

{ EVOLUTION }

PETER GOSHAWK

The ACT's president charts treasury's course from Cinderella status to strategic presence

I first encountered treasury as a subject during my accountancy training. It was fascinating and much more fun than the rest of the training scheme. As a consequence, I asked to join the director of funds department, British Rail's treasury function, in 1981 as a newly qualified accountant. That fascination with treasury has stayed with me throughout my career from corporates to banking, and then on to non-executive work, including as a pension fund trustee.

The ACT became part of my professional life in 1985, when in the Hawker Siddeley Group. *The Treasurer* encouraged membership of the ACT and the regular meetings of the London West End regional group offered a good training opportunity from sage treasurers of the day.

Treasury was a somewhat esoteric label, and this has consistently been a blessing and a curse for my career, and I suspect for other career treasurers. The blessing is we treasurers supposedly know things others don't. The curse is we are too easily labelled as specialists and need to prove our capability for more general management as our careers progress. However, there is a similar dialogue on transferable skills when progressing from an executive career to a non-executive career, so maybe it is just another hurdle to jump.



The other evolution occurred as treasury moved from its specialist, and sometimes Cinderella, status to become a rather essential piece of good governance. This was very much the case for financial institutions during the banking crisis. Treasurers moved from picking the money off money trees to the centre of focus, with board members receiving daily briefings on capital and liquidity.

The value of deposits, and particularly customer deposits, moved from a rather unprofitable and somewhat tedious activity to fuel the more glamorous activity of lending, to becoming the pinch point for any lending activity at all. Capital management in banking is now a primary point of reference for any investor presentation. I can still remember investors challenging banks at debt-investor roadshows:

'Why can't you be more like Northern Rock? They are the most efficient bank in Europe.' How times change.

I recall how in a large banking group the divisional or subsidiary asset and liability committees were quite difficult to populate. Commercial business heads would often delegate this to back- or middle-office personnel. It was sometimes considered a distraction.

Post crisis, the role of treasury and the activity of risk governance has undergone a dramatic change in priority and consumption of the board agenda. Even in 2010, in a building society, I was party to the debate on whether we needed a risk committee. Audit committees did not need similar justification; they were already established as a key element of good governance. Today, the board risk committee agenda is so full with work on regulatory returns and enterprise-wide risk management that the frequency and duration of these meetings far

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outweigh the comparable audit committee agendas.

During this time of evolution and revolution, the ACT has been there as a centre of excellence and tool chest for treasury departments. It has provided consistent input towards a rapidly developing specialist skill set. It has supported the need to explain and deliver those skills at a strategic level across the whole organisation. It has had a significant part to play in making treasury an essential part of business planning and delivery. For all those reasons, I am delighted to be a member of the ACT, ever more so in my capacity on council and as I now take up the term of president.

The ACT is built on the expertise of its members and that has always been on a basis of mutuality. Many members give significant time and effort to the ACT. This is a great support to the overall membership. It is also equally rewarding to those who take part in all sorts of opportunities to enhance skills and networks that will serve you well in your career. I have thoroughly enjoyed the ability to learn from others and the feeling of achievement from being an active member of the ACT. I hope that if you haven't already done so, you will try it and enjoy the experience. ♥



Peter Goshawk is ACT president and chair of Barclays Pension Fund

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