distributed ledger technology, application programming interfaces (APIs)) that are aligned to the organisation's current and future requirements.

### CASH MANAGEMENT

Cash management is the process of managing the flow of cash around the organisation. The identification and implementation of appropriate cash management solutions (e.g. pooling, sweeping, netting), payment controls and bank account management is fundamental to the long-term success of the organisation.

### LIQUIDITY MANAGEMENT

Liquidity management focuses on the organisation's short-term need to meet payments as they fall due. This can be achieved through the development of accurate cashflow forecasting solutions, the effective management of working capital and access to external sources of funds.

### TRADE FINANCE

As supply-chains become more complex, they require a more detailed understanding of risks and opportunities. Treasurers need to understand the constantly evolving ecosystem of participants, tools and platforms (e.g. digitalisation, distributed ledger technology) in order to identify and implement the optimal solution for the organisation.

BUSINESS SKILLS

BEHAVIOURAL SKILLS

TECHNICAL SKILLS

The ACT's mission is to embed the highest standards of professionalism and integrity in the treasury world, and act as its leading advocate.