treasurytoday

research | insight | analysis

July/August 2020

KYC: effective pain relief

It's a necessary burden for every company, so how can treasurers relieve the pain of KYC?

The Corporate View

Séverine Le Blévennec

Senior Director Treasury, EMEA

Honeywell

Women in Treasury

Sandra Ramos-Alves

Vice President and Assistant Treasurer, Treasury Operations

Bristol Myers Squibb

Investing

Liquidity, security, yield, still the right order?

Roche: building treasury resilience

Roche's treasury is on a journey, building for the future

Market View

US presidential election: a turning point?

Question Answered

COVID-19 and treasury policy revision


treasuryinsights
research | insight | analysis
STAY CONNECTED
Join your peers in receiving the latest industry intelligence direct to your inbox weekly.
Subscribe now:
insights@treasurytoday.com
treasurytoday.com

There is no 'new normal'

Over the past few months the phrase 'new normal' has surfaced as a way of describing how we now live. But does it really mean anything? We live in a dynamic world where events, and our perceptions of them, are constantly changing. We are in a permanent state of flux so surely a 'new' normal exists no more than an 'old' normal. As Heraclitus argued millennia ago, the only constant in life is change.

Modern scientists knew that some form of pandemic was coming (and that others will follow) but no one saw precisely how and when COVID-19 would surface. The world has changed as a result, but then that's what it always does, and humanity has thus far proven adaptable.

Adaptability is an essential survival skill. Ideally in society we help those who cannot reconcile the changes. But in business, at least those subject to the order of capitalism, those that cannot adapt are not carried; it is a case of survival of the fittest.

If a description of the world as it is right now, under varying degrees of lockdown, could arguably include the notion of 'new normal', then it should perhaps, at a societal level, be used to express how countless more people have been compelled by the pandemic into reassessing what is most important in their lives. Their decisions now may have a long-lasting effect or they may not.

However, at a business level, where constant change and survival of the fittest remain as true now as they ever did, the idea of a 'new normal' really is meaningless. In treasury terms, whilst different disciplines have risen up the agenda – liquidity management being of immediate importance – these activities have always been critical to organisational success. Failure to manage any aspect of treasury will soon be felt across the business.

In this edition, we recognise the dynamic nature of treasury, looking at how investment policies change according to need, and asking how treasurers can be more effective when trying to balance the outcome of the 'liquidity, security, yield' mantra.

We also take a closer look at that old foe, KYC, probing those in the know for ways in which treasurers can reduce the pain of this ever-changing burden. In our Question Answered feature this time round, we quiz a trio of experts about their approach to treasury policy revision in an unpredictable world.

Of course, we all recognise that treasury is nothing if not resourceful, adaptable, and innovative. This year's Adam Smith Awards, conducted in the midst of the pandemic, demonstrates that even in the most challenging of times, here is a profession that delivers.

Having celebrated the winners in our virtual awards announcement on 8th June, we will be talking to the winners about their approach as part of our Adam Smith Awards Season. In doing so, once more it reveals that treasurers and their business partners never take their eyes off the ball. By continuing to proactively provide solutions across a wide commercial spectrum, whatever the circumstances, the idea of 'new normal' is indeed redundant: it's just what treasurers do.

treasurytoday

treasurytoday.com
Volume 22/Issue 4
July/August 2020

Publishers
Meg Coates & Sophie Jackson

EA to the Publishers
Sarah Arter

Senior Consultant
John Nicholas

Editorial
Tom Alford

Editorial Assistant
Susie Scott

Head of Production & Client Delivery
Samantha Collings

Global Head of Events
Lisa Bigley

Circulation Manager
Sophie Friend

Digital Content Manager
Joanna Smith-Burchnell

Senior Designer
Dawn Ingram

Founder & Director
Angela Berry

Chair
Richard Parkinson

Switchboard	+44 (0)13 0462 9000
Publishing	+44 (0)13 0462 9017
	+44 (0)79 3943 6343
Memberships	+44 (0)13 0462 9013
Advertising	+44 (0)13 0462 9018
Editorial	+44 (0)13 0462 9003
Production	+44 (0)13 0462 9019

Annual Membership Rate £285
memberservices@treasurytoday.com

© Treasury Today ISSN 1466-4224

Treasury Today is published bi-monthly (6 issues) by Treasury Today Limited
Courtyard Offices • Harnet Street
Sandwich • CT13 9ES • UK

Treasury Today USPS: (USPS 023-387) is published bi-monthly by Treasury Today Limited, Courtyard Offices, Harnet Street, Sandwich, CT13 9ES, UK.

Subscription records are maintained at Treasury Today Limited, Courtyard Offices, Harnet Street, Sandwich, CT13 9ES, UK.

IN THIS ISSUE

INSIGHT & ANALYSIS 4

Lifting the treasury KYC burden

It's a necessary burden for every company, so how can treasurers relieve the pain of KYC?

WOMEN IN TREASURY 8

Sandra Ramos-Alves

Vice President and Assistant Treasurer, Treasury Operations

Getting out of your comfort zone is key to make well-rounded treasury professionals, says Sandra Ramos-Alves, Vice President and Assistant Treasurer, Treasury Operations at Bristol Myers Squibb.

Bristol Myers Squibb™

TREASURY INSIDERS 24

Let lockdown be the start of your digital journey

Treasury Insiders is a new series brought to you by Treasury Today and BNP Paribas. This article and its accompanying podcast investigate the impact of the pandemic on key themes such as liquidity, investment strategy and treasury structure.

BNP PARIBAS

TREASURY DIALOGUES SERIES 7

Grace under pressure: how Roche is leveraging centralisation and digitalisation in a time of crisis

How a 15-years-and-counting treasury journey has helped multinational healthcare company, Roche during the COVID-19 pandemic.

citi

WEBINAR REPORT 21

Sustainable strategies from the heart of the organization

Transforming ESG through a treasury lens is high on many companies' agendas. This recent webinar with BNP Paribas looked at how to do exactly that.

BNP PARIBAS

Lifting the treasury KYC burden

KYC remains a pain-point for all, despite numerous attempts to build utilities and reduce the burden on businesses and banks alike. What can treasurers do to comply with this essential process more easily? We ask those involved about much-needed relief.

"The average global treasury team spends more than one day per week navigating a thicket of KYC requirements. And it's not getting any easier," says Delphine Masquelier, Product Manager KYC Compliance Services at SWIFT. The regulatory landscape is evolving fast, making KYC processes increasingly complex. For corporates that use the services of multiple banks, the challenge of just keeping up is magnified several times over as they work to comply with the KYC requests of each one, often across different products.

Hurrah then for the KYC utility, centralising access to common and uniform data and documents. Well, not quite. Despite the KYC 'industry' lending itself to the existence of a common platform for sharing otherwise commodified data, it has yet to see a successful delivery.

When Bloomberg announced in April 2019 that it will shut down Entity Exchange, and Refinitiv said in June it is planning to close its KYC-as-a-service offering, low uptake was cited on the death certificate of these high profile utilities. "Many vendors had a go on their own to solve the complex challenge with limited success," notes Masquelier. "They have inadvertently added to complexity, failed to find a sustainable economic model or, in some cases, created solutions that have not been fit for purpose."

Mark Trivedi, Managing Director, Head of Client Experience and Firmwide Collateral Transformation, J.P. Morgan has a bit more sympathy for the KYC utility effort. Because AML and KYC rules are delivered as directives, they are not as prescriptive as perhaps imagined, he notes. "This leaves room for local interpretation, and so variability ensues." Additionally, he says each institution has its own risk tolerance and profile which can also dictate how their requirements are shaped.

The whole process is a moving feast: even if some level of consistency and understanding is achieved, the rules keep changing, says Trivedi. "Adapting regularly to that portfolio of changes makes the establishment of a singular utility very challenging."

Of course, it may just be the case that multiple utilities existing in the same space simply defeat the objective of a single source of information, or that those surfacing were competitive rather than consortia-driven exercises. This is a point made by Alan Samuels, Head of Product at global KYC process automation firm, Encompass. "They need to be driven by the data providers rather than third-parties," he suggests. "Successful utilities arise only when industry participants work together."

Samuels argues that "trying to boil the ocean by offering a global KYC solution", when most banks and organisations are more regionalised, seems not to work for utilities (SWIFT notwithstanding). There is a clue to a possible template for success here: Encompass is part of Invidem, a KYC utility set up by a coalition of six Nordic banks in 2019, having found a way of encouraging regional KYC stakeholders to willingly participate. If others follow, a 'network of networks' model could cross the globe.

"Ultimately successful utilities are a mix of push and pull," says Samuels. "Push comes from the regulators, maintaining standards, enforcing good practice and instilling discipline. But pull must come from the industry, working together and seeing the value in collaboration."

Pain continues

But KYC has always been a slow process. In the past, governments would release lists of sanctioned entities and compliance teams would manually check new customers to make sure there were no matches. And despite the digital revolution, the process remains repetitive, lengthy and cumbersome.

Research has shown that it takes an average of 24 days for a company to complete a bank's customer onboarding process. This delay is due to "poor data management", states Masquelier, adding that the data required by financial institutions from corporates is "often incomplete, out of date and held in multiple databases". It's why even an existing bank customer can receive multiple KYC requests from different divisions.

The absence of uniformity, differing jurisdictional requirements and the lack of standardised data across the corporate KYC space puts pressure on the relationship between banks and their corporate clients. Treasury teams have naturally been at the centre of this maelstrom – confronted with demands from multiple global bankers across geographies, they have often had to scramble to update their corporate identity information, authorised signatories list and legal entity documents.

"In many cases, they have been asked to supply new information at a far more granular level of detail than ever before," observes Manoj Mistry, Managing Director of IBOS (or the 'International Banking – One Solution' Banking Association), the trade organisation of global correspondent banking service providers. "Faced with losing valuable access to banking services, the degree of exigent coordination across an organisation to obtain current and consistent information has created a sizable burden among treasurers and their staff."

Relatedly, the information burden for correspondent banking relationships is perhaps the most onerous. Use of previously 'standard' information is now by and large negated, with Enhanced Due Diligence (EDD) rules now superseding past regulations, and bankers asking for a 'global minimum' standard EDD information that is substantially more critical and inquisitive about client relationships. "In order to supply this level of data, and to keep it refreshed on a periodic annual basis, it has created additional complex and time-intensive workload for smaller corporate teams," he comments.

It's true also that greater digitisation in the global payment systems has created a new responsibility for real-time authorisations from treasury. "Whilst in the past, large money transfers and payments were covered under the KYC master file, recently, many banks are requiring individual authorisations even for regular payments (such as monthly vendor invoices)," notes Mistry.

This is especially onerous for payments destined for regions under some type of sanction. Indeed, if one part of a global organisation needs to maintain a legitimate payments relationship with businesses in a sanctioned country, that relationship can create additional risk in the overall global banking relationship, and in so doing, increase the frequency and depth of informational refresh.

But with banks currently using a mix of internal and vendor tools, "getting them to agree on a single solution is like herding cats," states Mistry. Perhaps most challenging of all though, he believes, is the ability of anyone to monitor global regulatory developments and then create a 'global minimum standard' that banks and regulators can agree on, and which corporates can support.

The failure of the KYC utility model so far, he notes, is in part driven by a "low willingness" among current data vendors to agree on a pricing schema to contribute their data to a portal partnership. But he also sees a lack of enthusiasm for (and maybe high cost-sensitivity to) creating comprehensive current-ownership and structure information around private companies.

Whilst Bureau van Dijk (part of Moody's) has good coverage of EU private companies, "that's about it," notes Mistry. "The Americas and ROW remain a 'Wild West', with 100% reliance on what private companies claim is true – no independent verification is possible." J.P. Morgan's Trivedi further observes a general corporate resistance to uploading relatively sensitive data into a third-party source, many citing data privacy and security as a concern.

Personal pain

Praveen Juyal, Treasury Manager, Amway India Enterprises, has first-hand experience of what KYC compliance is like from the corporate side. Whilst he accepts that KYC has a vital role to play, he says the main pain-point for him, as a treasurer, is process efficiency.

> "The forum we created when trialling our KYC Registry enabled corporates to understand why banks ask for certain types of information, and for banks to reflect on the questions they are asking, and to assess whether opportunities exist for harmonisation through global standards.
>
> Delphine Masquelier, Product Manager KYC Compliance Services, SWIFT

To illustrate his point, he reflects on a recent event. "I have exchanged 20 emails with one of our banks on this KYC. The bank wants the signature of the customers but I have told them many times that all are working from home, and that it's difficult to get signatures at present, considering the situation with COVID-19, but the bank is still not satisfied."

His ongoing frustration is palpable. "We have 15 signatories and 12 banks in our system. Every year we need to provide KYC, and it's a pain to do it again and again for the same person. Really, how often is there a change in human behaviour and in their signatures? Do they change every year? The answer seems to be 'yes' since we are obliged to repeat KYC every year."

The various KYC utilities offered to date have largely failed, he believes, because the pain of responding to KYC is not taken seriously. His one possible solution is that unless there is a change in circumstances for the client, banks and FIs should not repeatedly ask for KYC confirmations but instead take an annual declaration that there is no change in previous KYC status.

Ideally, Juyal sees a digital repository with unique reference number, as the longer-term answer. "If anyone wants it, just give that reference number and you are done." That number could operate in much the same way a Director Identification Number, but using data masking for more security.

In the meantime, he suggests other treasurers could make life easier for themselves by taking a relatively simple action. "Make at least five printouts of KYC documentation, get them signed immediately by the respective authorised signatories, and make your own 'repository'," he suggests. "Every year, whenever necessary, just take one copy as required and provide it to your banks. That way you can save your time for five years if there is no change in signatories."

That the process is still excruciating for most treasurers raises some key questions for Juyal. "I would like to understand if we are seriously looking for KYC, or if what we are doing is merely to comply with the requirements? Also I'd like to know why, if there is a proper system in place to check KYC, are there still frauds in businesses, banks or financial institutions?"

For him, the overarching purpose of KYC requests should be made clear by those that require it: "By all means 'Know Your Customer' but please don't 'Knot Your Customer' with this pain".

Way forward

One practical solution to the pain felt by the likes of Juyal, suggests Samuels, is leveraging the technology "which is now getting ahead of the demands of regulation", automation helping organisations increase the productivity and effectiveness of the existing team. "As regulation becomes more demanding, it's in every organisation's best interest to make sure it has collected and aggregated all the available information, even from public sources."

For Mistry, global corporates should make greater investment in the internal talent and skillset which could conduct surveillance on the latest regulatory updates, and then develop effective responses. "In many large corporates today, these services are outsourced to external legal firms, which have proven to not always be the best option when it comes to defining business-prudent solutions to complex regulatory requirements." Internally keeping data accurate and easily accessible offers considerable pain relief.

Corporates (as well as other legal entity types) should also consider providing their banks with a Legal Entity Identifier (LEI – an ISO standard 20-character code). "It provides a tremendous uplift in our dataset," says Trivedi. Centrally stored LEIs allow banks to pre-populate a number of KYC fields.

It also helps if corporates publish – and keep updated – KYC-relevant data through providers such as SWIFT, IHS Markit, and other KYC utility platforms, he adds. "And if there is no appetite to cover every legal entity in the group, at least know the ones that constantly require updating and keep those current."

Banks have a role to play too, individually and en masse. "We need to make sure we have a well-defined and finite set of informational elements that we request from clients. We can do that by sourcing data from public sources, including existing KYC repositories, but where we have deep relationships with our clients, we will often already have a lot of information that we can source, eliminating the need to ask."

But Trivedi acknowledges that banks should also be creating more efficient channels through which they collect data and documents pertaining to KYC, onboarding, and other relevant areas. "As an industry, the majority of our information exchange with clients is via email. Clients are becoming more sensitive to this and are looking for more efficient and secure ways to exchange information and as institutions we should provide improved capabilities."

At a regulatory level, there is a growing case to be made for large corporates to exercise their substantial jurisdictional public policy lobby capabilities, "positively influencing the development of regulations", suggests Mistry. "This could be in collaboration with banking partners or industry associations."

Whilst much of the recent policy updates governing KYC and AML have focused on mitigating emerging risks from 'bad actors', he feels providing greater strength to regional regulatory bodies to impose sanctions on member banks has an unintended consequence. Indeed, in many instances, more stringent local interpretations of the actual risk and its related policy mandate have created an even greater burden among corporates and their banking partners to profitably comply with the regulations.

A specific case for lobbying he therefore suggests would be for global corporates to earn KYC relief for legal entities – even privately-held entities within a corporate group – that are 100% directly owned and controlled by a publicly-traded parent organisation.

Promising engagement

For Masquelier, on the regional utility front, she says the first thing to note is that they were created to meet the local needs of smaller, regional institutions. "This approach cannot solve the full problem on its own," she states. For her, solving KYC is about getting the right industry dynamics and the right support from banks, corporates and regulators.

Once the correct industry dynamics are in place, fintechs can step in to solve some specific problems in areas like identity management, pattern detection and information sourcing, for example, she believes. It also becomes feasible for local registries to be integrated with a more globally focused registry so that banks and corporates can receive and provide all the information they need in one place.

"But if financial institutions and corporates were only to consider their own individual needs and what works for them, solving the challenges around KYC would be nearly impossible," argues Masquelier. The future therefore must be about collaboration.

From SWIFT's engagement with both parties in opening its KYC Registry (its global platform of predefined KYC data fields and document types) to corporates in 2019, it became clear that financial institutions and corporates alike recognise KYC as a necessity, and that both are keen to collaborate to create a solution that works for all parties involved.

"The forum we created when trialling our KYC Registry enabled corporates to understand why banks ask for certain types of information, and for banks to reflect on the questions they are asking, and to assess whether opportunities exist for harmonisation through global standards," she comments.

As an active participant, Trivedi says J.P. Morgan has noticed many more requests coming from its non-bank clients who are keen to participate in a platform enabling them to publish standardised common KYC data and documentation, consumable by banks "in a more systemic fashion" (the more localised requirements being handled by the banking sector's aim to streamline data requirements and be more proactive with its collection processes).

"If this engagement has revealed anything," Masquelier continues, "it's that there is real appetite for collaboration across the industry, and by harnessing this, the industry is on the right track to building a KYC solution that works for banks and corporates together."

Grace under pressure: how Roche is leveraging centralisation and digitalisation in a time of crisis

Roche is a multinational healthcare company operating worldwide. Headquartered in Switzerland, its treasury has been on a 15-years-and-counting journey of centralisation and digitalisation. Here's how this set-up has given the business extra strength during the pandemic.


Martin Schlageter
Head of Treasury Operations
Roche


Stephan Bohner
Head of Financing & Markets
Roche


Melanie Girouard,
Treasury and Trade Solutions Sales Head for Corporates and Public Sector, Switzerland
citi

This tale begins much as it does with many global treasuries: de-centralisation, with too many banks and complex processes stifling optimisation. Conscious of the hazards of such a set-up, around 15 years ago, Roche's treasury switched its focus to stronger risk management, and protection of the company, steering a course towards centralisation, leveraging the best solutions of the day and embracing the ongoing and rapid pace of development in both technology and regulation.

Having largely centralised by the time of the 2008 financial crisis, Roche's treasury had already seen how its transformation could keep it on an even keel. With the onset of the COVID-19 pandemic, the imposition of home-working presented major operational challenges for many. But for Roche, having established "clear accountabilities" within its centralised structure, these have been largely overcome, says Stephan Bohner, the firm's Head of Financing & Markets.

Alongside empowerment to take action, under central control, he feels that having the clarity and transparency to know the group's liquidity status intraday, and being able to execute funding and liquidity management through one platform, has been "extremely helpful".

Of course, remote working, especially in treasury, can raise security concerns. With Roche's centralised treasury system overseeing all processes, and with a bank-agnostic environment limiting the use of external technologies, Martin Schlageter, Roche's Head of Treasury Operations, explains that Roche's secure eco-system has long-since enabled secure remote-working. As the lockdown deepened, switching to home-working has been "completely seamless". Such preparedness, he adds, has enabled treasury to immediately concentrate on the needs of the business.

With today's set-up having been tested under pressure, the team is looking for further enhancements. There is scope for increased automation here, possibly applying it, for example, to the trading platform to facilitate deal execution. And as well as exploring custom reporting within Roche's SAP core system, Schlageter has identified as a priority, access to as much daily liquidity management data as is available through that platform.

In this context, deployment of artificial intelligence and data analytics is being investigated, and treasury is keen to extract real-time information because, as Bohner explains, "for liquidity, yesterday's data is no longer good enough".

Strong partners

Roche has not travelled this path alone. One of its key partners is Citi. With liquidity paramount, Melanie Girouard, Treasury and Trade Solutions Sales Head for Corporates and Public Sector, Switzerland, says the bank continues to enhance its offering through the design and application of real-time solutions.

From delivering standard intra-day statements, to the automation of liquidity concentration and leveraging data and analytics, she says the aim is to help all clients make more informed decisions. "Straight-through processing is something on which we are very focused in the bank, so helping clients such as Roche achieve that is something we naturally strive for".

Treasury centralisation and digitalisation is an ongoing project for Roche. Strong banking partners help standardise processes across the enterprise, says Bohner. With this support, he says treasury is bringing the complexity of its global operations under control and into one place.

As a service provider with a huge variety of processes to capture digitally (not least banking some 80 subsidiaries in-house) the team has its work cut out. In order to reap the benefits of a holistic system, Schlageter knows all stakeholder expectations must be met.

But for treasury to be wholly relevant as a service provider, it needs to leverage technology to help business colleagues better understand core treasury elements such as cash flow. In doing so, Schlageter says it helps unlock synergies, empowering business units to focus more effectively on their own specialisms.

Nowhere is treasury more relevant today than in the wider understanding of working capital. With some of Roche's suppliers pressured in this respect, treasury stepped up its existing supply-chain finance programme. From day one, says Schlageter, "we have been able to support suppliers in accessing additional financing, adding value to the financial supply-chain of the company." It is, he adds, true to the nature of its centralised set-up that Roche can scale up such solutions around the globe.

Girouard believes that programmes such as these will become a "gamechanger", ensuring supply-chain resilience in challenging times. But few would have thought that at the start of its journey, the centralisation and digitalisation of Roche's treasury would have such a far-reaching impact.

This much I know

Sandra Ramos-Alves

Vice President and Assistant Treasurer, Treasury Operations

Bristol Myers Squibb™

Tell us about your career path. Why treasury?

I began my career in finance at Lucent Technologies, first through its financial leadership development programme, and then by being the Internal Audit Manager for the Caribbean and Latin America region.

Following an 18-month assignment in Campinas, Brazil, I moved to treasury when Lucent Technologies' Regional Treasurer for Latin America stepped down and the FX manager took up the role. My experience in Latin America, and proficiency in both Portuguese and Spanish, made me an ideal candidate to take up the role of FX and Money Markets Manager.

After a three-year role at Cendant, I received a call about an opportunity at a small biotech company, Celgene, to help build an international treasury and FX function. I spent the first eight years in international and FX, and then transitioned to capital markets, where I spent six years working on optimal capital structure, capital allocation, debt financing, managing the credit facility and building relationships with the bank group and the rating agencies. Celgene was acquired by Bristol Myers Squibb in November 2019 and I am now taking the lead in managing global treasury operations.

What's fun about treasury is that every day is different. Market dynamics drive whether you execute transactions, whether you execute FX or interest rate derivatives, or even share repurchases. Each day is dynamic, and you are in a position to really deliver value and actual P&L impact for the organisation.

What is your next major objective?

From a professional standpoint, technology is continuously evolving. We need to assess how we transform our operations with robotics and artificial intelligence to further enhance and streamline our processes, while maintaining a strong control environment.

Personally, my goal is to obtain an optimal work/life balance. I need to continuously focus on balancing my career and my family, as, while they have always been my top priority, I've definitely sacrificed my family life over the years.

What is the best piece of advice that you have been given in your career so far?

If you really want something in your career, you must ask for it. People may not know what your goals are, so you must verbalise and ask for things. We each own our careers and we must be proactive to achieve our goals.

What is your motto in life, or your greatest inspiration?

"Leaders become great, not because of their power, but because of their ability to empower others." I truly believe that empowering individuals on your team drives the desire to succeed, which ultimately leads to organisational success.

"Personally, my goal is to obtain an optimal work/life balance. I need to continuously focus on balancing my career and my family."

ONLINE

To read all the interviews in this series go to treasurytoday.com/women-in-treasury

Breaking down barriers

Sandra believes that positive steps are being made in furthering diversity and inclusion, and that this is allowing women to flourish and make their voices heard.

"In my experience, I have always felt that expectations of me were higher, so I always approached it like I had to work harder than my male peers," says Sandra. "A tactic that I've used to empower myself to speak up has been to obtain knowledge on any particular topic to command respect in a room and to break down any gender barriers."

The way junior professionals can go about gaining that knowledge is not limited to professional qualifications. Sandra also encourages individuals to explore the immense benefits of networking. "It really is crucial for growing in your career," she says. Networking can lead to valuable mentorships, and often, the next growth opportunity may come through a network. Likewise, as an individual moves up the proverbial food chain and is looking to hire staff, a network of good relationships can be used to find good candidates.

Mentoring is something that Sandra is very familiar with – and passionate about. In the nominations for Celgene's 2019 Mentor of the Year award, Sandra's honesty, empathy and selflessness were highlighted as key attributes that make her both an excellent manager and mentor figure for many within the organisation. She doesn't think it takes anything special to do this though, as she notes: "The mentor of the year nomination was truly a surprise. I care about my team's performance and well-being; I simply treat them with fairness, kindness, and respect, and so I was humbled by the recommendation."

She also believes it's important to challenge the status quo. "Look at how things are being done, and how to improve or streamline them, while being really strategic and thoughtful in execution," Sandra advises. Of course, teamwork is critical to getting the job done the best way possible: having access to a diverse range of ideas generally drives the optimal output.

This teamwork, she adds, must go beyond the treasury team alone and extend to partnering with the organisation to show how value can be delivered. Gone are the days of treasury being unobtainable in an ivory tower – which means that treasurers must now work to get their voices better heard in the organisation. "Treasury should be aligning strategically, thinking about the future of the company and supporting the business needs," says Sandra. This could be through determining the optimal use of the balance sheet: either investing in additional business development or deleveraging, and the rating agency metric implications of doing so.

Get uncomfortable – embrace it

Gaining treasury-specific knowledge isn't the only thing that Sandra believes is important. Having made the switch to treasury operations in November 2019, the challenges she is currently facing are different to the ones she's had for the past 18 years in front office roles. "I'm really learning about the nuts and bolts, and I think this will help me grow and make a more well-rounded treasury professional," she says.

For others looking to progress, Sandra believes it's important to step outside of the comfort zone. "It's one of the best learning opportunities anyone can have. When I look back, had I pursued some opportunities outside of treasury earlier, I would have benefited from learning the business in a different way and developed new skills that would have been valuable in the long run."

She recognises, though, that taking on new roles isn't always an option, and that she's noticed women often get comfortable in a role when they know they have to balance work with family. "Sometimes you stay in a role longer than you should because you don't want to disturb family dynamics – in my experience, this is less of a dilemma for men, as they generally have partners to help with the care of the family," she explains.

Overall, however difficult juggling personal and professional gender roles can be, Sandra is positive that the right steps are being made. In particular, she hopes that the recent focus on home working – and just how possible it is – could pave the way to more flexibility in the future.

Sandra Ramos-Alves is Vice President and Assistant Treasurer, Treasury Operations at Bristol Myers Squibb, based in New Jersey.

Sandra has a Bachelor's degree in Accounting and Spanish from Rutgers University and a Master's degree in Accounting from Babson F.W. Olin Graduate School of Business, with a concentration in Strategic Cost Management and Entrepreneurial Finance. She is also a certified public accountant.

With a distinguished career which extends beyond finance, Sandra's hard work was recognised in 2013 when she was nominated for the HBA Rising Star Award at her company at the time, Celgene – later acquired by Bristol Myers Squibb, where she still works. Progressing from Director, International Treasury and Foreign Exchange to Executive Director & Assistant Treasurer, Sandra is dedicated to giving back to the treasury community. In 2019, her efforts were once again recognised at Celgene's internal awards when she was nominated for Mentor of the Year.

Unusual circumstances call for an unusual response. And so it was that the 2020 Treasury Today Adam Smith Awards went digital for the first time in its long history.

There's something about treasury that makes it both creative and free-thinking, and yet calmly dependable. And as the 2020 Adam Smith Awards amply demonstrate, they can combine to produce some remarkable results.

In the midst of a catastrophic pandemic, treasury individuals and teams, supported by their external partners, responded in large numbers (187 nominations spanning 24 countries) to the call for nominations for this year's awards.

However, gone for now was the lustrous setting of London's Plaisterer's Hall, replaced by the cloud-based environment of the Zoom platform for the live announcement of the winners, chosen to herald a brand-new showcase season, rolling out over the next few months through a series of online case studies and podcast stories.

Reflecting the moment in which we all find ourselves, this year saw the introduction of a new category: Best Crisis Management Solution. For inaugural winner, Sasha DeGracia, Director Finance – Treasury Services, and her team at Holiday Inn Club Vacations, tireless work to mitigate the effects of the pandemic in a rapid, controlled and intelligent manner has been duly recognised.

It was a hard decision to select the winner in this category, made harder by the knowledge that all treasuries have been pushed to the limits. In the end, receiving the Highly Commended award in this category was GrubHub's Brandt Kucharski, Chief Accounting Officer, and his team for their work in keeping drivers on the streets and the people fed.

Of course, long-standing categories such as Best Cash Management, Harnessing the Power of Technology and Treasury Today's Top Treasury Team have also been hotly contested this year (with Grafton Group, Kongsberg Automotive and Takeda Pharmaceuticals respectively taking the Overall Winner accolades).

But this year's Awards continue to show that treasury is as much about personal strength as it is about teams and business partners. The 2020 Woman of the Year, Deepa Palamuttam, Director, Treasury Cash Operations at Intel, is a beacon of inspiration for women and men in the profession. She looks at the status quo and proclaims "we can do more, and that starts by challenging ourselves to be better".

New platform, old friends

As a means of publicly declaring the winners of this year's Adam Smith Awards, 'going digital' was a risk that paid off. By inviting 2019 winners to introduce a number of categories and share their experience of winning at this live event, it helped bring some continuity to these most strange and testing of times.

As 2019 winner of Best Fintech Solution and Top Treasury Team, Séverine Le Blévennec, Senior Director Treasury, EMEA, Honeywell, introduced the 2020 Treasury Today's Top Treasury Team award, bestowed upon Amit Singh and his colleagues at Takeda Pharmaceuticals. Le Blévennec's colleague, Gino Gude, Senior Treasury Analyst, EMEA, as Rising Star of 2019 welcomed Tian Song from Baker Hughes as this year's winner.

Joining the live event on the line from California was Catherine Portman, VP Treasury, Paolo Alto Networks, introducing Intel's Deepa Palamuttam as Winner of the 2020 Woman of the Year Award.

The live event also welcomed back Ken Bugayong, Treasurer, Board of Directors, at Minds Matter Seattle. The 2019 Judges' Choice heralded this year's victors, Dennis Crispin, GFS Group Manager and Lucas Meyer, Group Manager, Analytics at Microsoft.

In his presentation, Bugayong described the treasury profession as "a great enabler". Few present, if any, would refute such a claim. It's fitting then that Amit Singh, SVP Group Treasurer at 2020 Top Treasury Team, Takeda Pharmaceuticals, later told of being afforded by senior executives "bragging rights for our best in class ambition". Success, it seems, does not go unnoticed, even if it does temporarily have to go online.

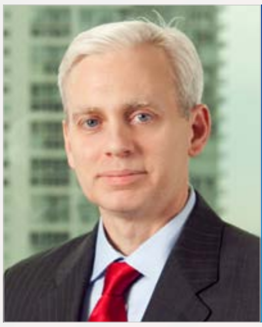
As the Adam Smith Awards season continues over the next few months, more personal reflections and comments by this year's winners, and dedicated profiles and case studies covering our 2020 winners, will be available soon.

Defying the laws of tradition: the art and science of creating better client experiences

Faster onboarding of clients, enhanced visibility on service requests, and easy online updates to account authorisations are key drivers for two new ground-breaking features of Bank of America's self-service tool, CashPro Assistant. With the service dashboard and authority management tools, the promise of a friction-free, end-to-end experience is now a reality — in the office and remotely.

Jennifer Boussuge

Managing Director, GT&O,
Treasury FS&O Executive Global Banking & Markets



Tom Durkin

Global Head of Financing and Channels in GTS

Taking traditional approaches and turning them on their head is a brave move, but it demonstrates a commitment to progress. Bank of America's Jennifer Boussuge, Managing Director, GT&O, Treasury Fulfilment Service & Operations (FS&O) Executive Global Banking & Markets, and Tom Durkin, Global Head of Financing and Channels in GTS, talk Treasury Today through the thinking and processes that underpin the delivery of this transformational client experience.

"We believe the improvements we're making today on CashPro Assistant will fundamentally change the client experience." It's a bold claim but Bank of America's (BofA) Jennifer Boussuge, Managing Director, GT&O, Treasury FS&O Executive Global Banking & Markets, truly believes that, following months of research and design, the introduction of new online service dashboard and authority management tools will "dramatically simplify the lives" of the 500,000 users spread around the world, and in some cases working remotely, who access CashPro for their daily treasury needs.

The two new tools, which are now being rolled out by BofA through its self-service platform, CashPro Assistant, itself a component of the bank's CashPro suite, will automate, and validate in real-time, both account opening and authorisation management activities allowing clients to be nimble as they adapt to working outside of their offices. The bank's confidence in these enhancements stems from what Tom Durkin, Global Head of Financing and Channels in GTS, BofA, describes as a "thematic approach" to its investments in innovation. It is, he adds, one that is "powered by people and driven by technology" and focused on "bringing intelligent treasury to our clients".

> We believe the improvements we're making today on CashPro Assistant will fundamentally change the client experience.
>
> Jennifer Boussuge, Managing Director, GT&O, Treasury FS&O Executive Global Banking & Markets

BofA has a well-developed sense of innovation across the organisation. "We're always thinking about what we should be investing in to help our clients operate more efficiently," says Durkin. Certainly, this restless approach sees the bank exploring emerging technologies. But he says it always applies a pragmatic lens that defines the application of solutions in terms of enhancements that can be delivered to the client, not least in the fields of risk management and fraud protection.

Transforming experience

Tradition has it that the bank onboarding process for corporate clients is manual and slow; managing documentation for AML and KYC takes time and it's a common pain-point. But Boussuge says BofA is transforming that experience into one that is "secure, simple, transparent and fast".

As such, the service dashboard and authority management tools represent significant developments in terms of the client experience and, indeed, the creative processes that have been called upon to bring them to fruition.

Throughout the development process, the emphasis has been on end-to-end automation, a goal that sits well with the bank's holistic vision for CashPro. The results represent a full front and back office overhaul within CashPro Assistant, taking out manual rekeying and hand-offs for clients.

Onboarding control

"We have literally re-designed the entire end-to-end onboarding process for our clients, creating a faster, simpler, more transparent experience for them," says Boussuge. The new service dashboard enables clients to quickly open and clearly view all implementation and service requests. But this is not just a visualisation tool, she insists; it is one designed for action, with end-to-end workflows and status alerts driving client progress, with the dashboard also acting as the nerve-centre of client/bank communications throughout the entire process.

It is now possible, in just one place, to see all the actions needed on every aspect of onboarding documentation, including those for legal and AML/KYC processes. In offering what Boussuge describes as a "clear visual guide for all the requirements", it empowers users to respond to and manage those requirements, and electronically sign them (e-signatures can even be captured on the integrated CashPro Mobile app).

In centrally displaying all request details, the dashboard reveals to every individual with appropriate access rights, the full request scope, the necessary contacts, the required documentation, and the process status of each action. All of which can be done at any time the client chooses, not just in the office or during normal business hours.

The level of transparency the dashboard offers should be a major source of comfort for clients. This is complemented by the added security of knowing the precise status of every request at any given moment: status view shows clients the level of progress made for each action, helping them to expedite proceedings wherever needed. Such control is likely to be especially beneficial to clients with sophisticated treasury requirements across multi-regional accounts.

In practice, when accessing the front-end of CashPro Assistant, users can enter the servicing dashboard and drill down into their servicing and fulfilment requests. From here they may also communicate with the bank throughout the entire onboarding process. This is where clients will be able to see what actions are required, download, digitally sign and exchange documents, and track the progress of every stage throughout.

By automating aspects of back office processing, manual re-keying and signoffs have been removed for the client. Now, for any onboarding action, the moment a client's request is entered into the system, an automated search is made for all required documentation already held by the bank. The search is executed across the bank's entire data store, so that repeat presentations of current documents, for a KYC refresh for example, become a thing of the past; the document list presented to the client consists only of what BofA does not already have.

The fluidity of the process allows for significant efficiencies to be created. Where something as simple as account number reservation was made more cumbersome by traditional manual processes – which required a mix of emails, phone calls, branch visits and spreadsheets – the new CashPro Assistant tools defy tradition. Clients no longer need to reach out to local branches

> If you put a collective package together that makes business easier, more nimble and offers fast service – then you have banking solutions that can be truly transformational in today's environment.
>
> Tom Durkin, Global Head of Financing and Channels in GTS

and contact points to gather the information, explains Boussuge. "And through the new secure digital automation that we've created, we've reduced the time it takes from days to just minutes."

Consolidated authorisation

The adoption of a holistic profile of client activities within CashPro Assistant means managing signatories for CashPro users has been turned on its head too. The traditional thinking around signatory management – by account and by entity – often saw information variously stored on different databases and unrelated spreadsheets.

The employment of a new treasurer, for example, required contact with service advisors across every country and region, often necessitating the provision of different supporting documentation. Every subsequent change to a signatory demanded a repeat performance. In short, signatory management has often been viewed by companies as both an administrative and a control challenge (the implications for security and fraud management alone are huge).

The new way, using the CashPro Assistant authority management tool, places the individual at the centre of the process. In being able to view in one place each authorisation profile across all entities and accounts, it gives the client control to modify or delete any existing profile quickly and efficiently, explains Boussuge. Indeed, clients can now set up, review and action authorisations at any time, with reports easily created at a company or single profile level, as and when required.

BofA says it marks the evolution of simple signatory management into holistic authority management. It certainly means that, as part of the wider system, with its audit trails and workflow capabilities, CashPro Assistant can, for example, allow clients to manage escalation of action to the required level of authorisation, and even provide specific bank personnel contact details for direct issue management. This has real practical value.

"With new personnel, if you want them to be responsible for the same set of accounts as the person they replaced, that can all be set up online," explains Durkin. "They could even self-onboard, in terms of securely sending all the required documentation for KYC. They could digitally sign using DocuSign, and then quickly be set up with the approved level of authorisation for accounts the client holds with Bank of America."

Contact management, too, is positively impacted. Durkin notes that many companies still maintain contact data across all their banks, on spreadsheets. If, for example, the bank receives an ACH file from a client that is subsequently rejected or fails for some reason, the ACH team will need to contact the client. To do so, it will use the information on file.

Although this is information provided when the service is first set up, the challenge of updating through traditional channels often means the details remain unchanged. If that information is not current, it could seriously impact the bank's ability to repair that file. For an urgent payment, this could become a major issue. The ease with which the new tool allows contacts authorisations to be updated helps ensure that such issues are not encountered.

It all starts with CashPro

The new service dashboard and authority management tools complement the wider CashPro suite of products that includes Online Banking, Mobile, the CashPro Connect client access channel. As of January 2018, it has also been delivering APIs (which, as the bank continues its work with ERP and TMS vendors on integration, is driving uptake in the adoption of CashPro Connect).

CashPro Assistant commenced with transaction research and investigation, offering clients a set of analytics tools. This afforded anyone wanting customised reporting and enhanced cash flow management far greater visibility into all of their accounts and balances, even across third-party bank accounts.

CashPro Assistant users were then offered an enhanced experience around push alerts, enabling them to set up email or text warnings guided by their own parameters. Further progress saw the inclusion of e-signature capabilities across different devices, provided via DocuSign in CashPro's secure document storage and exchange facility.

As might be expected where ground-breaking developments are delivered, Durkin says BofA is committed to offering user support and education. This includes demonstration videos, training activities and other resources, to help users get the most out of the CashPro platform. Clients also have the option to connect via live chat with the fulfilment and service teams led by Boussuge.

Leave no stone unturned

Of course, investing in CashPro Assistant is about allowing clients to take control online as a key part of their BofA services experience. The innovative thinking that delivers this goal is not something that is left to the chosen few: it can, and does, manifest right across the bank. BofA has a procedure it calls 'Speak Up'. This allows anyone with an idea to submit it for closer scrutiny by the relevant expert team.

Through client engagement, employees with day-to-day customer contact often have the greatest insights into what those clients want and need. All ideas are taken onboard and examined in the light of known customer expectations.

Being inspired by real-world client challenges is an essential part of the process. Having the ability to 'test and learn allows BofA to take on an idea and pursue it to its natural conclusion in the most efficient manner, says Durkin. This can lead to engagement with the fintech community, at both a collaborative and an investment level.

What steers this engagement is the well-developed understanding of client pain points, drawn from BofA's strong customer contact and tools such as 'Speak Up'. This has shone the spotlight on a clear primary target expressed by most clients, says Durkin. "Organisations are telling us directly – and through segment-specific CashPro Advisory Boards and validated third-party industry benchmarks – that ease of doing business and responsiveness to service requests are key drivers for client satisfaction." These advisory boards, he adds, necessarily represent segments drawn from across business banking, commercial banking, financial institutions and large corporates.

BofA infers an 'innovation mandate' from these conversations, underpinning its whole client-centric philosophy. It's able to understand that innovation can strike at many different angles and that this may mean working at the cutting edge of technology, developing products and solutions that are entirely new, but may equally mean exploring and leveraging its own existing functionality within the wider CashPro platform. Generating efficiencies from these can ultimately help clients do the business they want to do, how they want to do it, notes Durkin. "If you put a collective package together that makes business easier, more nimble and offers fast service – then you have banking solutions that can be truly transformational in today's environment," he explains.

This is why BofA's Treasury Fulfilment Service Operations (TFSO) team is dedicated to providing onboarding and service to its treasury clients across the globe. It is, he says "in the business of making the client experience fast, simple and secure – every step of the way – from onboarding, to every day service needs".

New thinking

The ongoing technical design process within CashPro calls upon 'user interface' and 'user experience' (UI/UX) experts to ensure the coherence of the whole package. This expertise is only useful when guided by strong client feedback. Collected by BofA in conjunction with its service partners and directly with clients, the process is sustained across the life of the product, enabling the technology to reflect the dynamism of client needs and the market environment

But banks have not necessarily been known for adopting a human-centred design approach, notes Boussuge. Indeed, she acknowledges that the 'Field of Dreams' build-it-and-they-will-come model has long been the industry preference. The way CashPro Assistant, and the new service dashboard and authority management tools in particular, have been delivered appear to mark a new chapter in banking solution design.

Rather than fixating on the UI and just delivering a glossy front-end, working with clients on the full end-to-end proposition through an interactive feedback loop has enabled the bank to completely eliminate friction points in both bank onboarding and authorisation management.

With traditional processing models requiring considerable manual input into multiple systems, physical documents and wet signatures, these practices would not be possible in the current environment. "In re-building the end-to-end process, our guiding principles were the digitisation and automation of the client experience, delivering transparency and giving users more power," comments Boussuge. "These principles have effectively seen each process being completely re-mapped; we are finally putting an end to re-keying and hand-offs."

BofA's CashPro Assistant is a solution built around real-world client needs, placing the individual, not the account or entity, at the centre of a fully digital chain of events, says Boussuge. What elevates it above the norm is the fact that it takes a holistic approach to meeting these needs. Functionality that sits in, and is accessed from, one place, corresponds with "how clients really work", not how banks would like or believe their clients to work.

Rolling-out

Whether on-boarding or managing account authorisations, the new CashPro Assistant now promises a fast, simple, secure and transparent experience for users when exchanging documents and communicating with the bank.

Full platform pilots are currently under way across EMEA. The onboarding experience will be phased in for all clients in EMEA throughout 2020. Additional phases will then be rolled out across other regions. The authority management piece will be phased in across EMEA and the US in 2020.

Free your mind, and your treasury will follow!

Séverine Le Blévennec
Senior Director Treasury, EMEA
Honeywell

Honeywell is a Fortune 100 technology company. Its technologies help aircraft, buildings, manufacturing plants, supply chains, and workers become more connected to make the world smarter, safer and more sustainable. It recorded US$37bn in sales in 2019.

With 15 industry honours and awards to her name to date, Séverine Le Blévennec, Senior Director Treasury, EMEA, at Honeywell is used to thinking freely. She explains to Treasury Today why she embraces change in a restless world.

It's no wonder that Séverine Le Blévennec, Senior Director Treasury, EMEA, at Honeywell is an advocate of treasury technology. Heading up treasury across 55 countries, over 450 affiliated companies and the group's in-house bank, is the perfect driver for digital efficiency.

But where many would be content to bring in partners to piece together the operational and technological jigsaw, Le Blévennec takes the subject to heart. Not for nothing is she Honeywell's global lead for treasury technology. Driven by the 'lean' spirit of kaizen development (she is a Six Sigma Green Belt), she is leading the group's ongoing treasury transformation and digitisation programme, assessing and selecting the most beneficial projects.

Never afraid to roll up her sleeves, in June 2018, as part of this agenda of continuous improvement, she obtained her RPA Developer certificate before launching the Honeywell Treasury

Robotics Initiative. In 2019, Le Blévennec and Honeywell won the Treasury Today Adam Smith Award for Best Fintech Solution in addition to the Top Treasury Team Award.

All this, of course, is in addition to the 'day job' of keeping the company's EMEA region's finances running like clockwork. Building up the requisite skills has seen Le Blévennec take progressive steps in the corporate finance space.

Progress chaser

Joining Honeywell in 2006, Le Blévennec was first charged with managing transactions in the in-house bank. Within one month she had implemented her first technology improvement, delivering enhanced connectivity between various trading platforms, enabling a more data-driven process.

As the responsibilities grew, so too do Le Blévennec's team's responsibilities. Today she manages eight FTEs, a large treasury by most accounts, but then spreading those across 55 countries and 450-plus affiliates (Honeywell having made a number of acquisitions over the years), she is entirely justified when she comments: "I don't feel over-staffed".

Indeed, with some of those newly on-boarded businesses centred in high growth markets such as parts of Africa and Eastern Europe, their integration has been challenging from a treasury perspective.

Adapting and thriving

But being able to adapt is all par for the course for Le Blévennec. Throughout her career, she has learnt many important lessons, not least to step out of her comfort zone in order to achieve greater things. "I never want to miss an opportunity to learn," she explains of the benefits of exploring new and unexpected avenues.

She also acknowledges the importance of social interaction for knowledge progression, recognising that treasurers must also now be socially adept. As well as formal education (she holds a bachelor's degree in Business and Finance from ICHEC Brussels Management School, and certification from European Federation of Financial Analysts), and study of the panoply of whitepapers and research, she argues that discussing interests with peers at seminars and conferences is an entirely valid source of knowledge for anyone in this profession.

Critically today, she also feels the need to grasp how disparate elements, such as regulation and technology, impact treasury's response to business needs. "We all work hard," she says, "but it's important to know that what is taking most of our energy will actually add value to our corporate strategy."

Although she scorns wasting resources "on something nobody cares about", she is at pains to point out that effort should not be focused on highly visible projects alone. "It can be something for which you know no one will say thank you, but you also know it is an important step towards a greater achievement," she explains.

Refusing to "let her ego drive career moves", Le Blévennec has declined to pursue career opportunities that did not offer the chance to learn or progress. It is, she adds, important for her always to understand what value the role brings "today and tomorrow".

Of course, understanding both the value and technicalities of the role puts the treasurer in good stead to mitigate the rapidly evolving risk landscape. And aside from the ongoing challenge of COVID-19, one of the greatest challenges faced today is optimising resources in alignment with the needs and demands of the market.

In light of a host of seemingly disparate considerations such as regulatory compliance, economic pressures and developments in technology, this, for Honeywell, means frequently re-assessing its priorities and re-balancing the needs of strategic corporate activities (such as M&A) with the needs of its ongoing internal transformation project. "It's an environment in which we sometimes have to contemplate conflicting priorities," notes Le Blévennec. It seems that treasury today is all about balancing the tension between providing day-to-day activities in support of the company, being able to leverage opportunities that may exist in the wider ecosystem, and retaining the agility to execute large projects such as an M&A.

Clear thinking

Through diligence it is achieved. But then with Le Blévennec's commitment to Six Sigma practice, the idea of stripping away all but the essentials to enable clarity and the rapid development of solutions, is embedded throughout the function, and indeed the company.

"I find it a great way to formalise what I would perhaps do naturally but not perhaps so systematically nor exhaustively," she comments. Through Six Sigma, Honeywell has established a common set of concepts, or 'ways of doing', across the company. "When we design processes, it helps us to make them robust; the thinking is meticulous so we don't overlook some hidden aspect."

Of course, technology is moving at a fair pace. Keeping up with the right developments can be a challenge in itself. But for Le Blévennec, "there is no magic here; I just have a natural curiosity about technology in the treasury environment".

She concedes that at times it may feel like "a job in itself", and even "a struggle" to find the time to explore new ideas while attending to the day job and the raft of ongoing projects. But she then adds that having a good understanding of strategy and processes, what is optimal and where the frustrations exist in the ecosystem, help expose the gaps.

Then as long as a pragmatic approach to technology deployment and implementation is maintained, she says it becomes easier to focus on the right solution. And by "keeping an open mind" when speaking with banks, attending seminars and conferences, reading articles and generally talking with peers (treasury is a "very positive community", she believes), new and sometimes surprising avenues of exploration begin to reveal themselves.

Leading edge

In a company such as Honeywell, where an overarching programme of improvement, and a supporting mindset such as Six Sigma, is in place, each success tends to make it easier for projects to get the green light. But what is the approach to technologies that are deemed cutting edge in treasury?

Firstly, says Le Blévennec, there is no one technology that will resolve all of treasury's issues. Secondly, for treasury purposes, every solution needs to demonstrate its value-add, and even then, she adds, its adoption depends on where the company is on its technology journey. The most sophisticated technology solution can't be effective unless you've done your homework to clean, manage and connect your data.

Some longstanding providers, like SWIFT, also develop some meaningful new technologies, such as SWIFT gpi or SWIFT KYC for corporates, with the benefit that they are easy to access, secure and deemed to become bank-agnostic.

With most banks having published at least some APIs to enable deeper connectivity with third parties, Le Blévennec understands their potential but rightly points out that "there is still a challenge around standardisation". This is especially an issue for large corporates dealing with multiple banks. On this, she states that she'd favour a bank-agnostic solution, plainly throwing down the gauntlet to the banking sector.

Perhaps one of the most talked about new technologies though is AI, but it is not for everyone. "My team doesn't manage payments and collections, and we are not in charge of detailed cash forecasting, so I see fewer opportunities for AI at this stage," she comments. However, she certainly believes that for cash forecasting, AI could be a "very powerful" tool, with also strong potential in FX management.

That other mainstay of techy conversations right now is blockchain. On the bank side, especially in trade finance, Le Blévennec sees strong possibilities. Honeywell is no stranger to the concept, already using a blockchain-based platform to manage multiple suppliers and sales of components of its aerospace division.

"When we see a new technology, it's important that we assess its advantages and disadvantages and find out precisely where it can help," she says. For her, technology for the sake of it is a wrong direction; it must have a purpose, and that purpose must ultimately benefit the wider business.

New status

Taking the holistic approach to treasury processes and solutions has given treasurers more influence beyond their domain, many now being considered strategic partners. Le Blévennec explains that technology has aided this boost to status. "We are seen as entry portals by many technology providers. I think we must now be the catalyst for progress, giving options to other departments, trying to resolve their problems, breaking down silos and being ambassadors for a new approach."

She feels that treasury is key in supporting other parts of the business when entering new and difficult markets, helping them to understand different approach models and risk management strategies. "The role of the treasurer is evermore strategic as we gain in agility and add value to the finance function," she comments. "We want to provide real-time information so we are making ever-shorter cycles for all that we do."

One of the greatest requirements of the modern treasurer in this milieu is a well-honed set of communication skills. It is important to be able to understand the needs, and speak the language of, a diverse set including, for example, professionals in legal, tax, IT and procurement.

"We need to identify what drives these people and what their concerns are, but also what they can offer treasury, as we try to build a win-win partnership," offers Le Blévennec. To this end, she argues the case for rolling up those treasury sleeves and getting involved at a practical level with other functions. Only this way, she believes, is it possible to fully explain the benefits to these functions of what treasury can do for them.

There is an undeniable necessity for today's treasurer to keep learning and pushing the boundaries too, she insists. As recipient of no less than 15 industry honours and awards to date, Le Blévennec and her team are no strangers to success in this respect. Always grateful for the recognition, she knows that every project is nonetheless undertaken because the team knows it is right for the company and that it will resolve an issue and add value.

But awards also signify a team heading in the right direction. "When we have created something new, and the benefit is being felt after lots of 'blood, sweat and tears', we can step back momentarily and feel pride in what we have achieved," she exclaims. "By talking about our successes, through events like the Adam Smith Awards, we generate a community effect, where we can discover further possibilities, sharing and helping each other."

One additional advantage brought by the awards bestowed upon Le Blévennec and her team is that they help leverage the expectations of business partners who can see that creative thinking is embedded within the team. Not only does this afford it "credibility", it also means that those partners now anticipate a "quite demanding" approach from Honeywell with respect to improvements, happy that any challenges will be productive. "Now, when we ask a bank or vendor to develop a certain feature, we are often the first to do so, and they know that what they build with us could, at some stage, become market practice."

Free thinking

Of course, it's this level of confidence that many new entrants to treasury are yet to develop. To help build a successful career, Le Blévennec suggests seeking out organisations that offer sufficient complexity to allow early exploration of different disciplines.

She also urges newcomers to make a point of understanding how their role fits with the corporate strategy. "It's important to trust yourself and not be afraid to get involved and ask questions," she advises. "Showing interest in the work of others helps you progress."

A project management course is a good way of raising prospects too, she continues. However, she urges the inexperienced to ensure wherever possible that when the time comes to take on a live project, that it will add value, blending the strategic with the operational.

Ultimately, she feels it's all about "investing in yourself". It's about never missing an opportunity to learn, making contacts across many different levels, and building an understanding of how treasury is evolving.

Those with a grasp of how the company itself is shifting, and how investors and other stakeholders are responding to change, will have an advantage over those that just consume the information they are given. But then Le Blévennec has long since worked out that those who can keep an open mind are always going to be the real leaders.

Liquidity, security, yield: finding a new balance

It's always been 'liquidity, security, yield', in that order, for treasurers. With markets in turmoil and revenues under pressure, short-term portfolios come under close inspection to see if finding a balance is possible.

The mantra of 'liquidity, security, yield', when it comes to treasury investments, has always seemed like an unwritten rule, to be followed in order of appearance. Ensuring liquidity has always been part of the treasurer's day job, capital preservation remains foremost, and senior executives often encourage investment optimisation. Whilst this three-part edict implies a defined ratio between them, with an expected formulaic outcome, Mark Stockley, Head of EMEA Treasury Sales and Strategy at Invesco says the reality for most exists in achieving the right balance between each.

With the events of the last few months having demonstrated how quickly the fundamentals of entire industries can be decimated in a truly short space of time, liquidity access for most has shifted front and centre: 'right balance' can thus be taken as a dynamic proposition, especially in the worst of times.

Greg Person, VP Sales and Account Management, UK&I, Kyriba, refers to a 'dash for cash' as many US and European corporates pre-emptively drew down some US$130bn against their revolvers as their essential liquidity buffer. With that buffer having become in recent months "a competitive advantage" (reported, he says, in earnings calls and IR communications), it seems that the quest for yield is but a distant dream.

However, by judicious effort it is still possible to find the right balance between seemingly conflicting components. For Paul Baram, Director of Capital Markets and Treasury at treasury consultancy firm, Actualize, doing so in the prevailing environment is not so much a matter of avoiding taking a sophisticated stance on investments, as being conscious of the maturities of the investments being considered, and understanding the ability to mature them early if there becomes a need to repatriate investments at short notice.

"I don't see that security has to be sacrificed for liquidity or yield," he says, seeing liquidity as a "precursor to yield". With the functionality available in treasury management systems (TMS), specifically bank statement integration, providing "a great basis for cash visibility", when allied to robust processes for cash forecasting, treasurers nowadays he says "can feel ever more comfortable about liquidity".

Indeed, Baram suggests that having a clear view on the timeframe of available funds can allow slightly longer-term investments to be made, thus potentially enhancing yield. The current climate has of course heightened the need for accurate forecasting, along with the ability to amend it as required. The amount of contingency to apply to those forecasts is, he concludes, a key factor in determining available liquidity.

For Stockley too, investment strategies need to be flexible, based upon how the corporate has structured or segmented its cash. Within this, it is essential to be able to differentiate between operational cash, where preservation of principal is vital, and longer-term strategic cash, where enhanced returns could be sought. "I don't think there can be this equally balanced three-legged stool of liquidity, security and yield; it has to be about balancing security and liquidity first, and then looking at yield having segregated operational and longer-dated cash."

Unequal access

For many treasurers, implementing a highly proactive, more sophisticated investment strategy is simply not feasible, notes Justin Meadows, non-executive Director at TreasurySpring and FXD Capital, and former academic economist. "They do not have enough resources, the required expertise or infrastructure, legal agreements or access to securities markets to make this happen."

In many cases too, he notes there is a perception that there is no need for a dynamic and diversified approach. "If MMFs and deposits are good enough for the largest organisations, then they should be good enough for everyone, they reason. But the reality is actually very different from this."

Meadows says the reality is well illustrated by an analysis of the cash holdings of Alphabet, Amazon, Apple, Facebook and Microsoft, who between them hold less than 10% of their cash in MMFs and bank deposits, compared to nearly 85% held in government and corporate bonds and the remainder in mortgage backed seecurities.

So perhaps the question should be that if these are good enough for the largest and most sophisticated treasuries, why doesn't every organisation have a similar portfolio mix, Meadows muses. It is of course for all the reasons he mentions earlier: lack of resources, expertise, market access, infrastructure such as custody arrangements, and legal expertise to get the required and often complex agreements in place.

"The reality is that until recently, all but the largest organisations have been effectively excluded from the securities markets, and hence prevented from following a similar strategy to the largest players," he explains. "Given the current environment, it is no surprise that the market has seen a number of emerging initiatives looking to 'democratise' access to new investment opportunities."

Indeed, Treasury Today has looked at such initiatives, with TreasurySpring for example seeking to open up access to the bond and repo markets for organisations that could not do this for themselves simply because few have the infrastructure in place to execute their trade settlements.

Under pressure

With that balancing act in mind, in more normal times, when liquidity is not quite so front and centre, there will often be a healthy tension between the senior executive and investment committee desire for enhanced rates of return, and the treasurer's need to explain the impact and risk dynamics of how cash can be invested. However, sometimes external circumstances play a key role in investment decision-taking.

Variations in interest rates, particularly by currency, are a case in point. When the ECB first moved interest rates into negative territory in June 2014, for quite some time many banks continued to offer a zero rate of return. Corporate investors were still able to 'earn' zero on their time deposits and call accounts, with the cost of the negative spread typically being offset by the banks against other revenue streams from their faithful corporate clients.

It appeared, for a while, that banks were taking a relationship management perspective by absorbing costs. In August 2019, the ECB cut rates again, from -40 to -50 basis points. This seemed to be a tipping point for banks, many revisiting their willingness to absorb negative spreads. Widespread action by banks followed as they sought to reduce balances on which they were offering that zero yield.

In turn, where corporates had been able to avoid having negative returns, many were forced to revisit their investment activities and consider alternatives. Whilst the majority continued to adhere to the key paradigm of 'security and liquidity' first, in euro at least, -50 basis points was effectively their new benchmark.

Most treasurers continued to invest in alignment with their guidelines and limits, using approved counterparties (including MMFs). But not all did, says Stockley. "Having been moved from zero into significantly negative territory, a number went looking for additional counterparties, increasing their banking relationships and leveraging opportunities where they could still achieve zero on cash balances." Some, he observes, took to extending their investment strategies, looking at longer-dated investment profiles. A few headed for lower credit quality.

The inevitable downsides of increasing potential return in this way can include volatility, capital risk and reduced liquidity. As Stockley comments, pushing out and broadening an investment strategy by looking for other areas where higher levels of return are possible "can come at a price".

If treasurers are to adopt a more sophisticated or creative stance on their investments, the exasperating reality is that they will always be tested most at the point where there is a problem (such as the current pandemic, and the global financial crisis of 2008).

Being a proactive and sophisticated investor is about being prepared. It means having the right policy and approach in place in good time, and not being forced into making retroactive and possibly suboptimal decisions when the real test begins. "Don't be complacent," warns Stockley. "If you're at the point in a crisis where you have liquidity or capital preservation concerns, it's already too late."

Trust in technology

In the current pandemic, concerns have largely been about access to liquidity. This requires treasury to have a greater depth of understanding of elements such as changes in assets under management within specific funds, weekly liquidity availability, and the fund approach to portfolio structure. Of course, the longer the effects of the pandemic are felt, the more corporate cash flow will be stretched.

To date, notes Stockley, corporate treasurers have been largely "measured" in their approach to current risks. Where, for example, three or six month rolling deposits have been used, some have been shortening their investments, with an initial period of some dis-investment to ensure overnight cash in the bank, but generally he has not noted any wild shifts in their investment strategies and allocations.

'Liquidity, security, yield' can be revisited but being proactive is vital. Treasurers must take advantage of all the data and analysis that is available to them. Where this facilitates deeper cash visibility, more accurate forecasting follows. This leads to a more comfortable view of liquidity positions and better segmentation of cash into operational and strategic buckets. It follows that treasurers can better understand liquidity opportunities and risks, including taking informed investment decisions.

The key is a properly joined up treasury infrastructure, from end-to-end, that supports the full range of treasury processes within an organisation, says Meadows. "Full integration between cash flow forecasting, order management, trading, risk management, settlement, trade booking and reporting is essential as a more diversified landscape develops, and the need to react quickly and in an up to date informed way remains key," he advises.

But, he adds, these processes should not just be internal but should also encompass external service providers, where these are necessary, to support access to the broadest possible portfolio. "The new world will take us well beyond the stage when we can manage effectively with spreadsheets," he says.

Indeed, integrated technology, including using the latest APIs to create an active network of liquidity management, connecting multiple financial institutions to treasury via a single platform, is the "foundation" for this solid position, suggests Kyriba's Person.

This, he says, should not only provide visibility over global cash balances, but also facilitate monitoring of the components that make up a corporate liquidity position, such as lines of credit, short and longer-term deposits, investment portfolios and inter-company funding.

He notes leading CFOs and treasury departments have been able to rely on real-time view of current liquidity within that framework, supplemented by analysis and insight of future liquidity positions, derived from various 'stress-tested' scenarios.

For many businesses impacted by the current pandemic, being able to understand, for example, the impact of slowing revenue streams on future liquidity positions, in terms of access to credit lines or money-fund redemptions, is proving to be a vital lifeline. As Person says, "a strong liquidity strategy is a competitive advantage".

Indeed, his message is around a balanced liquidity structure that optimises sufficient funding today, whilst also ensuring business operations continue to operate smoothly in the future. Transparent and automated liquidity can provide CFOs with confidence to manage their businesses, whilst anticipating for up- and downturns, whilst minimising interest expense and optimising interest income through higher yield intelligent investment placements.

Sustainable strategies from the heart of the organization

In the company of BNP Paribas' Hervé Duteil, Chief Sustainability Officer, Americas, Alberto Ayerza, Managing Director, Global Trade Solutions, and Indra Kish, Director, Liquidity & Investment Advisory, the webinar, 'Transforming ESG through a Treasury Lens: sustainable strategies from the heart of the organization', explored progress made – and still required – as treasurers build on their knowledge of sustainability and help their organizations meet the needs of all our futures.

Hervé Duteil
Chief Sustainability Officer, Americas
BNP Paribas

Alberto Ayerza
Managing Director, Global Trade Solutions
BNP Paribas

Indra Kish
Director, Liquidity & Investment Advisory
BNP Paribas

The total belief at BNP Paribas that finance can have an impact on sustainability has, over the last two decades, been guiding its policies, said Duteil in the recent webinar. Indeed, with a clear exit timeline strategy on funding coal-based power plants, a very restrictive unconventional oil and gas policy, and the publication last year of its ocean bio-diversity policy, the bank exhibits a determined strategy to help clients transition to net-zero carbon emissions by 2050.

BNP Paribas already has at least €185bn of on-balance-sheet financing directly contributing to the fulfilment of the UN's Sustainable Development Goals (SDGs). And as a signatory of the UN Principles for Responsible Banking and the Collective Commitment to Climate Action, it continues "tilting the balance in favour of sustainable practices", said Duteil.

However, client appetite for sustainable finance solutions induces "mixed signals" said Ayerza. He cited Treasury Today's 2020 Sustainability survey, which suggests treasury's ESG awareness is still maturing. For it to be embedded in company culture, it is his belief that education will prevail. With respondents spending less than 10% of their time on ESG matters, he urges "a little more involvement", indicating treasury mindsets should shift further towards the longer-term goals of their organizations.

For Kish, the financial pressure created by the ongoing pandemic could present the perfect opportunity for many companies to re-focus priorities right across the sector spectrum. This would allow treasury to lead the education of senior management teams on available products and the boost these can give to overall corporate sustainability KPIs and goals.

New options

Products, commented Duteil, have shifted from the simple "labelling of proceeds" (as per green bonds), to the "impact assessment" mode of sustainability-linked products. But where next? Ayerza believes the trade and supply-chain side is ripe for development. With many companies publicly stating measures to curb emissions in their own, and their suppliers', activities – and 52% of treasurers saying they have metrics related to selection and management of their supply-chain partners – he feels progress towards the financial resilience of supply-chains is "encouraging".

Integrating ESG goals into liquidity management and investment strategies also presents an opportunity for treasurers, said Kish. She suggested starting with a review of investment policies, along with bank counterparties and asset management providers, employing a broad and flexible approach to innovation and market development. Sample language could highlight an organization making earnest attempts to incorporate ESG related investments in its practice, while insuring that these investments comply with the top priority of safety and preservation of principal followed by maintaining liquidity and generating yield. Kish emphasized the importance of creating consistency with the organization's overall ESG policies and priorities, which will offer, she stated, "another chance for treasury to work ESG language into company consciousness".

Further opportunities for treasurers to contribute to their organizations' ESG strategies referenced in the webinar included green deposits (including CDs), sustainability-linked deposits, ESG-focused prime money market funds, and tailor-made solutions such as separately managed accounts, and structured deposits linked to a specific ESG index.

On the trade and supply-chain side, Ayerza cited as an example BNP Paribas' own work with Siemens in Spain to create a €600m sustainability-linked syndicated guarantee facility, incorporating dual environmental and social objectives. "There are many opportunities out there that we are open and willing to explore with our clients," he declared.

Determination

With all the damage caused by COVID-19, will the pandemic deter implementation of sustainability measures? "Absolutely not," asserted Duteil. "If anything, COVID-19 has given us a glimpse of what the future may hold." Indeed, with the private sector "embracing and raising the bar for the sustainability agenda", he foresees greater adoption of longer-term perspectives, a better grasp of what systemic risk means in socio-economic terms, and an absolute need for a ready and rapid response as the transition to a new normal advances.

Duteil believes that treasurers now have an opportunity to play a leading role in how their organizations respond to the urgent call of sustainability. He concluded the webinar with his view that although sustainable finance has created a virtuous "race to the top", if the transition is to happen successfully, all stakeholders – especially treasurers – face a "collective challenge" and must continue in open dialogue to accelerate the future we want.

If you missed the webinar and would like to hear the full recording, this is available at ***treasurytoday.com/webinars***

Pandemic: treasury policy revision?

"With the impact of the COVID-19 pandemic likely to be felt for some time, how should companies be examining the effectiveness of their treasury policies and approach to financial risk?"

Adrian Rodgers
Director
ARC Solutions, an independent corporate treasury consultancy

When considering this topic, the mind tends immediately to leap to questions directly related to funding: for example adequacy of backup lines, resilience of lenders. However, I intend to swerve these immediate issues in favour of looking at some areas that are maybe less considered, and which may in some cases have yet to impact the corporate.

Cash forecasting. Whilst obviously important in itself, the point to be considered relates to the scenarios we use. We may have generated a "10% down" revenue scenario, but have we ever considered a downside case of 40%/50% or more reduction? I suspect if we had presented that to (pre-COVID) management we would have been laughed out of the boardroom or CFO's office.

Business continuity planning. We may be comfortable with our own response to closed offices and working from home, but how have our banks, suppliers and customers weathered the storm? In the case of banks particularly, have we tended to take their BCP (and associated testing) for granted? We may want to question them more closely about their planning scenarios and investment. Particular attention should be paid to those institutions which rely on the physical proximity of their staff to each other for efficient resolution of customer issues.

Credit control. We all know that our cash collection is critically dependent on extraneous factors such as billing and credit control. So how has our credit control function performed, and perhaps more importantly, how does management propose to modify the approach post-COVID? Is that gold-standard customer, with an immaculate payment record over decades, still worthy of the "undoubted" status and large credit limit?

Supply chain impacts. A supply chain financing programme can be a valuable tool in channelling much needed financing to suppliers. If you have such a programme, there are questions to be asked about whether it has risen to the COVID challenge under a stress for which it was not designed; and in particular whether the demand for supplier financing has peaked and strained the capacity of the programme.

Receivables financing. As a follow-on from the credit control points above, we need to consider corporates funding themselves with factoring, invoice discounting, or receivables securitisation programmes. The respective finance companies, rating agencies and investors will be reviewing the quality of current and projected asset pools. Some programmes may prove to be non-viable going forward, others may attract changes in terms and/or pricing. Are we prepared with the necessary data, arguments and in the worst case, alternatives?

Pensions. Finally, a UK-specific point about defined benefit (DB) pension schemes. Those of you attempting to manage a DB scheme deficit will understand the emphasis that the pensions regulator places on the strength of the employer covenant which underlies the recovery plan. The trustees of such a scheme are mandated to monitor the covenant closely and to take action where it has significantly weakened. It is highly likely that over the course of the next year there will be a series of pension-related impacts. These may include: revisiting agreed recovery plans; requesting that contingency arrangements may be triggered; taking security formally over contingent assets; increasing deficit repair contributions. Any one of these, or a combination, may have significant impacts on a UK company's short-, medium- and long-term cash projections.

Jean-Claude Jossart
Managing Director
FinBrain-ITC

It is now clear on each continent that the COVID-19 pandemic has created unparalleled disruption around the world. As a business owner, large or small, our immediate concerns are for our staff safety and to ensure that our cash flow is sound. What are the priority actions we might consider?

Managing and reviewing cash flow and cash flow forecasts is an ongoing exercise that must be monitored on a daily basis. For every treasurer, it is key to do so during challenging times, making sure they are profiling accurate figures. Forecasting and assessing in this period is indeed critical for any businesses survival, and this approach should be clearly documented in the company's treasury and risk policies. For any business too, a robust treasury policy should be a basic management requirement. A correctly designed policy sets out details of the causes and potential risks around treasury department exposures and the appropriate risk responses for each of them.

In my position as an interim-manager and consultant in treasury, reviewing all aspects of my client businesses includes a close examination of existing policies and procedures, but also assessing whether major changes may be required during these turbulent times. For too many companies a treasury policy is a 'frozen' document instead of considering this as an evolutionary exercise.

In the life of a business, the opening of new subsidiaries, approaching new banks, M&A deals, the opening or closing of bank accounts, additional procedures, and also new risk appetite standards agreed by the board of directors, might affect staff behaviour, integrating new risks in the company. The critique approach in reviewing policies must ensure this document is comprehensive and easy to understand. I very often make use of staff feedback in this dedicated process.

Often the encountered risks particularly affect those with a decentralised organisational structure. For these companies, the COVID-19 crisis can be seen as an opportunity to boost their appetite for structural review, and to reconsider centralisation needs. We see many treasuries having achieved a high level of centralisation but, having also considered standardisation and automation, have found it much easier to adapt quickly to new business practices – and be able to feel more secure during the COVID-19 pandemic.

Today it seems highly likely that all these efforts will continue, becoming firmly embedded into organisational working culture. Thanks also to the growing role of technology and innovation, which is equipping treasurers in many business decision-making, greater value is delivered into the organisation, decreasing risks in the meantime. I also often see that companies that have onboarded strong guidelines and policies have seen their treasurers become more responsive, giving them more time to focus on their strategic role and on the needs expressed by the business.

As a conclusion, since the treasury function has risen in prominence, a closer focus on policies will need to become more prevalent, with more frequent updating of these documents.

Julia Fordham
Freelance Interim Treasurer

It's an irony but also a 'silver lining' of the pandemic, that pivotal events can provide companies with the ideal opportunity for a thorough and intelligent review of their risk policies; or to create policies if they don't already have them (and if you don't, there are no more excuses!). Without going into a full policy checklist, I think any review should encompass three main areas:

Policy construction

Recent events have reminded us yet again that funding and liquidity are fundamental in the treasury hierarchy of needs. But we should also now ask tough questions about the breadth and depth of treasury policy:

- Emphasis – do key policies still fairly represent the risks which have proven to be the most crucial to your organisation?
- Content – how is that view reflected in the actual detail? Did the content turn out to be sufficient, appropriate and accurate enough to protect you?
- Scope – what turned out to be missing? And does the treasurer need to have greater input in any other areas, eg credit/concentration risk, operational risk, or even HR planning?
- Review – is the frequency and/or quality of your policy review process adequate?

Resilience and fit

This is about the ongoing process of 'proving' policies so they support meaningful decisions, via data and/or practical experience; there should be a plentiful supply of both at the moment.

- Metrics/KPIs – have these held up under pressure? Are data points still the right ones, set at the appropriate level for monitoring? How accessible and accurate is supporting data; could that guide future IT investment? Many treasuries use a KPI dashboard or similar; now is an ideal time to create and/or rethink those.
- Forecasting – modelling and scenario planning will be taking on new significance – the past few weeks will provide hugely valuable backtesting, and insight into which elements of your forecast were not realistic.
- Stress testing – unfortunate as these times are, the pandemic is the best example of a genuine stress test that many treasurers have experienced; and yet could still be worse. Use that information productively.
- Contingency planning – incorporate all the above! Where should trigger thresholds be set, and what constitutes materiality for your company?

Use test

Finally, it's important that policies are not simply viewed as a box-ticking exercise, or a piece of paper. 'Use test' is about a company's ability to show genuine understanding, buy-in, and active use of its risk policies at all levels. UK financial regulators rightly place a great deal of value on this.

- Decision-making – is the company really 'living' its policies during this crisis by using them to guide decisions? What evidence is there for and against this?
- Action – do decisions translate readily into an action plan that everyone can follow, or are more specific crisis plans needed?
- Communication – is the policy framework well understood, credible and well communicated?

Next question:

"Do Six Sigma and other lean processes really have a place in treasury?"

Please send your comments and responses to **qa@treasurytoday.com**

BNP Paribas Treasury Insiders: Episode One

Treasury Insiders is a new series brought to you by Treasury Today Group and BNP Paribas. This article and its accompanying podcast investigate the impact of the pandemic on key themes such as liquidity, investment strategy and treasury structure.

Let lockdown be the start of your digital journey

Coralie van Zyl
Head of Product Development Payments & Receivables, Cash Management
BNP Paribas

Wim Grosemans
Global Head of Product Management, Payments & Receivables, Cash Management
BNP Paribas

Mariya Tretyak
Head of Global Cash Pooling Products
BNP Paribas

There is nothing like a crisis to focus the mind on the fundamentals. Coralie van Zyl, Head of Product Development Payments and Receivables, and Wim Grosemans, Global Head of Product Management, Payments & Receivables, Cash Management, BNP Paribas, spoke to Treasury Today amidst the backdrop of the global pandemic. With remote working testing corporate treasurers' resolve across the world, the discussion homed in on the impact that the current environment is having on the visibility of funds, and the advantages of centralisation and virtual account management.

New normal

van Zyl is responsible for product development within cash management. She explained how, in a time of crisis, when enforced remote working is the norm, visibility of funds has rapidly risen up the agenda. "When it comes to forecasting cash flows, taking a decision on whether to execute a payment run or not, requires far greater visibility and control."

Of course, managing within the pandemic is a challenge faced by most corporates. But van Zyl noted that BNP Paribas' clients felt one of the biggest shocks came from simply being forced to work from home. "Everyone was dispersed, and so it's a process of trying to ensure that everyone is equipped at home with the right tools to do their work," she explained. "And having the family at home too involves having a really good balance, just so you can proceed with your work."

This is where the product-set strength of a partner comes into play. Grosemans' role is all about product evolution, ensuring solutions are aligned with industry developments.

The task, he said, is focused on "trying to change clients' lives, keeping them comfortable and making them the most effective in their roles".

One of the vital developments BNP Paribas has been working on is its Virtual Account Management (VAM). VAM, said van Zyl, "has been one of the keys to helping clients towards centralisation and visibility". Systems such as VAM form one of the three pillars of successful centralisation, she said, the others being 'people' and 'knowledge'.

Knowledge demands investment in and development of different elements in order to be able to centralise. There is a pressing need, for example, to understand how payments in other countries work, she explained. "Centralisation is not 'one size fits all'; you need to be able to understand the chain."

Of equal weight is the 'people' pillar, with van Zyl noting that "specific profiles" of personnel are necessary to ensure operational effectiveness across the business. Achieving balance requires effort and she acknowledges that working on centralisation is indeed "a long journey, with steps that can help you to work towards your future solution".

Taking control

As part of centralisation, the treasurer must typically aim to reduce the number of accounts held. This, said van Zyl, provides improved oversight of positions, assisting with cash visibility and control. But enhancing deeper elements of treasury through centralisation depends on what target the company has in mind.

It is, noted van Zyl, a matter of "how far the organisation wants to go with its centralisation journey". Each company must assess this in light of its own needs. There is, she noted, a deep-thinking process around centralisation, and many elements to consider. As such, its execution requires extensive planning, and considerable time.

Although Grosemans said BNP Paribas truly believes in VAM and its power to further enhance the bank's digitisation offer, like centralisation itself, it is not a 'one size fits all' product, needing to be placed "in the reality of where clients are". Each constituent of the bank's product suite is, he continued, "an add-on that will work symbiotically with the local realities that exist". It is, he believes, a complement to the fact that clients operate in many different countries.

Evolving space

Despite the tumultuous experience for businesses across the world, Grosemans envisions continued digital evolution. "The crisis is forcing us to be able to function in different ways, and it's working. Across the board, we're seeing new extensions of the digital journeys that banks are providing their customers."

van Zyl adds: "People will feel more confident as they accelerate towards digital and take that leap; we have all been forced to move forwards". She sees more engagement with digital solutions, and reflection on structures and setups, as companies seek clarity on how they are organised.

However, Grosemans elaborated, the future isn't one of dystopia, where client contact is usurped by full automation. "It's important to keep in mind that digitalisation doesn't mean that everything is becoming self-service and that banks are trying to move further away from clients: we want to increase proximity."

Seeing cash

Of course, proximity includes bringing corporate cash closer. Mariya Tretyak, Head of Global Cash Pooling Products, BNP Paribas, explained how recent events have impacted corporate liquidity management.

Working on global liquidity management solutions, heading up the bank's physical and notional cash pooling offerings, she outlined recent developments. Although centralisation, she said, can certainly help to optimise group liquidity, a full centralisation "remains not always possible from regulatory, legal, tax and accounting perspectives. Moreover, the recent crisis has reminded that companies benefitting from state aid might face some additional limitations for centralisation, such as, for example, restrictions in terms of cross-border transfers of subsidised liquidity.

With improvements in liquidity management dependent upon the level of centralisation, companies with a highly centralised treasury and a fully-integrated ERP can benefit from structures such as 'collections on behalf of' and 'payments on behalf," Tretyak explained. But, for many companies, a physical cash pooling structure remains by far the most effective way to get cash visibility across the accounts held around the world. It also provides direct access to liquidity which, she noted, is the ideal basis for a treasurer's daily funding and investment decisions.

Multiple options

The pandemic has also impacted corporate investment decisions, Tretyak observed. With the right balance between yield and security becoming even more important at this time, increasing attention is being paid to the risk and duration of investment instruments. She is also seeing increasing adoption of automated parameter-based solutions assisting treasurers in their daily investment actions. "This is one of the co-creation initiatives that we are currently working on with our client group that we call the 'Treasury Board'."

For many, the past few months have seen a rise in the overall importance of effective liquidity management. "Centralisation has undeniable advantages in terms of liquidity management but it cannot always be reached," said Tretyak. "Depending on the maturity of the organisational model and its level of centralisation, different combinations of liquidity products can be considered to optimise the visibility and the access to cash, also including notional pooling or domestic or cross-border interest optimisation solutions in more regulated countries," she concluded.

Thanks to Coralie van Zyl, Wim Grosemans and Mariya Tretyak for their views on the challenges and opportunities that recent times are posing for corporates across the world.

Make sure you listen to the accompanying podcast to hear BNP Paribas' deeper dive into its clients' journey towards centralisation, better visibility and better reporting. And please stay tuned for the next instalment of our Treasury Insiders series.

3rd November 2020 – a turning point for America?

The US has often found itself on the edge of the abyss, with the country seemingly beyond rescue, but still managing to get back on its feet every time. The question is whether this will happen again in the midst of a health crisis, deep recession and social tensions, or whether things really are different this time. Naturally, the upcoming congressional and presidential elections in November also play an important role.

The US may like to present itself as a shining example to countries worldwide, but the political system has often resulted in elections that did not proceed smoothly – to put it mildly. In the 1800 presidential elections, Democratic-Republican Thomas Jefferson had to take on incumbent president and Federalist John Adams. Jefferson chose Aaron Burr as his vice president candidate as Burr enjoyed great popularity.

At the time, the person who received the most electoral votes in the electoral college became president, while number two became vice president. Jefferson and Burr gained 73 votes each. This forced the House of Representatives – where Federalists held sway – to vote who would become president. Thirty five rounds of voting were required before Jefferson emerged as the winner – partly due to an intensive lobby from Alexander Hamilton, who loathed Jefferson, but found Burr completely unsuitable as president; he said about Burr that he "loves nothing but himself—thinks of nothing but his own aggrandisement". A few years later, Burr – still VP at the time – would shoot Hamilton in a duel. Yet the US proved strong enough as a unit to endure these western-like scenes.

Sixty years later, elections would contribute greatly to splitting the country. Abraham Lincoln was very unpopular in the South, to the extent where the Democrats in the South split off from the party and produced their own presidential candidate. Lincoln ultimately won only 40% of the popular vote, but still became president through the electoral college. This led to the secession of South Carolina, followed by six other states not long afterwards. This resulted in the Civil War. But America survived even this.

Will we shortly be able to add the 2020 elections to the list of illustrious elections that are still mentioned generations later, but which did not break America? All the stories about Trump having to be removed from the White House by the military if he loses seem unlikely to us.

In any event, Trump had imagined a very different run-up to his possible re-election. He believed that he could boost his campaign with historically low unemployment, sky-high stock markets and an economy that continues calmly and stoically. This was until the corona pandemic threw a spanner into the works.

The Trump administration's approach to the corona crisis has been anything but well received by the American people and the streets have been flooded with protests for fairer opportunities for black people and police reforms. Although the country is unanimous in some respects when it comes to racism and police brutality, we should not overestimate this solidarity. For example, in June there was a gap of 60 percentage points between Republicans and Democrats in the view that systematic racism in police actions is a bigger problem than vandalism and violence in protests.

Trump now tries to project himself as a Richard Nixon, focused on law and order. The riots and demonstrations following Luther King's assassination in 1968 drove some of the voters into Nixon's arms; the Republican candidate campaigned with a law and order approach. Another example is the major riots in Los Angeles in 1992; they initially led to more sympathy for progressive views in the polls. A

ecr research

year later, however, LA residents elected a Republican mayor for the first time in 36 years.

Indeed, we should be careful with predictions because of these examples, but the comparison with Nixon falls short in many respects, for example because Nixon was the challenger and Trump is the sitting president. All the misery is unfolding under his administration now, whereas Nixon could blame eight years of Democratic mismanagement. Nixon presented himself as the man who would bring peace and stability; Trump is an instigator of unrest and instability.

In addition, Nixon had it easier, as the electorate was far less ethnically diverse than it is now. In 1968, 90% of voters were white; this year the figure is probably around 66%.

In addition, the 1968 Democratic candidate, Vice President Hubert Humphrey, was thwarted by his own Democratic President Lyndon B. Johnson who, for a variety of reasons, seemed to hope that Nixon would win instead of the candidate from his own party.

All in all, the BLM issue creates problems for Trump rather than increasing his electoral opportunities. In addition, Trump has made a poor impression on the majority of voters in the corona crisis, a weak economy does not help a sitting president's chances, and his approval ratings have bottomed out now. We also see spectacular turnarounds in the betting markets: by the end of May, they still believed Trump clearly had the best odds of spending another four years in the White House; at the start of July, Biden – with 61% – is believed to have the best chances against Trump – 39%.

Democratic presidential candidate Joe Biden is leading in the polls in more than a handful of those states that are likely to make a difference in November. Combined with the increasing likelihood that the Democrats will also secure the Senate in addition to the House, it is therefore quite possible that the Democrats will dominate the three houses next year (PredictIt put the chance at about 60% at the start of July).

Major asset managers worldwide see a triple Democratic victory as one of the top three risks to the markets. The two bigger risks are, in their view, a second major corona wave in the autumn and persistently high unemployment. Of course, these three risks are interrelated.

If the Democrats end up fully in charge in Washington (apart from the Supreme Court that errs on the conservative side), the markets will indeed initially react negatively, which includes the prospect of higher taxes, an increased focus on the breaking up of companies, expensive social programmes, more regulation and so on. More specifically, the tax cuts for companies in 2017 (the Tax Cuts and Jobs Act) will be at risk in this case, for example.

However, the 'damage' to the markets and the economy may turn out to be less than expected in the event of a Blue Wave: the left wing of the Democrats has lost power and not a single Tea Party-like movement is so strong that it can pull the party very far to the left. In addition, Biden has endorsed a neoliberal policy for decades and, as president, he will not suddenly adopt an overly progressive approach. In addition, it may well be favourable for the US economy in the longer-term if the pendulum swings slightly to the left, as inequality and the share of earnings in the economy have taken on forms that require correction to restore the balance.

We would therefore not be surprised if an initially negative reaction to a Biden victory from the stock markets were soon tempered. If the Senate stays in the hands of the GOP, the stock markets are certainly likely to quickly swallow their disappointment. Historically, stock markets have fared better under a divided Washington than under a Washington where one of the parties dominates the White House, Senate and House.

Importantly, even if America is taking severe knocks now, investors and analysts should be careful not to write off the US. It is written everywhere that the political chaos and divisions in the US are unique and very severe, but storms and social divide have been basically commonplace in US history and America has always dealt with it.

For now, the combination of political and social division and poor management of the corona crisis makes the US seem fragile, and we can well imagine reluctance among investors. Also, because US equities have offered outperformance for years. This outperformance is insufficiently supported by real, underlying economic developments. The markets are therefore likely to mark time, but do not make the mistake of thinking that America will freeze in its tracks.

ANDY LANGENKAMP

Political Analyst
+31 (0)30 232 8000
a.langenkamp@ecrresearch.com

Why streamlining payment processes now is vital

Without proper payments digitalisation, companies face inefficiency, lack of transparency and increased fraud risk. Transformation to a robust digital payments environment can solve these issues, and more, and can even triple ROI.

Jörg Wiemer
CEO and co-founder
Treasury Intelligence Solutions

In a recent webinar, Treasury Today Group spoke with Jörg Wiemer, CEO and co-founder of Treasury Intelligence Solutions (TIS), to find out how treasurers can transform their payment processes.

Payment fraud has always been a hot topic. In the current circumstances, the heat has intensified. Fortunately, so has the opportunity for treasurers to respond, said Jörg Wiemer, CEO and co-founder of TIS in this recent webinar.

"We talk a lot about the benefits of cloud-based platforms for mission-critical processes such as payments. In current times, with treasurers working from home, and payments having to be made outside of the official premises, the remote accessibility aspect has become an even bigger issue than before," he commented.

Fraud is a threat that comes from many angles. According to the 2019 AFP Payments Fraud and Control Survey, 36% of fraud threats came from inside the company. False payment requests, recording of false credits and stolen credentials from payment systems are just a few examples of how organisations are under attack from within.

But the external threat is mounting under the pandemic. "We've seen that during the COVID-19 crisis, more companies have become victims of business email compromise (BEC) attacks," said Wiemer. "Add to this rising corporate concerns around cash visibility, and it's no wonder that now, more than ever, treasurers are having to deliver ever more timely cash position reports."

Without the right systems, he believes the risks multiply. But solutions such as TIS can bring together all functions and information, using a single payment gateway "so you have proper controls such as multiple approvers, access rights management and pre-defined approval processes all in one place for fraud prevention".

Asking questions

Looking at account payables, Wiemer said companies must ask themselves the following questions:

1. Do you work with decentralised, proprietary e-banking tools and have too many manual steps involved in your supplier payment processes?
2. Do you struggle with insufficient visibility of your company-wide supplier payments?
3. Have you experienced fraud attempts?
4. Are your payment management processes audit-proof?
5. Are you looking for ways to enhance compliance?

"If your answer to at least three of the above is 'yes', you should seriously revisit your current processes as your organisation may be at greater risk of fraud," he warned. The solution, he added, is readily available.

"The TIS platform connects to any ERP, treasury management or HR system and takes care of bank connectivity. The platform guarantees a frictionless straight through process. With additional modules such as Sanction Screening, TIS also offers a high level of payment security and compliance."

For Wiemer then, decentralised processes and having to use multiple tokens and logins "belong to the past". By streamlining the processes and consolidating financial data on one platform, it is, he states, "possible to get visibility and real-time reporting with just one login".

In anti-fraud terms, the advantage is clear. But how does TIS generate 3x ROI, as Wiemer claimed? He offered the following: by decreasing the level of friction in internal processes; by reducing IT costs; and by saving on bank fees. But these are just a few examples; every TIS customer is different, and will require a different approach, he said, further citing the speed with which fraud risk mitigation is rolled out as having a potential positive impact on ROI.

Act now

It's apparent that change is happening on many fronts, and all treasurers must respond. Critically, Wiemer predicts a mind shift from working 'on premise', to a new 'remote culture'. "Everyone needs to get used to the new norm and a kind of 'remote reality," he said. "In times of disruption, greater attention is paid to cash and cash visibility because liquidity is vital – and cash really is king."

In finding the ideal solution to these issues, he recommends a 'best-of-breed' approach, enabling treasurers to pick and choose specialised products from different areas or vendors to get the exact features needed to achieve their goals. "This open-ecosystem approach, enabled by APIs, is the future – and TIS wants to be a driving force behind it."

TIS offers a secure, cloud-based platform which acts as a single point of contact for the entire finance function, allowing all payment transactions to be combined in a uniform way across the company. The platform also offers real-time cash visibility, ensuring payment procedures and cash flow are controllable at all times. To find out more visit **www.tis.biz** and request a demo.

If you missed the webinar and would like to hear the full recording, this is available at ***treasurytoday.com/webinars***

INSIGHT & ANALYSIS

Data doctor

Will the future treasurer need to be a data scientist too? In this feature we look at the evolving role of treasury and explore the idea that data analysis is becoming one of the most important functions. Do treasurers really need to adopt the skills of the data scientist to be most effective?

CASH MANAGEMENT

Putting cash in its place

In a time when cash and liquidity are uppermost in treasurers' minds, we look at the techniques and processes involved in conducting effective cash segmentation, what to look for and where, and who to get involved.

FUNDING

International appeal

Schuldschein: with the LMA recently reporting cautious optimism for growth in domestic Schuldschein issuance, but less so for international deals, is the German private placement market on the wane? We explore the options.

We always speak to a number of industry figures for background research on our articles. Among them this issue:

Delphine Masquelier, Product Manager KYC Compliance Services, SWIFT; Mark Trivedi, Managing Director, Head of Client Experience and Firmwide Collateral Transformation, J.P. Morgan; Alan Samuels, Head of Product, Encompass; Manoj Mistry, Managing Director, IBOS; Praveen Juyal, Treasury Manager, Amway India Enterprises; Sandra Ramos-Alves, Vice President and Assistant Treasurer, Treasury Operations, Bristol Myers Squibb; Jörg Wiemer, CEO and co-founder, Treasury Intelligence Solutions; Jennifer Boussuge, Managing Director, GT&O, Treasury FS&O Executive Global Banking & Markets, Bank of America; Tom Durkin, Global Head of Financing and Channels and GTS, Bank of America; Séverine Le Blévennec, Senior Director Treasury, EMEA, Honeywell; Stephen Bohner, Head of Financing & Markets, Roche; Martin Schlageter, Head of Treasury Operations, Roche; Melanie Girouard, Head of Corporate & Public Sector Sales for Treasury and Trade Solutions, Citi; Mark Stockley, Head of EMEA Treasury Sales and Strategy, Invesco; Greg Person, VP Sales and Account Management, UK&I, Kyriba; Paul Baram, Director of Capital Markets and Treasury, Actualize; Justin Meadows, non-executive Director, TreasurySpring and FXD Capital; Hervé Duteil, Chief Sustainability Officer, Americas, BNP Paribas; Alberto Ayerza, Managing Director, Global Trade Solutions, BNP Paribas; Indra Kish, Director, Liquidity & Investment Advisory, BNP Paribas; Adrian Rodgers, Director, ARC Solutions; Julia Fordham, Treasurer; Jean-Claude Jossart, Managing Director, FinBrain-ITC; Andy Langenkamp, Political Analyst, ECR Research.


treasury today
research | insight | analysis
SAVE THE DATE
WOMEN IN TREASURY LONDON FORUM 2020
Thursday 10th September
2pm to 3.30pm BST
Virtual event
treasurytoday.com/wit-london-forum-2020