November/December 2016

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Keeping up with regulation

Understanding the diverse regulatory environment is challenging enough for treasurers operating in Asia – but these challenges are being further compounded by the rate of regulatory change. How can treasurers stay abreast of new regulations?

The Corporate View

Cefi Chen

Regional Treasury Director, China and Russia, **Cummins**

Treasury Practice

What can corporate treasury learn from some of the world's best sports teams when it comes to building a best-in-class team?

Cash Management

Bringing together treasury and tax

Technology

Risk management systems

Regional Treasury

Sub-Saharan Africa

Back to Basics

Segmenting cash

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Asia Pacific – where next?

Whilst Brexit and the US presidential race have been dominating the headlines for most of the year, Asia has, for the most part, been quietly getting on with business. That isn't to say that the region hasn't been facing its own challenges, however.

China, for instance, remains a key area of focus and concern for businesses as the country continues to adjust to the "new normal" and morph into a domestic consumption and service-led economy. In this edition's corporate view, Cefi Chen, Regional Treasury Director, China and Russia at Cummins provides a unique insight into what operating in this environment is like and why it may be time for the corporate treasury profession to make its mark.

Regulatory changes have also continued to provide a headache to treasurers operating in the region this year. From new accounting rules to more robust KYC obligations the rate of regulatory change is not relenting. For treasurers staying abreast of new regulations continues to be a challenge and is an area that has to be approached proactively. We speak to some of the region's leading practitioners to analyse these develops and find some practical ways for treasurers to stay on top of the regulatory changes.

Both these articles are timely because China and regulation will certainly remain key areas of concern for corporate treasurers as we move into 2017. A keen eye will also be kept on how the region seeks to maintain its position as the growth engine of the global economy in light of subdued external demand and slowing global trade. Treasurers will, of course, also be wise to continue to closely monitor the changing technology landscape. Asia Pacific is a region ripe for digitisation and there are promising signs that treasurers may be reaping the full rewards of technology change very soon.

Congratulations to our winners

The winners of our 2016 Adam Smith Awards Asia, proudly supported by ANZ, have now been selected. The winning solutions reflect the array of talent that the region has to offer and it is not just the big companies that are excelling. Our judging panel commented on the calibre of each nomination and the difficultly in selecting the winners. In their view, this is the best set of nominations we have ever seen.

The full list of Winning and Highly Commended solutions can be viewed on our website. We will also profile all the winners in our 2016 Adam Smith Awards Asia Yearbook, published early next year.

Season's greetings

Treasury Today Asia would like to thank you again for your continued support throughout the year. Next year we will continue to deliver the research, insight, and analysis that you have become accustomed to as well as introducing some new features that are designed to highlight the latest trends impacting the profession.

We wish you a wonderful festive period.

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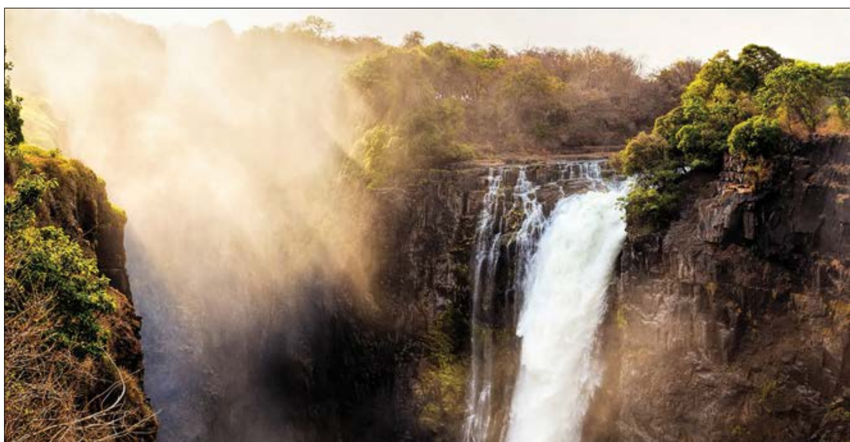

Whilst the rapid growth Sub-Saharan Africa has been one of the global economy's success stories over recent years, myths of doing business tend to prevail. But times are changing and as corporates begin to adapt to local market realities and reap the rewards, how can corporate treasury circumnavigate the challenges and opportunities?

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Choosing money market funds in Asia Pacific

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Regional Treasury Director, China and Russia

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Banking relationships

What if your bank's strategy no longer includes you?

Jan Bellens

Asia Pacific Banking & Capital Markets Leader and Global Emerging Markets Leader

EY

If your organisation was being served by one of the major European and US banks that have recently withdrawn from certain geographies, this may then call for a review of your banking providers for treasury and transaction banking services.

Tedious as that process may be, there is reassurance that even as (what were previously) international behemoths reassess and redefine their Asia operations, regional and local institutions are scrambling to fill the void left behind and reposition their corporate relationships. For instance, while UK institutions withdrew from South Korea, Asian counterparts including China Everbright Bank, State Bank of India and Bank Negara Indonesia made forays into the same market, focusing predominantly on corporate and trade finance.

Meanwhile, the inevitability of a more integrated and increasingly barrier-less region with the ASEAN economic integration has already witnessed the creation of pan-regional strategies by DBS, Maybank and CIMB (positioning themselves as pre-eminent Asia/Southeast Asia-based banks). Australian banks ANZ and Commonwealth Bank of Australia, as well as the Japanese megabanks have also expanded across the region. Many of these institutions actually have ambitious plans to eventually generate over half of revenues outside their domestic markets.

Unfortunately, although these banks typically have strong and localised corporate banking relationships, not all possess the size or holistic product and service suite to serve the complete requirements of large corporate customers with far reaching regional operations. What many Asian banks have done, rather than try to be all things to all corporate customers, is to focus on developing their strengths and expertise to deliver best-in-class services in niche areas.

Therefore, rather than consolidate engagements for economies of scale and scope, corporate treasurers might now have to extend relationships beyond their historical one or two primary corporate banks and appoint a broader pool of financial providers. Such a tiered-relationship hierarchy would see top banks that possess broader capabilities perform the majority of services, while smaller peers provide local support or specialised services in territories where the bigger institutions have either withdrawn operations or have never developed strong enough scale and reach.

The other challenge we foresee corporates facing arises from the competitive advantage enjoyed by global banks (vis-à-vis their Asian counterparts) in having standardised data for their risk management and reporting activities. These data infrastructures are already optimised (possibly partly forced, or driven by regulations such as Basel III, Sarbanes Oxley, Dodd Frank) and in turn yield higher data efficiencies which allow for more credibility in pricing, what-if analysis, and other predictive analytics capabilities that are increasingly crucial in transaction banking. And since not all treasury services at regional banks are up to par just yet, corporate treasurers reviewing their financial providers should be prepared to accept some inconsistencies in data quality and fit, services, and pricing across geographies and deal with temporary teething issues before the dust settles.

One of the additional outcomes of re-evaluating banking relationships is that corporate treasurers may now be more open to alternative service offerings from fintechs. While it will take time for these players to go mainstream, many corporates are increasingly open to alternative service providers, are willing to hear them and try them out, for instance within the increasingly competitive domain of foreign exchange.

While Asia corporate banking is going through a phase of transition, corporate treasurers should ultimately be beneficiaries. For every institution that is exiting, several others are keen to step in to fill the potential gaps.

Stephen Harper

Senior Treasury Consultant

PMC Treasury

It probably does not come as a surprise to anybody that the concept of the traditional bank is gone. The banking industry is being transformed as it struggles to find avenues for growth, regain trust and rise to the challenge of non-traditional players. Fiscal pressures and rising customer expectations are forcing the banks to make tough choices about which customers and markets to serve. As banks cut costs and adjust to an era of capital constraint, it is very possible that you are no longer a part of their plans. Not that I am suggesting that banks are neglecting their customers; but rather that you may be just one of their competing priorities!

Geographically, we are seeing shifts from global to local banking. National and regional institutions are now more visible where we might not have noticed them before. Banks in the EU have been retreating to their home markets since the crisis and we believe this trend will continue. The once perceived advantages of global banks, such as pricing and coverage, are now less important as regulatory constraints (matching lending with deposits) force the banks to compete on a local basis.

In product terms, where we once tended to give our ancillary business to those banks that extended their balance sheet, the divorce between relationship and credit will mean that selecting banking partners will be driven increasingly by product need and jurisdiction. Similarly, new industry players are emerging, an example being how insurance companies offer products to replicate bid and performance guarantees at a competitive price.

Competitive advantage is now influenced more by technology than a physical network, and customers are being forced to adapt. This also presents an opportunity if we accept that the new world reality features low cost banking providers, with every product having to be profitable on a stand-alone basis. Credit, best practice, innovation, service and product offering might all be found at different institutions. We need to be both more creative and more focused in our choice of partners within our bank group.

In summary, an increasingly constrained banking environment is forcing existing players to focus on the markets and/or the products that best serve their strengths. With fewer players, who exit from domiciles where they are subscale, you will need to look at the applicability of your bank group or syndicate as it relates to your country coverage. Knowing what you need, how to change from what you have and how to design your "go forward" strategy will all become part of a core skill set.

Bob Stark
VP of Strategy
Kyriba

In corporate treasury, we have been conditioned to believe that our business is valuable to our banks. Traditionally, treasurers have had to say "no" to their banking partners more often than "yes" as corporate lenders tried to parlay their participation in a credit facility into more cash management and trading business.

The events of 2009 changed this landscape. The fallout of the credit crisis combined with the effects of Basel III has shifted the way banks evaluate where they do – and do not – want to do business. This can also read "and with whom" they want to do business because some customers may be more profitable than others for a financial institution.

While the massive pullout of RBS from cash management banking has thus far been unique, it would be optimistic to assume that others will not follow suit, in whole or in part. A treasurer, who is also a risk manager these days, must therefore plan for the possibility that their bank's strategy no longer includes them. The most obvious scenario is within cash management.

For background, Basel III requires banks to hold liquid assets to offset corporate deposits. There are two categories of deposits (operating and non-operating cash), each with different collateral requirements as measured by the liquidity coverage ratio (LCR). This model assumes non-operating cash, those deposits that are not required for short term working capital, has a higher probability of leaving the bank in a runoff scenario and therefore the bank most hold more collateral to offset this possibility. In plain terms, this costs the bank more money to hold this type of deposit.

While there will be examples where banks no longer accept your non-operating cash, it is more likely that the bank's strategy is to lower the rate of return offered. This would be in the form of earnings credits (where applicable) or a lower rate of interest, in some cases dipping into negative returns.

Fortunately, treasures can be proactive by focusing on these three initiatives:

1. Understand your cash balances – separating into operating and non-operating cash is an absolute must.
2. Know what is important to your bank – banks care about two time periods: 30 days (for the LCR) and one year (for the net stable funding ratio or NSFR). Corporates need to think of these timeframes when planning how to manage their cash.
3. Perfect your cash forecast – the old excuse that I'm cash rich so I don't need to forecast goes out the window, banks will charge to hold this excess cash.
4. Consider other investments – perfecting your cash forecast will help identify other types of investments with higher yield that can be committed to, given that the improved forecast visibility allows more confident longer-term investing. Money market funds, tri-party repos, separately managed accounts all generally stay within existing investment policies. In addition, some treasurers will look at more creative options such as collaborating with accounts payable and procurement to take advantage of higher yielding supplier discounts.

Next question:

"Since AEC integration at the end of 2015, what have been the most significant developments across the ASEAN region and what opportunities or challenges have these developments created for corporate treasury departments?"

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

Playing by the rules

Understanding the diverse regulatory environment is challenging enough for treasurers operating in Asia – but these challenges are being further compounded by the rate of regulatory change. From new accounting rules to more robust know your customer (KYC) obligations, how can treasurers stay abreast of new regulations?

From tax rules to anti-money laundering (AML) obligations, regulation is a considerable challenge for corporate treasurers around the world. Complying with existing regulation can be onerous enough, but these regulations are not static: as new rules come into effect, companies must also remain up to date with the relevant changes. For companies operating in several markets, this can be challenging.

Suman Chaki, Head of Cash Management Corporates – Asia Pacific at Deutsche Bank says that the bank carried out a survey of some global clients and asked about their major pain points. "The top one that came up was regulatory diversity and the pace of change," he says. "So this issue is top of mind for all global treasurers, especially those who operate in multiple markets."

In Asia, the region's disparate countries, currencies and regulatory authorities make these challenges even greater. Companies operating across the region may be exposed to hundreds or even thousands of regulatory changes each year, depending on their geographical footprint. Against this backdrop, how can treasurers best keep on top of regulatory change – and even use certain changes to achieve business benefits?

Regulatory changes do not just relate to a single market – there are regulators for whom the changes impact other markets as well, which is the supranational impact of regulatory change. For example, AML embargos are applicable beyond the jurisdiction where they are issued, which affects all clients who have money flowing around the world.

Suman Chaki, Head of Cash Management Corporates – Asia Pacific, Deutsche Bank

Types of regulatory change

There is no doubt that regulation represents a considerable challenge for treasurers in Asia. "APAC is very heterogeneous, and this presents many challenges to treasurers to keep up with the volume and breadth of regulation as well as the diversity of market infrastructures," comments David Blair, Managing Director of Acarate Consulting in Singapore.

Damian Glendinning, Treasurer of Lenovo, agrees that one of the key challenges is "simply keeping up with the regulatory changes". He notes, "Thomson Reuters actually has a database which tracks these changes – the number runs into the thousands every year."

Developments which affect corporate treasuries can relate to anything from accounting and tax developments to cross-border payments and FX flows. Some types of regulation, such as cyber security, ecommerce laws, tax and accounting, may directly affect corporations. In other cases, regulations which are aimed primarily at banks may also have an indirect effect on their corporate customers.

In addition, areas such as cyber security and KYC are increasingly attracting regulatory attention. "Today, of course, we have the additional burden of all the post-global financial crisis (GFC) regulations, as well as the avalanche of KYC and AML requirements," says Glendinning. "The practical solution is to wait for the banks to require the input. However, in the case of KYC, there is a serious issue: large treasury departments end up providing multiple copies of the same documents to many different banks – or even different branches of the same bank."

More control or less control?

Adding to the complexity, regulatory developments do not necessarily follow the same broad themes across the region: while some regulators are working to increase controls, others are working to reduce them.

"In Asia, there are two streams of regulatory change that keep people busy," explains Chaki. "One is that regulators are trying to get better control around flows, AML issues and security issues – so they are imposing higher controls. This is true for all regulators around the world. Over and above this, emerging market regulators are also trying to de-regulate their controls. In China alone, for example, there are several hundred new regulations in a year."

Supranational impact

The challenges are compounded by the fact that regulations introduced in one market may affect other markets as well. Vivek Batra, Head of Sales for Global Transaction Services at DBS, points out that it is important to understand how changes in one jurisdiction may lead to actions in other jurisdictions. "For example, if there is a regulatory change which affects country A, it could be beneficial to move operations, liquidity or people into or away from country A," he comments. "The global footprint of the company, as well as operations in individual markets, need to be taken into account."

"Regulatory changes do not just relate to a single market – there are regulators for whom the changes impact other markets as well, which is the supranational impact of regulatory change," adds Chaki. "For example, AML embargos are applicable beyond the jurisdiction where they are issued, which affects all clients who have money flowing around the world."

Industry-specific changes

In addition to the changes already mentioned, companies may also have to take into account regulatory changes which relate to their particular industries – and the industries of their customers and suppliers.

What's changing?

Vijay Shankar, Head of Transaction Banking Asia at ANZ, notes that significant regulatory developments in Asia include the following:

- The recent induction of the RMB to reserve currency status.
- The introduction of the Goods and Services Tax (GST) Bill in India. This is considered the biggest change in tax structure between federal and state government and all companies will have to prepare.
- Partial opening up of Myanmar and related opportunities.
- Changes in emerging markets, such as tax amnesty schemes.
- Incentives by the Hong Kong and Singapore governments to attract companies to set up regional treasury centres in those markets.
- Negative interest rates in Europe and Japan.

In addition, Shankar notes that net outflows of US dollars are expected out of Asia in light of Brexit and the US elections. Treasurers should be prepared to hedge adequately in order to protect their P&L.

"The treasurer needs to look beyond the organisation – it's really about looking at the materiality of regulatory change on your whole ecosystem," says Batra. "An auto manufacturer, for instance, would be affected by borrowing regulations for auto finance companies, and this will affect the company's operations upstream and downstream."

He adds, "It is not just about the company. The same auto maker will also be impacted by what's happening in the aluminium, steel and power generation industries. The treasurer understands the company best and should have a good grasp on how regulations across its ecosystem affect all facets of the organisation."

Managing change

With such a vast array of regulatory changes to manage, how can treasurers keep on top of all the relevant changes?

The first step is to understand what is changing and how these changes will affect the company. Depending on the company's geographical footprint, this can be a daunting task. "Even if you know that there are regulations that impact you, as a treasurer it is almost impossible to go through the volumes of regulation and find out what impacts you – especially if you are in many markets in Asia," says Chaki. "It is critical to have a mechanism by which this filtering can be done, and that's usually where the banking partner comes in."

Chaki explains that Deutsche Bank provides clients with a periodic update of regulatory changes that have happened in the previous quarter. This information is filtered where possible. At the same time, discussions about regulatory change are part of the bank's day-to-day conversations with clients – in almost every client meeting, the first 20 or 30 minutes will be dedicated to regulatory topics.

"For these discussions, it's important to know our clients' businesses and their markets," Chaki explains. "For example, if we know a client is working on a cross-border pooling solution across Asia and another market is opening up and allowing certain currencies to be pooled, we need to decipher that situation and discuss it with the client."

Conversations about regulatory change are a two-way street, however, and treasurers shouldn't wait for banks to come to them if they are concerned about particular developments. Wan Chun Shong, Group Treasurer of Tan Chong Group, says that the company stays up to date by continuously monitoring changes, as well as by liaising closely with relevant people who are well connected to the authority. "In this way, we will always have the upper hand before any regulatory rules are implemented," he adds.

Anticipating change

Navigating regulatory change becomes easier if the changes are anticipated and the organisation is prepared.

"Some of these changes are expected: you see them coming either because they are being talked about, or because they are obvious," says Batra. Consequently, Batra says it is important for companies to understand the overall direction or path taken by the regulators. "What changes have already taken place? What is their direction of thinking? It is possible to gain an understanding of the direction of regulatory change, which can help companies prepare for what might come in the future."

In order to do this effectively, Batra says it is important to engage advisors, such as banks, who are constantly looking at the impact of regulatory change across a wider portfolio of companies, industries and geographies. "If a company is operating in the auto industry, its banker would likely have insight of the auto industry from a global perspective," he says. "So if there is a Chinese auto maker exporting into Africa, and we have a knowledge of what is happening in those markets and in that industry, we can provide insight to the treasurer about the possible impact on the company's operations even if it is not operating in those markets."

Batra suggests that treasurers work closely with their bankers and leverage their expertise and insights. "The objectives complement each other – bankers and treasurers can navigate regulatory change together and act in a manner that is absolutely compliant, reduces risk and enhances returns."

Conflicting advice

Banks can certainly provide valuable advice on regulatory topics – but companies should also be aware that certain regulations may be open to interpretation. As such, different banks may have different opinions on the same issue.

"In practice, most corporates wait to be advised – usually by their banks – of the most significant changes," says Glendinning. "This approach is convenient, as the banks are usually the ones on whom the onus of compliance falls – for example, when opening a bank account or complying with a new exchange control regulation.

"However, this approach is not fool proof: sometimes the banks themselves have conflicting interpretations of the regulations, and it can happen that these interpretations are not in line with what the authorities intend. Usually, when this happens, it is not hard to establish the good faith of the

corporate, and so the consequences are usually not too serious – but the clear message is that ignorance will not be accepted as an excuse next time around.

"This can be a real problem in Asia, where regulations are often vague, and frequently not enforced – until circumstances change, and they are applied again with more rigour. So it is always good to make sure your company has a track record of compliance and good behaviour!"

In some cases, this issue can be overcome by seeking input from regulators on specific questions. For example, banks may arrange joint meetings with the regulator and a specific client in order to gain clarity on a real life situation.

Companies may also choose to call upon different sources of support. Blair notes that while corporates tend to rely on bankers as a first line of regulatory information, they typically look to the big four and law firm advisors for due diligence when they decide to take action.

Seizing the opportunities

Indeed, knowing which regulatory changes will affect the company is just the start. Treasurers also need to know what changes they need to make in order to overcome the challenges – and, ideally, take advantage of any opportunities which may arise.

In some markets, such as China, pilot programmes can provide opportunities to gain early adopter benefits from specific regulatory changes. "Banks have to work closely with their clients, ask them if they want to be part of a pilot and take these pilot cases to the regulator," says Chaki. "It's critical for banks to be proactive and ensure we are representing the right kind of clients in the pilot programme."

Companies can also use certain types of regulatory change to drive business benefits. One example is the introduction of real-time, 24/7 clearing systems, such as the FAST electronic funds transfer system introduced in Singapore in 2014. The system can be used to transfer up to SGD 50,000 between 20 participating banks. The beneficiary receives funds within five minutes.

By using such developments effectively, companies may be able to achieve significant benefits. "If a regulator revamps the clearing mechanism in a particular country and leapfrogs from a manual, inefficient mechanism to a real time 24/7 online clearing system, just imagine what it can do for a company's business model," says Chaki. "If you can sell to a customer and collect money immediately, imagine how you can de-clog your entire value chain."

In other cases, staying on top of industry-specific changes can make companies more competitive. Tan Chong Group is a Malaysian company which distributes, assembles and sells vehicles in a number of markets across Asia. In particular, the company is an exclusive distributor for certain Nissan vehicles in some of these markets.

Wan says that Tan Chong Group has used regulatory change to the company's advantage – as illustrated by recent changes to Vietnam's Special Consumption Tax. "Close co-operation and support by management allowed us to respond quickly to the regulatory changes," he explains. "Nissan CBU (Completely Built Up) vehicles with lower engine capacity, but higher power output, allow us to enjoy lower SCT rates."

A lot of banking services are moving onto platforms which allow treasurers to access information and analysis faster and cheaper than it has been in the past. Whether it is for anticipating, reacting to or leveraging change, companies should aim to use technology to the fullest extent possible.

Vivek Batra, Head of Sales for Global Transaction Services, DBS

The company has also remained ahead of the curve when it comes to the introduction of new vehicle emissions rules on January 1st 2017. Wan notes that around half of the automotive players in CBU (whereby a vehicle is imported fully assembled) and CKD (completely knocked down, whereby a vehicle is imported in parts and assembled locally) are not yet ready for the new rules. However, in the case of Nissan both types of vehicles are already prepared for the changes, resulting in a competitive advantage.

Leveraging technology

Treasurers can also make use of technology in order to adapt to – and benefit from – regulatory change. "A lot of banking services are moving onto platforms which allow treasurers to access information and analysis faster and cheaper than it has been in the past," says Batra. "Whether it is for anticipating, reacting to or leveraging change, companies should aim to use technology to the fullest extent possible."

This might include making better use of the company's ERP system. For example, some regulators are tracking the purpose of certain cross-border payments in order to curtail illegal flows by requiring companies to use purpose codes. "This looks daunting, but if you have a proper ERP system in place, it's a one-time activity and doesn't become such a hassle," comments Chaki.

Conclusion

Staying on top of new and existing regulations is a challenge for treasurers around the world, but this is particularly the case in Asia. Treasurers can make the task more manageable by taking advantage of the information provided by banks, but there is still a need to monitor changes in the market and proactively seek opinions from the experts.

"In the end, no matter how difficult it is, compliance is not optional," concludes Glendinning. "So it is important to read as much as possible, and use existing resources, such as the banks, treasury associations, conferences and webinars."

Lessons on building a best-in-class team

Thousands of pages have been written about what makes a good team and how to get there. But perhaps the best examples come from the sporting world. We analyse what made one of the world's most successful sports teams tick and the lessons that corporate treasury can take from this.

Any football fan could not help but admire FC Barcelona over the past decade. The Catalan giants have won multiple trophies, and did so with flair, ingenuity and togetherness. And there are many lessons that business leaders can learn from the 'Barcelona way'.

Yes, some may argue that they have the best player to ever play the game in Lionel Messi, but without a stellar supporting cast he would not have reached the heights that he has and neither would Barcelona. As such, there are few better examples of an excellent team in any field, sporting or otherwise. But how does this abstract statement reflect in the treasury department and what comprises the 'perfect team'?

Building a philosophy

To begin, every successful team has a philosophy, that acts as a guiding principle for behaviour. Barcelona, for instance, under the stewardship of Pep Guardiola had a very simple philosophy based around the three Ps: play, possession and position. This defined everything that they did. The world's most successful sports side, the New Zealand rugby team's philosophy, however, is embedded deep in Maori culture, manifesting itself in humbleness and a willingness to do everything for the team to be successful. Their mantra: 'leave the jersey in a better place,' sums this up.

In business, a philosophy is equally important. Steve Jobs is a shining example of how having a philosophy, and imprinting this on your team, or business as a whole, can help foster success. Jobs, wasn't completely motivated by money, or other metrics that traditionally measure success. His thoughts were more abstract: "Being the richest man in the cemetery doesn't matter to me… going to bed at night saying we've done something wonderful… that's what matters to me". And it is this idea of "doing something wonderful" that arguably has permeated across the Apple product line, keeping it at the cutting edge of technological innovation.

In treasury circles, philosophy is also important and it enriches the pages of our Adam Smith Awards Asia Yearbook. Flex Group, the 2016 Top Treasury Team, for instance, encourages its people to be curious and explore new ways of doing things in an effort to seek best practice across all areas of its treasury operation. What's more, its focus is not only on the here and now, but making sure that the treasury is future proof. Together, these two elements define its award winning philosophy.

The first question then on your way to establishing a best-in-class treasury; what is the philosophy of your department? This doesn't have to be complex and built on anything deep and meaningful. It may simply be based around what the

team does and how, perhaps promoting teamwork or the ability to be brave and try new things.

Sometimes this may be decided for you, a company with a strong philosophy, like McDonalds, might infuse this into the treasury team. Paul Pomroy, CFO for the company's UK and northern Europe division certainly expressed this when he talked to Treasury Today about how the treasury team go into restaurants to experience the business "at the coal face" fostering inclusiveness and an all for one attitude across the business.

But whatever the philosophy of your treasury team, it is vital that it is not treated dogmatically. There is perhaps nothing more demotivating to an energetic young employee, trying to make his or her mark by doing something differently, than being told to stop and hearing the words, "that is the way we do things around here". This isn't a workable philosophy; it is a line from the management rulebook of a bygone era. A modern philosophy must be able to evolve and adapt as the forces of the modern marketplace converge, it is doing this that is the first step to success.

Fitting the philosophy

The next step is to recruit people who fit this philosophy, but don't confuse this with recruiting those best qualified or with the most experience. Of course, where possible, it is preferable to have a team of highly-qualified and motivated individuals with a wealth of experience under their belt. But what would one of these do if they were asked to perform a task that they saw as below them? Contrary to popular belief, a team of superstars is not always the best.

Again, FC Barcelona provide a wonderful example of this. In 2009, they signed the Swedish striker Zlatan Ibrahimović – one of the best goal scorers in the world – for a reported £59m. It was seen as the finishing touch to what was already a magnificent team. But Ibrahimović, a true modern day maverick, didn't fit the selfless nature of the Barcelona team and he soon found himself shipped out of the club.

In corporate treasury, getting the right people that fit the ethos of the department and the organisation as a whole is just as critical when looking to build a best-in-class team. This point is summed up by Rikke Koblauch, a designer in the London studio of digital development firm, Ustwo, who said "good teams start with good people who trust each other to work toward a common purpose". Gary Slawther, Financing Advisor to the CEO at Octal in Oman echoes this sentiment, stating "I've learnt throughout my career that if you get the right people with you, you can do almost anything. Get the wrong people and you can do nothing."

Finding this in Asia Pacific is not necessarily the easiest task though, given the relatively small talent pool that both large corporations and domestic firms have at their disposal. A generic approach to talent management in the region could therefore prove futile. Employees need to see that the organisation they migrate to, and stay with, has a transparent plan in place that allows them to develop as individuals with the potential to fill important roles within the organisation. The employee, however, must also show a willingness to grow within the company.

Another source of potential exists within your own organisation. Indeed, at Treasury Today Asia's pioneering Women in Treasury Forum, panellists have outlined how some of the best talent they have in their team came from within their own organisation. What's more, these people were often originally from roles unrelated to treasury, but they had shown certain qualities to the treasury team that made them a good fit.

> "If managers want their best people to stay, they need to think carefully about how they treat them. While good employees are as tough as nails, their talent gives them an abundance of options. Managers need to make people want to work for them."
>
> Dr Travis Bradberry, President, TalentSmart

Finally, it is proven that the most effective teams combine significant diversity – of personality, background, outlook and skills – but with a shared set of values. This is important: diversity without common values will lead to fragmentation, just as shared values without diversity leads to group-think which is an even greater threat to progress.

Tools of the trade

Of course, it is very unlikely that any new hire, internal or external, will tick all the boxes. Indeed, they have more than likely been hired because of the potential they show – only a senior treasurer should be close to the 'finished article'. It is therefore incumbent on the senior treasurer to arm the team with the skills it needs, both core treasury and soft.

Starting with core treasury skills, there is a lot that can be learnt on the job. This is especially true if the treasury team is of size, enabling the younger members to work with those more experienced getting a taste for different aspects of the function without having direct responsibility. Even in smaller teams this is possible if the senior treasurer acts as a mentor.

Another channel to learn core treasury skills is through allowing staff to obtain qualifications from professional bodies such as the ACT and AFP. Senior treasurers should also encourage their junior members of staff to attend treasury events and network so that they can learn best practice and skills from their industry peers.

Soft skills can be harder to obtain. These include the ability to build relationships and to manage people and expectations, and are becoming increasingly important for treasurers as the role pivots to become more strategic within the business. For OCTAL's Slawther, companies that overlook the value of soft skills do so at great cost. Treasury leaders should show the way here, again acting as mentors and demonstrating what it means to be a treasurer in this day and age.

Keeping the team happy

If the treasury team has a philosophy in place and a team of well-trained people who believe in it, it may seem that the hard work is done. Unfortunately, this is not the case and all of that work can be quickly undone if treasury leaders do not have sufficient management skills to keep employees happy.

Dr Travis Bradberry, President at training and coaching services provider, TalentSmart and co-author of the work performance guide, 'Emotional Intelligence 2.0' has published widely on this matter. His headline argument is that spending time on people management, a role which although considered somewhat negatively as 'soft' is actually vital to the success of any team.

Indeed, low staff morale can be common in roles such as treasury, which are high-pressure. This can cause issues for staff such as exhaustion, poor sleep, anxiety and depression. Aside from potentially contravening the duty of care companies have to their employees, the result is often a lowering of productivity and an increase in staff turnover.

"All that's required is a new perspective and some extra effort on the manager's part to give employees autonomy and make their work feel less demanding," suggests Bradberry. The key to this change lies in understanding what may be lowering staff morale. For Bradberry some key culprits include:

- Overworking staff.
- Holding people back.
- Playing the blame game.
- Not letting people pursue their passions.
- Withholding praise.

"If managers want their best people to stay, they need to think carefully about how they treat them," notes Bradberry. "While good employees are as tough as nails, their talent gives them an abundance of options. Managers need to make people want to work for them."

An eye on the future

All good things must however come to an end at some point. At Barcelona, for instance, Pep Guardiola's trophy laden reign came to an end in 2012 and some thought that the team would fall into disarray as a result. This did not happen, and today, under the stewardship of Luis Enrique who managed the Barcelona B team during Guardiola's reign, the team continues to excel.

In business the same is true; nothing is static and things change such as the economy, business and people. In fact, by creating a best-in-class team it is likely that individuals will naturally grow and develop their capabilities and will eventually want to move up or out. The key is to not fear this evolution and embrace periods of disruption, and see it as an opportunity to reconstitute the team in an even better form.

This is perhaps the final lesson that can be taken from successful sports teams: they always have an eye on the future. Because no team of people, no matter how good at their jobs, will last forever, but the philosophy that makes them successful, if passed on correctly, can.

Why teams fail

As well as knowing what makes a successful team, it can also be useful to know why teams fail.

The most common leadership model amongst senior executives is a 'hub and spoke' team model. This is in action where "a kind of uneasy truce" exists between participants, notes Mark Loftus, a Chartered Clinical Psychologist, an Associate Fellow of the British Psychological Society and Managing Director of The Thinking Partnership. "Each will accept direction from their own boss but can be reluctant to accept influence from each other across the team."

The reason why some executives choose to isolate themselves may simply be down to the performance management structure imposed upon them, where accountabilities are made very specific and personal. This builds incentives around those accountabilities, tending to drive individualistic behaviour.

But, notes Loftus, the typical psychology of individuals who rise to senior positions must also be taken into account. "Often they have got there because they are strong solo operators; they are very competent and are not used to relying on someone else," he explains. Motivated by taking on major challenges, these are the people who always step up to the plate but then find it difficult to let the reins slip too far from their control.

Intellectually, these individuals may be well-acquainted with the stories of great leaders throughout history who, having failed to place sufficient trust in their generals, faced their own gradual undoing. But it becomes quite another thing to apply this understanding to their own professional endeavours; it is perhaps a stubborn belief that it will not happen to them. In his 'Five Dysfunctions of a Team', management consultant, Patrick Lencioni describes how teams often struggle to "row together", citing absence of trust as a key issue.

Lencioni's approach – a commonly used framework for building a tighter functioning team – further warns of the damage caused by the fear of conflict where teams avoid engagement by sidestepping the 'difficult conversation'.

His list of dysfunctions also includes individual lack of commitment. This often manifests itself through what psychologists call 'social loafing', where the individual is part of the team yet somehow is never there when the small jobs need doing (the commercial equivalent of always managing to avoid emptying the dishwasher, seemingly insignificant in itself but a cumulative irritant for those that are attentive).

Inattention to results is another Lencioni dysfunction. This, explains Loftus, can be the negative consequence of teams that have overdosed on team-building exercises and end up in "a bit of a love-in", where the realisation that the team exists to perform is lost amidst the thrill of connection. This, he hastens to add, has never been his experience when working with treasury teams. Most frequently teams fail because they do not have a clear enough sense of the common purpose that defines their very existence.

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Sub-Saharan Africa: regional insight

With increasing levels of investment in Sub-Sharan Africa, many treasurers here in Asia Pacific are now having to deal with the nuances and local market realities that are present in this part of world. Here, we take a detailed look at these are and what constitutes best practice in Sub-Saharan Africa.

The rapid growth of countries in Sub-Saharan Africa (SSA) has been one of the global economy's success stories over recent years. Two-thirds of the region's countries boast more than ten years of sustained growth, whilst a quarter have enjoyed more than 20 years of continual GDP growth – and this looks set to continue.

Real growth in SSA countries was forecast by the IMF to be above 4% in 2015, a faster pace than all other developing regions – except China. That pace of growth is below the 4.4% annual average growth rate of the past two decades, though. But, unlike previous resource-dependent booms, growth is now more diversified. The rapidly expanding middle class and its increased spending, for instance, have made SSA appealing to consumer goods firms. Between 2005 and 2015, consumer spending grew at nearly three times the rate of average SSA GDP growth.

Also, over the past decade or so, SSA has experienced a marked shift in trade flows from traditional partners (predominately in Europe, North America and the Middle East) to faster growing Asian countries. China is now Africa's largest trade partner, representing about a quarter of SSA's trade from just 2.3% in the 1980s.

Market realities

That said, it has been argued that macroeconomic indicators are insufficient at capturing the reality in each market – especially when it comes to industry-specific data. Perception and reality often diverge when it comes to Africa. In a Harvard Business Review article, for instance, it was suggested that whilst Angola's market size and spending potential look good on paper, operating there may be very challenging without prior experience.

Akin to the region's physical landscape, the markets of SSA vary greatly from country to country. Corporates could be unaware of which of the countries retain the

greatest prospects for their business and whilst they offer great potential, failure to understand the nuances will cause problems for corporates.

Therefore, according to Patrick Gutmann, Group Head, Transaction Services Group for Ecobank, "having access to local knowledge is an important aspect of creating efficiency in the treasury environment." He adds that in as far as regulation and business practices in SSA are concerned, not everything can be found online. By appreciating eyes, ears and relationships on the ground are necessary to circumnavigate the challenges and opportunities, corporates can hope to combine available data with knowledge of the operating environment in each market.

Hit the ground running

Firstly, it is worth noting that action is underway already. The value of merger and acquisitions (M&As) targeting SSA companies reached a record $41.4bn in 2015, the lion share of which (86%) went into South Africa. Nigeria, Kenya and Angola also attracted billions of dollars of M&A investments into energy and power sectors. Indeed, countries are attracting investor attention as the continent's natural resource sector further develops. Additionally, the Global Competitiveness Index (GCI) identified numerous SSA countries – including Mauritius, South Africa, Rwanda, Botswana, Namibia, Kenya and Seychelles – as having scores comparable to the averages set by other emerging regions. Increased infrastructure spending has been supporting the countries in lowering operating costs – highly encouraging for commodity exporters, for instance.

It would be wrong to ignore the challenges, however. Barriers to economic development include:

- The lack of job creation in line with development.
- Poor infrastructure, especially electricity and transport.
- Limited supply of skilled labour.
- Socio-political challenges.

Headwinds also come in the form of plummeting commodity prices and volatility globally. What's more, the increased participation of low-cost emerging and developing countries in global trade, combined with the fall in commodity prices, has accentuated the need to prioritise competitiveness-enhancing reforms.

Concerns in specific countries include the South African Central Bank's defence of the rand, which is reducing the availability of hard currency in the country, subduing growth potential. In fact, local African currencies across the continent have been fluctuating against the dollar recently, causing many a corporate headache (chart 1). "Treasury departments need to have the skills to deal with currency volatility," says Artemis Galatis, General Manager, ACTSA (Association of Corporate Treasurers of Southern Africa). "The peaks and troughs can be far greater in emerging currencies than in sterling or USD."

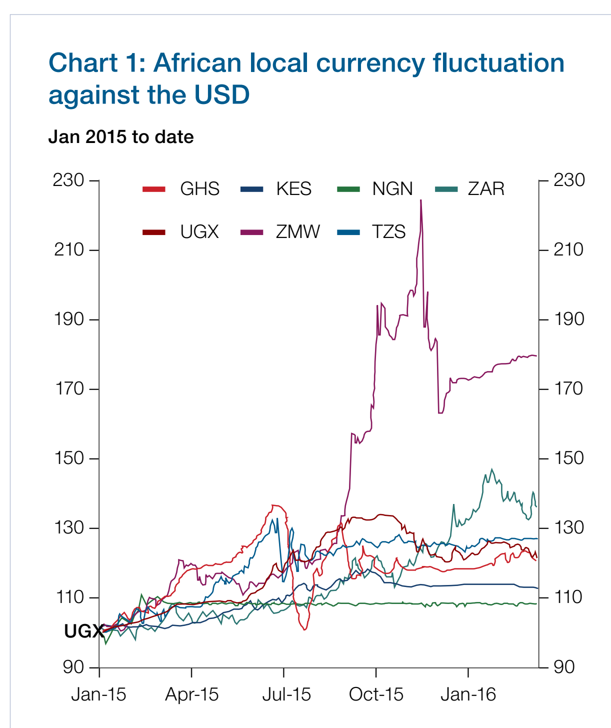
As a result of some of these challenges, author of the aptly named 'Africa: rich but poor', Joseph Amamoo, laments the fact that Africa has an abundance of resources which remain unexploited. "You get situations in villages where there may be diamonds in the ground but the people, with limited education, do not know they're there. Even if they did, they don't know how to mine them, nor do they have the machinery to do so," he says. "You need foreign investors to help in a joint effort to exploit these resources for the benefit of both sides." Amamoo clarifies, however, that corporates cannot expect conditions to be the same as in developed countries. Power outages and untreated water, for instance, are common across SSA.

Nonetheless, there are strengths – a burgeoning and young labour force which is expected to increase dramatically just as the rest of the world starts ageing, for instance. Additionally, as Amamoo highlighted, there are untapped resources.
For example, the agricultural sector represents an opportunity for growth: the region holds more than 60% of arable land globally yet only 15% is under cultivation. In a recent Citi Online Academy webinar, titled 'Getting a Grip on Africa', Peter Crawley, Managing Director, Treasury & Trade Solutions Head, Sub-Saharan Africa at Citi estimated that in terms of global resources, SSA holds around 18% of gold, 42% of diamonds, 65% of cobalt reserves, 95% of platinum, 8% of natural gas and vast amounts of oil.

Leapfrogging old technologies

In terms of adapting to local variances, treasury expertise has developed in accordance with different needs, which are perhaps uniquely prominent in the region; for example, when dealing with buyers and distributors that operate largely in cash. "The prevalence of physical cash is a challenge that corporates who embark on a journey on the continent will have to handle effectively," says Gutmann.

Mobile has emerged as a solution to this challenge. It is well known that Africa leads the way when it comes to mobile money accounts – only 34% of adults in SSA had a bank account in 2014, but 12% have a mobile money account, according to the World Bank's Financial Inclusion Database. "Because mobile banking has taken hold in many countries, there is a natural infrastructure from which to create less of a cash-based payment environment – and to eliminate the



Source: Standard Chartered Research

inefficiencies associated with handling cash," says Gutmann. "Corporates can now leverage mobile infrastructure both in terms of making payments out into areas that otherwise might not be reached and accepting funds through a mobile wallet."

Indeed, the arrival of electronic payments and mobile technology has been transformational in Africa, allowing the treasurer to 'circumvent' Africa's poor infrastructure without being hamstrung by legacy technologies. For a continent that has long been dependent on physical cash flows, increasing digitisation has led to large gains in cash traceability, immediacy of notification and information visibility. Citi, for instance, has seen a 29% increase in host-to-host connectivity since 2012, with 20% of those clients using XML file format. This is supported by increased sophistication in the back end clearing of central banks. Nigeria, where advances in payments infrastructure has resulted in widespread uptake of NIBSS Instant Payments, was highlighted as an example in the webinar by Geoffrey Gursel, Director, Treasury & Trade Solutions Sales Head, Sub-Saharan Africa at Citi.

What is less known perhaps is that Africa could leapfrog into a new era of power generation, responding to climate change related hazards prominent in the region, resolving some internal issues (such as power outages) and providing a competitive edge. The Africa Progress Report 2015 presents the case that "utility reform, new technologies and new business models could be as transformative in energy as the mobile phone has been in telecommunications", as demand for modern energy is set to surge. In particular, renewable energy – including solar, geothermal and wind power – is making some remarkable advances in Africa, the report notes.

Banking landscape

However, sustainable power will not be the panacea to Africa's struggles. The banking sector plays a huge part in ensuring corporates can indeed operate in, invest in and finance such projects. Whilst acknowledging that the maturity of the banking sector across SSA can differ significantly, Gutmann says: "It is fair to say that across the continent, all of the countries are seeing significant development creating efficiencies within their banking landscape."

Whilst in the past the reliance on local banks led to corporates having a large number of banking partners, the increasing adoption of SWIFT and host-to-host has resulted in a desire to have fewer banks, minimising the cost and administrative burden. For Philip Panaino, Regional Head, Transactional Banking, Africa and Middle East, Standard Chartered, technology has afforded treasurers regional advances in support. "If you are operating in SSA with global banks, you will have access to similar capabilities, platforms and technology found internationally," he says.

What's more, sophisticated technology won't always be the reserve of the international banks. "The traditional challenge that local or regional banks in SSA do not have the same level of technological capabilities as multinationals in Europe or the US are used to is closing," says Gutmann.

Ecobank invested considerably in infrastructure to support the use of less manual processes in its cash management system, Omni, explains Sonya Crites, Head of Cash Management Products at D+H, the solutions provider which worked with the bank. The single uniform online banking platform allows a treasurer visibility and transparency into all of their accounts across Ecobank's entire footprint. They can also integrate other non-Ecobank accounts into that offering. "To give clients access to the entire Africa footprint through a single portal is quite powerful," says Gutmann.

But whilst technology is allowing regional strategies to become a reality, local knowledge is a necessity for business operations. The questions treasurers must answer, such as whether to use SWIFT, mobile, TMSs, online banking platforms and so on, are eased by knowledge of each market and the risks to mitigate – particularly when it comes to regulation. Challenges include the widespread illegality of cross-border notional pooling to on-the-ground difficulties such as obtaining work permits for employees of certain nationalities. Exchange controls are particularly problematic as most countries don't allow the free movement of funds cross-border. The underlying exchange control regulation in most SSA countries is that goods and services have to accompany foreign exchange, but this is at odds with notional pooling, the method treasurers would typical turn to in order to manage liquidity, concentrating funds for optimal interest returns.

In South Africa, stringent exchange control regulations shielded the economy somewhat from the credit crunch in 2008. "As a result, corporates in the country are less sceptical of banks. It is a trusting environment," says Galatis. On the whole, she says, whilst on the face of it corporates may feel regulation is restrictive, SSA regulators are "listening to their needs and trying to accommodate wherever they can".

Panaino concurs: "If clients experience challenges or queries around industry frameworks and regulation, we proactively engage regulators on the clients' behalf. In 90% of the cases, we have achieved a flexible and sensible evolution on various complex issues, demonstrating the merits of facilitating two-way flow of communication between the public and private sectors."

The silver lining

Treasurers of large multinationals in SSA are those weathering the current storm the best, despite the region's varying rules, according to Citi's webinar; Gina Schoeman, South African Economist, Citi spoke of listed companies in South Africa enjoying economies of scale, allowing them to perform better than SMEs. The metrics can reflect a slightly cloudier view, though. But whilst Citi predicts stagnated growth of 0.3% for 2016, the outlook over the longer-term moves "in the right direction", says Schoeman, reaching 1.8% by 2018.
This highlights that the African growth story is a long-term game. Potential remains attractive, but making it to that prosperous point depends upon a corporate's ability to adapt to the current environment.

According to Frontier Strategy Group's Sub-Saharan Africa Resilience to External Shocks Index, adaptation could be the key to success. Indicative of this, Google won a Treasury Today Adam Smith Award in the 'Harnessing the Power of Technology' category by implementing a scalable mobile payment solution, despite Africa's diverse peculiarities and infrastructural inadequacies.

In fact, Panaino says that nuances "are what make Africa vibrant and exciting", and it is this which has driven corporates to establish the region's own set of treasury best practices, and support "the progression of the sector as a whole, encouraging the uplift of skills and expertise".

Pioneering treasury in China

Cefi Chen
Regional Treasury Director, China and Russia

Cefi Chen has been at the forefront of the treasury profession in China for nearly 15 years and during this time she has witnessed some major changes. In this article, Chen discusses the growth of the treasury profession in China. She also explains why the current challenging macroeconomic conditions are providing opportunities for treasury to develop further.

Headquartered in Columbus, Indiana, USA, Cummins employs 55,000 people worldwide. The company serves customers in 190 countries and territories through a network of 600 company-owned and independent distributor locations and 7,200 dealer locations.

For years China has been the world's economic success story, as it has transformed from a centrally planned closed economy to the manufacturing and exporting hub it is today. But in recent years the tide has turned somewhat for the world's second largest economy.

The double-digit growth is no more – China's economic growth in 2015 was the lowest in 25 years. The country is also in the midst of a structural shift as policymakers look to pivot away from manufacturing and exports, focusing instead on services and domestic consumption. Dubbed "the new normal", the aim of this shift is to foster stronger, better-quality growth that is more widely distributed amongst the population.

It is a painful transition though, and headlines detailing the risk of a hard landing, toxic debt, real-estate bubbles and zombie companies are commonplace. And the world is watching, as

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any moves by Chinese policymakers send ripples through financial markets around the world. Black Monday, in August 2015 – when the Chinese stock market collapsed and billions of pounds were lost on international stock markets as a result – is just one example of this.

Taking on the challenge

For many businesses on the ground, it is a challenging time. Instability is the order of the day; new risks are emerging and old risks are intensifying as businesses adapt to the new normal. But with challenge comes opportunity, and now may be the time for the corporate treasury department to step up and help guide organisations through these uncertain times.

This is certainly the view of Cefi Chen, Regional Treasury Director, China and Russia at Cummins. According to Chen, the present situation is reminiscent of the 1997 Asian Financial Crisis, which was when the treasury profession first emerged in China.

"Back then there was a need for treasury skills that many companies didn't have," says Chen. "Today I see organisations looking at the corporate treasury departments that they have built over the past two decades, wanting them to take a leading role in supporting the business navigate through the difficult conditions that currently exist."

Spotting opportunities

Chen is well placed to provide commentary on the growth of corporate treasury in China, having worked in the profession for 14 years. Indeed, Chen was probably one of China's first specialised treasury professionals.

Prior to this, Chen worked for the China Merchants Bank at a time when the Chinese banking industry was going through a period of development. She says that this was an exciting time both personally and professionally, noting that she was afforded the opportunity to move through the company and get a taste of all areas of finance. "I was able to pick up a variety of skills along the way and became a well-rounded financial professional as a result of this rotation," she adds.

It was from Chen's position in the bank that she witnessed the impact of the Asian Financial Crisis, especially on importers and exporters in China. "By working with these companies, I began to realise that few had the expertise in-house to manage cash and risk," she says. "Some organisations were therefore badly impacted by the currency fluctuations at that time."

Among these challenges, Chen spotted an opportunity. "After seeing these events unfold I considered moving away from banking and into the corporate space," she notes. "I believed I had a wealth of knowledge that could add value to an international company operating in China." And in 2002, Chen made the move into the corporate treasury profession, leading the country treasury team for IFF China before moving to ABB and eventually Cummins in 2010.

"When I assumed my first treasury role, the profession was only just beginning to emerge in China," comments Chen. "It was primarily seen as a back office support function looking after cash management, financing and monitoring regulation – few within the company knew what we were doing."

Since these formative years, Chen has seen major changes. For one thing, rapid international growth has led many companies in China to become more complex. Consequently, the treasury profession has become more prominent within these organisations as the need for prudent risk management and financial control has increased.

The rigorous regulatory regime in China has also played a role in building up the profession. "There is a lot of regulation that companies have to adhere to in China, especially when doing cross-border business," explains Chen. "Treasury has become specialised in monitoring these and making sure that the business is compliant."

A proactive role

Treasury is now a well-respected function in China, but Chen is not content for the development of the profession to stop here.

Within her own company, she has strived to ensure that treasury is doing all it can to support its growth. By looking after cash management, bank facilities, loan arrangements, risk management, credit management, taking an active role in capital investment projects and monitoring the regulatory environment, Chen's role is already multi-faceted. In recent years she has also looked to pull the department closer to all corners of the business and to partner on projects which facilitate further sales and revenue.

"My treasury team does not sit here and wait for the business to tell them of their requirements," she says. "We are proactive, going out into the business to find out what is happening and what the challenges are. From here we can offer services and solutions that help solve these issues." For Chen, it is by operating in this way that treasury can show its full value.

Chen cites her team's recent supplier finance project as a good example of this. After conducting industry benchmarking, her team realised that some of the company's suppliers were already onboarded onto supplier finance programmes offered by their other customers. Chen went to the business and suggested that Cummins should look to offer a similar service.

"It makes sense to pay our suppliers early and receive a discount if we have surplus cash," she says. "Our suppliers will also benefit because it will enable them to improve their working capital metrics and have access to cash sooner, allowing them to build better products and sooner. This ultimately benefits Cummins."

Testing times

As well as helping the organisation do more business, the Cummins China treasury team has also played a pivotal role in shielding the organisation from the risks that are present in the country.

The slowdown in the economy and the broader structural shift is challenging companies in China – especially manufacturing companies like Cummins. Chen says that credit conditions for Cummins' downstream customers and upstream suppliers is a major concern.

The latest report by French credit insurer Coface outlines the challenge that treasurers such as Chen are facing, noting that 80% of Chinese businesses were impacted by overdue payments in 2015. According to the report, 58% also reported an increase in the amount of overdue payments over those received in 2014.

For Chen, the difficult conditions that many companies are experiencing are highlighted by the increasing use of the Bank Acceptance Draft (BAD) as a payment instrument. A BAD, which is similar to a guaranteed cheque, is a guarantee from a bank that payment of a debt will be paid on a future date that can be up to six months if issued on paper or a year if issued electronically. Originally intended to facilitate trade, BADs are now widely used by companies as a secondary currency that helps them meet payment obligations.

"Receiving these from our customers negatively impacts our days sales outstanding and overall working capital cycle," says Chen. "There is also a cost to managing these documents." What is more, the credit risk is intensified when the company receives BADs that are issued from obscure financial institutions – something that Chen says has become far more common in recent months. "We have little visibility over these institutions and if they will not pay, holding these is a big risk," she notes.

To mitigate the risk posed by these BADs, it has been necessary to pass some BADs on to the company's suppliers as a means of payment – something that Chen admits the company is not keen to do. "Compared to the market average we pass on a limited amount of BADs to our suppliers," she says. "Although it would be a relief to pass on all BADs, this would ultimately impact the business negatively in the long run and our aim is to treat our counterparties well."

To develop a longer-term solution, Chen has worked with the management team in China and colleagues in the US to establish a company-wide credit policy. This policy outlines exposure limits and the instruments the company is willing to receive as payment, and from whom. To ensure that this revised policy is effective, Chen has also made sure that all the business units understand their role in enforcing the new policy when dealing with counterparties. "Risk is not something that treasury and finance can manage in isolation," she notes. "The business units are the first line of defence; everybody has a role to play."

Future risks

Chen doesn't expect credit conditions in China to improve any time soon. In fact, she expects the use of BADs to increase. "The regulators have removed the need for electronic BADs to be supported by a contract invoice used to show that the instrument was supporting a genuine trade transaction," she explains. "I fear that this will see the usage of the instrument increase and potentially create more opportunities for fraudulent activity."

Elsewhere, FX is a growing area of focus for Chen and her team. "The RMB now fluctuates two ways – this is the new normal," says Chen. "To manage this effectively, we need to have more access to hedging tools onshore. These are limited at present, and I hope that this is something that the regulators will recognise and allow soon."

The final area on Chen's radar is cyber-risk. As with most companies, an increasing amount of Cummins' business takes place through digital channels and whilst this brings many benefits, Chen is fully aware of the risks. "There are lots of scare stories in the news and it is a big concern given the complexity of the risk," she says. "All businesses must remain cautious of the dangers and we are working to proactively manage these."

Win-win relationships

Cummins' banking partners are providing support in this area by helping the company understand cyber risk and build effective mitigation strategies. Banks can also provide valuable input when it comes to understanding and complying with changing regulations. "The regulators publish new rules from time to time to normalise or standardise the operations of all participants in the banking industry, so banking partners play a strong role to explain these new rules to us, helping us understand the reason for these rules and to ensure we are compliant," says Chen. "Due to the regulatory complexity in China, corporates and banks have an intimate relationship that is perhaps not as necessary in other countries."

More broadly, Chen has found that local and international banks have different strengths. As such, the company works with both types of bank. "Local banks are better placed to assist with in-country business," she says. "The international banks, on the other hand, can provide a global perspective and advise on international best practice and standards."

To ensure that Cummins continues to receive a good service, Chen makes sure she is open and honest with the company's banks. "We want to operate on a win-win basis," she explains. "And we will remain loyal to them if they continue to provide the right products and services." Chen also says that she likes to push her banking partners to think "outside of the box." She likes to challenge them to build innovative products that can help treasurers across the country support their businesses better and show the value of the function.

Giving back

This desire to continue developing the treasury profession in China is key to Chen's future plans. After being at the forefront of development for the past decade and a half, she feels a strong connection to the future of the profession. "I have enjoyed every moment working as a corporate treasurer," she notes. "It is a very rewarding career and I hope to show that to the next generation of treasury professionals."

To do this, Chen is planning to spend more time training up staff within Cummins and the wider treasury community. She also plans to continue to educate other people within the business about the treasury department. "It is important that all business units know what the treasury function does and how we can work with them to help achieve their objectives," she concludes.

Choosing money market funds in Asia Pacific

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The money market fund industry in Asia is relatively young, but the market is developing rapidly. What advantages do money market funds offer over bank accounts, and what should treasurers take into account when choosing a fund?

Why should corporate treasurers in Asia Pacific consider using money market funds?

KLC: Typically corporate treasurers are attracted to money market funds because of the safety and liquidity they offer. Unlike bank deposits, where depositors are exposed to counterparty risk with a single counterparty, money market funds are usually invested in a diverse pool of high-rated assets. Money market funds can also offer convenient same day or next day liquidity.

AS: In the past, corporate treasurers did not have many options when it came to cash management in Asia as they were very dependent on working with local banks. Global treasurers new to the region typically chose to work with the largest banks in each country because the financial systems in Asian markets were not very sophisticated.

That is now changing, particularly where money market funds are concerned. Asia's money market fund industry is relatively young – less than ten years old, compared to 40 or 50 years in the US – so relative speaking, these types of funds are not as well-known in Asia. However, the range of products and instruments available has grown and developed, while the level of market flexibility has increased; this makes money market funds a very valuable tool for corporate investors in the region. Multinational corporations (MNCs) have the comfort of a product that they are familiar with, while local corporates can move more in line with global standards.

What advantages do money market funds offer over bank deposits?

KLC: One corporate treasurer recently shared with me that he had previously only used bank deposits. This was very cumbersome as it involved calling multiple banks to check on rates, as well as taking into account counterparty exposure limits with each bank when placing deposits. When he started using money market funds to park cash, the treasurer found that he only needed to manage individual counterparty limits – which resulted in more time dedicated to investment decision making.

Money market funds also offer a yield based on very transparent market rates, with dividend yields accruing daily. It is also important to manage the tenor for bank deposits as there may be a risk of being penalised for early termination.

AS: Chasing deposits can be time consuming with considerable resources required to help analyse counterparties and determine the exposure to certain institutions. However, regional treasury departments tend to be quite small for both MNCs and local corporates. By using money market funds – especially big providers with a dedicated credit research team on hand to do this work – you can take a lot of weight off the treasury department.

KLC: As money market funds become more prevalent in Asia, we are also seeing greater automation and straight through processing. For example, our J.P. Morgan Global Cash Portal online trading platform allows users based in different locations around the world to conveniently transact and manage their liquidity investments across multiple currencies. Auto-transfer services can also be used to automate investments and redemptions based on a client's pre-set limits, which can be beneficial for short-staffed treasury departments.

How well are money market funds understood in Asia? Are there any myths that need to be dispelled?

KLC: Money market funds are still a developing product in Asia and a number of local corporates are not so familiar with the concept. Some might be used to retail type money market funds, while some banks use their own internal bank products as money market funds, which is not in line with global practices.

AS: In the US and Europe, funds are very similar to each other – but across Asia, each market is individual, with its own regulator and its own set of rules. The characteristics and risks of money market funds can vary substantially. Corporate treasurers need to make sure they understand the differences between money market funds and how they operate in each market.

That said, the market is developing rapidly and China in particular has seen spectacular growth in the last few years. Our range of funds is growing across the region as demand from both local corporates and MNCs increases.

How much variation is there across the region in terms of the funds available or how MMFs are used?

AS: Standards are quite wide locally, but we are seeing a gradual move towards international best practices. For example, Australia previously had its own set of AAA guidelines, but is now moving to adopt international guidelines. In China, the China Securities Regulatory Commission (CSRC) has recently tightened guidelines to increase liquidity and improve security at the expense of yield, which has moved Chinese regulations closer to international best practice than they were previously. We expect this trend to continue over time.

What should investors be looking out for when selecting a fund in Asia and what questions should they be asking?

AS: Unfortunately, publicly available information relating to money market funds may be quite restricted. Companies should not necessarily opt for the largest fund with the best yield, but consider a fund which has a good track record, has been in the market a long time, in addition to having the required resources in place to provide thorough portfolio management and quality credit research.

KLC: Where investor priorities are concerned, our 2015 Global Liquidity Investment PeerView℠ report found that performance and risk adjusted returns were the top reasons for choosing an asset manager in Asia Pacific, cited by 61% of respondents in the region[1]. This contrasts with the Americas, where the top consideration was deemed to be firm relationships.

How are macroeconomic trends and regulatory developments impacting money market funds in Asia?

AS: Local regulators – and indeed local corporates – are looking on with interest at the regulatory changes in the US and Europe, where the industry is moving to a variable net asset value (NAV) model. We haven't had similar developments in Asia just yet, so funds across the region continue to offer stable NAV. Regulators here can take their time and see how things develop in the US and Europe before looking at similar changes here.

The future direction of regulation is likely to focus on further tightening fund guidelines and giving investors better protection. Low interest rates are obviously affecting the region – yields were higher in the past and the low rate environment is affecting everyone. This means that treasurers are searching out every basis point of yield and squeezing every dollar to make the best returns they can. That said, while maximising yield is important, investors should still prioritise liquidity and security when considering investment options.

KLC: Quite a number of local corporates are in the process of becoming multinational corporations, so they are starting to have exposures in different regions as well. By dealing with a global asset manager, they can understand what's happening in different regions and how these trends impact their business in Asia and beyond.

What other advantages can a global MMF provider such as J.P. Morgan Asset Management offer treasurers?

KLC: We have a comprehensive footprint across different regions, countries and currencies. We are able to support local corporates from China or other countries in Asia as they step out into different regions, as well as MNCs coming into Asia. As one of the largest cash investment solutions providers in the world, we have a very strong commitment to this business. One of the key things is to have liquidity experts on the ground who can give investors the right level of guidance and support, as well as sharing information about the latest developments in both local and global markets.

AS: I see two benefits. The first is expertise: given that we are a global provider, we have a global credit team and global financial team behind us. We are not just buying local issuers as we believe that treasurers should aim to have their funds widely diversified, rather than concentrated in a specific country or region.

Secondly, our breadth and depth of experience in the US and Europe gives us a strong foundation to cope with any changes in the markets in Asia. We are already experienced in dealing with extremely low yields in Europe and we have experience in dealing with money market funds moving to a variable NAV in the US – both of which places us in a good position to cope with regional changes in the future.

How do you see money market funds developing in Asia over the coming years?

KLC: We've experienced strong growth in the past few years and see tremendous opportunities for growth in Asia as markets continue to open up. Our global research shows that Asia is still some way behind other regions in terms of adoption, so there are huge opportunities going forward.

AS: The industry is continuing to develop across the region, with more issuers in Asia now issuing at the short end of the market. We are seeing more brokers dealing with issuers as well. So the overall market is growing and developing along with us.

[1]*Source: J.P. Morgan Global Liquidity 2015 Investment PeerView℠; as of 21 October 2015.*

A risky business

Corporates operating in today's uncertain markets know they cannot afford to be encumbered by dated, ineffectual risk technologies. Those treasurers looking for new tools to help them manage risk are often confronted with a confusing array of options. But as industry experts interviewed in this article maintain, when it comes to navigating the treasury technology landscape, it helps if you have a clear idea of your risk management needs beforehand.

Plunging commodity prices, relentless currency volatility and several abrupt policy changes by major central banks besides; after a year of such surprises, it is perhaps little wonder that so many treasurers have been increasing their focus on risk management technologies.

In Deloitte's 2015 Global Corporate Treasury Survey, 50% of treasurers noted that their biggest challenge is to manage foreign exchange volatility, with 40% citing insufficient technology infrastructure as one of the key problems hampering them in this regard.

To manage risk, treasurers need reliable, complete and consistent data, available on a timely basis and, technology, they know, remains the key to delivering this. But finding the right solution is not easy: and not because of a lack of choice. Technology giants or nimble local specialists; installed software or cloud hosting – today's technology landscape offers treasurers more options than ever before. With a little bit of foresight though, evaluating the various vendors and finding the right tools for the job need not be a costly and time-consuming ordeal.

Time for an upgrade

A number of factors might lead treasurers to the market to look for new solutions. Top of the list today, perhaps, are new market realities. The recent commodity price slump is but one example. Such was the speed of that decline in prices over the course of 2014, especially in the energy commodity markets where oil market benchmarks halved in less than six months, it triggered some corporates to review risk management arrangements at an organisational level.

A treasurer of a company that is producing finished goods derived from material inputs (like oil or oil derivatives), obviously has an exposure which may or may not – depending on a number of factors – require hedging. In most organisations that decision would, traditionally, have been made by procurement without treasuries involvement. But according to the representatives of two leading risk management solutions providers, a growing number of companies are now beginning to reconsider this arrangement.

"Procurement would be managing the physical contract buying along with the logistics of getting commodities from A to B, but when it came to risk management and hedging, this becomes a bit more challenging without a robust system designed to handle that," Mark O'Toole, Vice President Commodities & Treasury Solutions at OpenLink explains. "This was being done on spreadsheets, for the most part, and it didn't have full transparency and a global view into the position and the real risk around it. But what we've seen over the past year and a half, is CFOs now looking to break down the barriers between procurement and treasury. As zero based budgeting becomes more prominent, this is a chance for companies to system rationalise on a single platform while getting this visibility."

O'Toole is not the only person in the treasury technology business identifying this as a growing trend. "Commodities was typically managed in procurement outside of treasury, but now a lot of global organisations have started incorporating commodity risk into treasury organisations," says Sanjay Thoppil, Solution Consultant at Reval. "What that means for treasurers is that they have got to come up to speed very quickly."

Regulatory changes may have also given a few treasurers cause to reassess their treasury technology needs in recent years. Take, for instance, post-crisis changes to the OTC derivatives business such as Dodd-Frank and the European Market Infrastructure Regulation (EMIR). Although it is two years on now since trade reporting under the latter begun, the new demands placed on treasurers by the regulation still appears to be a compelling reason for many treasurers to look at new solutions.

"EMIR and Dodd-Frank have been around for a couple of years, but reporting has really come into focus for a lot of corporates these past few months," says Thoppil. "We are starting to see a lot more requests around for EMIR requirements, more clients asking us to provide output for reporting."

Other compliance issues, notably the imminent Markets in Financial Instruments Directive (MiFID) II, have also been a boon for multi-dealer platforms as responsibility for execution is increasingly pushed away from the bank to the corporate customer who are then looking for electronic platforms with TCA tools that can help them manage risk. "That's one of the biggest changes in the industry we are seeing," concurs Neill Penney, Head of Foreign Exchange Workflow at Thomson Reuters, the business information and technology specialists that provide a suite of solutions for corporate treasurers. "Regulators are saying to the customer that it is their responsibility to make sure they get the right price and to ensure they are executing at the right time of day."

Lastly, there is the evolution of treasury technology itself to consider. The typical ERP/TMS or FX portal has a very long cycle; implementing a new solution every year, even if affordable, would be neither practical nor feasible in many organisations. Even accounting for upgrades then, it is likely that solutions introduced ten or perhaps even five years ago are going to look very antiquated alongside some of the more recent advents in the treasury technology space.

"Five years ago the industry was beginning to get there with comprehensive treasury solutions and now I think the problems are well-understood with good solutions out there," says Penney. "Now treasurers are walking into a very mature market that understands corporate treasury and can meet their evolving needs." Penney cites the recent introduction of innovations such as algorithmic trading and order slicing into the corporate FX market as examples of how vendors are developing their offerings to meet their clients differing execution strategies. "Large order slicing is something stemming from the customer saying they that are going to take more responsibility for how the order is broken up and how quickly or slowly they push it into the market. If you are on the market for a new FX solution now and you want to future proof it then that is the sort of question you should be asking yourself: what happens if my policy needs algos or order slicing?"

Before you buy

What other tips do treasury solutions vendors have to share with potential customers as they navigate the technology landscape? There is a long list of things the corporate customer should keep in mind, they say, when purchasing new technology – ranging from functionalities included and the degree of centralisation on offer, to know knowing what ones priorities are, in particular, where the biggest risks are in the business that need to be managed.

First of all, treasurers need risk management technologies that are comprehensive with respect to the scope of functionalities on offer. Wolfgang Koester, CEO at FX exposure management solutions provider FiREapps says: "The biggest mistake I see at the moment is people looking for programmes and not platforms. A programme is something that allows you to do one particular thing but nothing else – and nothing else in today's environment can end up being very costly, because one needs to have an environment where at a moment's notice one can look at risk from a different perspective and/or a different type of risk not previously pre-defined."

One should be careful, Koester adds, not to lose sight of the original objective – managing risk – because of the cost-savings a particular solution offers. "Unfortunately, this is something some people still do," he says. "But when considering technology, the first thing the treasurer should be thinking about is where the biggest risks reside – not what a solution can do to make their lives easier."

This sentiment is echoed by Thomson Reuters' Penney, who explains that, as with any purchasing decision, it helps if the customer is clear on their priorities from the offset. "I would encourage treasurers to think end-to-end, and look at their company's risk management needs holistically. Start with the whole picture and then write a list of the things you want to fix with respect to your current workflow," he says.

The danger in heading to the market without one's priorities clearly articulated is this could mean ending wasting a lot of time and money on solutions that fail to address the fundamental problem. "It is a band-aid approach, versus

Easing the process

When issuing an RFP, there are a number of factors that sometimes get overlooked, but which can help make the process easier both for the issuer and the service providers.

- It is important to create a realistic time-frame for responses and for the selection process. One or two weeks are simply not enough time for providers to gather information and make a submission. Allowing respondents a month or six weeks to prepare it enables them to tailor their proposal to the unique aspects of the project.
- In addition, any changes made to the RFP for one service provider – for example an extension or question changes – should be made for all respondents.
- When drafting an RFP it is a good idea to separate it into logical sections. This will help respondents to organise their responses as well as helping the issuer to avoid irrelevant and duplicate questions.
- Be consistent throughout the document in wording and in expectations. Try to keep formatting constant as well. This will make it easier for providers to respond and result in better quality responses.
- Many companies get frustrated when they receive a 300-page response from service providers. It can be helpful to put a limit on the length of responses – either on the entire RFP or by section. In addition, using short, precise questions can help respondents to be more succinct in their responses.
- It is better not to bid for too many services at once, as the decision-making process can grow to be excessively complex.
- It is important to work closely with other functional areas affected by the service or solution – such as accounting, IT and purchasing.
- Visiting final candidates provides the opportunity to meet the technical staff, sort out any existing concerns, and complete due diligence.

trying to fix the problem holistically," Reval's Thoppil asserts. "Do you want to just patch something up, or do you want to really revisit your risk management practices?"

Depending on how the company is organised, a truly comprehensive solution might mean considering solutions that help the treasurer manage risks across the business. "A big trend we are seeing at the moment is the breakdown of commodities and FX into treasury and the introduction of systems that allow corporates proactively manage that," says O'Toole. It is all about centralisation: both technologically and departmentally. "Certain things – cash management, or in-country banking – might remain regional for some firms, but it should all roll into one centralised view, of cash, of commodities and of financial hedges."

Finally, it is no good finding a solution that ticks all the boxes if the money to purchase it is not forthcoming. "You need CEO, CFO buy-in," says Reval's Thoppil. "Without it, treasurers are often just fishing and hoping they can get budget for a product on which management may not mandate." But given the way treasury is traditionally perceived as a cost-centre, securing those necessary approvals is often easier said than done. To help, Reval – like most leading vendors – offer an array of documentation and analytical examples explaining clearly what the particular solution in question does and how it will benefit the company. These can be used to help treasurers frame the conversation when they begin to explain to senior executives why it is the company needs a new solution.

Listen to your peers

Having taken the decision to purchase a new treasury solution, established what ones priorities as a customer and secured the necessary buy-in at the C-level, how should the treasurer go about navigating the multitude of different vendors and solutions?

The consensus amongst industry experts is that the best way for treasurers to evaluate the claims of the various technology vendors is to listen to the experiences of their industry peers. There are a variety of ways for them to do this: read objective research in industry magazines like Treasury Today Asia, source vendor case studies and attend user-conferences and other industry events, to name but a few.

"I would advise treasurers to try and socialise their purchasing decisions," says Thoppil. This process is not too dissimilar, he points out, to what many of us already do as consumers. "Any time I make a purchase of a large item I am usually talking to friends and family," he adds, "and I know that some people use social media in similar way."

FiREapps' Koester concurs on this point, but adds that when it comes to the client references supplied by vendors treasurers should be cautious not to give too much credence to case studies that are not relevant to what their own treasury environment is and what treasury is attempting to achieve. What fits one firm's unique requirements may not, after all, be appropriate for another company in a different sector or with different legacy technologies. "References need to be applicable to them," he adds. "If a treasurer wants to address a certain issue with a solution and they have a SAP supplied ERP system, a reference from a corporate who uses Oracle is going to be next to useless to them."

This is a crucial point. There are no one-size-fits-all solutions when it comes to risk management. Treasurers who fail to keep this in mind when shopping for risk management technology may well find themselves lumbered with an unsuitable, piecemeal solution – and that is a risk no corporate treasurer should be willing to accept.

Many happy returns

Tax is tax, and treasury is treasury, and never the twain shall meet. With apologies to Rudyard Kipling, this phrase might well apply to the corporate view of two different functions that in the past may not have spent much time in each other's company. This is not how it should be.

The taxation of international corporates is big news in the popular press at the moment. Companies seeking to legitimately minimise their tax outlay use a number of methods made available to them by individual jurisdictions in isolation and in combination. The action taken in this respect does not always sit well with public – and indeed political – perception of what is right (as opposed to legal) but it is nonetheless the duty of the corporate body to be as tax-efficient as it can be, and, as such, the subject of taxation should now be a shared concern for most business functions.

There is no doubt that treasurers are – or should be – a key part of the equation when it comes to providing the most accurate and timely information to the tax department to facilitate the most efficient tax response. Finance function costs have decreased by around 40% over the last decade, according to PwC benchmarking research carried out earlier this year for its 'Tax function of the future' series. Although many manage to operate on slender cost-levels, the research results show that the pressure nonetheless continues for all concerned – including treasury – "to do more with less".

The concern that PwC raises in this respect is that whilst finance functions are transforming to keep ahead of the curve, most initiatives continue to take place without the involvement of the tax function. This, it argues, misses an opportunity.

A meaningful relationship

Streamlining and incorporating the tax function into financial transformations has many long-lasting benefits, it seems. PwC cites increased regulation, notably generated by the OECD's 15-point BEPS action plan (of which more later), and additional international tax reporting procedures as requiring "an increasingly symbiotic relationship between the tax and finance function".

Treasury should take precedence when deciding the most appropriate action for the company, argues David Golden, the Head of EY's International Tax Services Global Treasury practice. "Tax considerations, in my view, come in after treasury decides that there is a particular exposure that needs to be hedged or there is a new operation that requires

financing," he says. "But then in order to execute that business transaction most effectively, treasury should bring the anticipated business transaction to the tax department or the external tax advisor at the earliest opportunity so that they in turn can present treasury with the appropriate options."

This is today's ideal. A decade or so ago, Golden says treasury and tax simply didn't "play nicely" with each other. "The dynamic was that when the treasury function needs to do something, it usually needs or wants to do it rapidly. Tax on the other hand is usually much more deliberate." Whilst the fundamental difference in approach to planning had caused something of a "disconnect" between the two functions, which to an extent still exists, Golden happily reports that today this is more the exception than the rule. The relationship between the two roles "is getting better".

Catalysts for change include recognition by the CFO, and even the board, that both treasury and tax have a much higher profile today. This is largely due to the increasing complexity of the markets and regulatory regimes.
The reasons for the observable union of these functions are readily apparent, says Golden. Current FX volatility, for example, has resulted in financial statement consequences that have gained the attention of the boardroom, the concern cascading down the line to CFOs and henceforth to treasury and tax, amongst others.

The argument for co-operation is strong. Treasury transactions potentially have a significant impact on a group's overall tax liabilities, particularly in jurisdictions where debt financing is raised or there is inter-group financing flow. In addition, different jurisdictions often have very different tax rules. For example, interest payments may be subject to a withholding tax.
In addition, FX can be treated on a realised or unrealised basis.

For Lara Okukenu, Financing and Treasury Tax Director at Deloitte, the aim is not so much about minimising tax costs as it is to ensure as far as possible that treasury transactions are not causing any inefficiencies. "It has been well publicised that one of the ways some multinational groups have historically been able to manage their effective tax rate is through inter-group cross border financing," she notes. "But BEPS and other changes in the global tax environment are setting new boundaries to focus on commercial lending." She believes that the focus has now evolved into an overarching risk management approach, including navigating the "complex global web of tax legislation" that treasury transactions are now exposed to.

Teamwork thus really is the order of the day in this respect and Dino Nicolaides, Director in Corporate Treasury Services at Deloitte, notes a trend to bring tax and treasury into the same office (along with other functions such as pensions and insurance) to allow greater co-ordination and co-operation. Commonly in the US and increasingly in other regions, the Tax Director and the Treasurer are one and the same. By bringing both under the remit of a single role, the most effective level of communication and oversight is enabled at group level.

Getting connected

Where the functions remain discrete, an ad hoc association is unlikely to yield a sufficiently strong transfer of information in either direction; a closer formal tie will be more beneficial. In this instance, technology can be a performance aid, especially around the timely sharing of data. "Again, with increasing complexity in both functions, real-time information is becoming more important," notes Golden.

Where treasury-related data naturally tends to be in a TMS or ERP it will typically be uniform across an organisation, giving one type of information for all operations, regardless of location. "This is an issue because jurisdictional boundaries, while not usually so important for treasury activities are in fact critical for the tax function," explains Golden. Having the ability to capture data more granularly is very important for tax purposes.

In many cases, the tax department needs bespoke functionality to capture and manipulate data but most enterprise-wide systems – such as an ERP or TMS – require manual intervention in order to achieve this. As new systems are being purchased and as add-ons are being deployed, he states that the tax department "would appreciate that treasury consults with it to see, without too much additional cost and effort, whether or not tax-specific information can be made more readily available". With the business case for new technology often difficult to build but the desire for shared information clearly apparent (and the will for increased efficiencies more so), the sharing of internal budget allocations to acquire the right system may even be on the cards, suggests Golden.

Learning to survive

Areas of tax legislation that impact treasurers are many and include withholding tax, stamp duty, thin capitalisation and other limitations on interest expense deductibility, transfer pricing, and rules on Permanent Establishment and Controlled Foreign Companies, as well as the impact of double taxation treaties on local law rules. Each will have its own characterisation and thus will require its own data set. If the tax department has some advance notice of treasury's intention to, for example, hedge FX, it can advise on the most efficient techniques or instruments to use and what kind of designations or identifications to make. But Golden believes that it is incumbent upon the treasurer to at least have a general knowledge of these matters. If treasury does consult with the tax function "early and often" – which in today's complex dynamic environment he argues really ought to be the case – then a general grasp of principles can kick-start more detailed discussions with the tax function on regimes where advantageous or disadvantageous treatments are applied. This can prove to be a valuable conversation, especially where treasury is contemplating doing something new and different that could raise a tax issue.

The raised level of dialogue between functions may be complemented by deeper discussions at an advisory level with banking partners. A conversation should also take place with incumbent systems providers (and certainly with any prospective vendors) to ensure each has the capability to deliver timely and accurate reporting of relevant data, and to explore whether core systems need to be updated or replaced to deliver that required flexibility. For treasurers, being able to support the tax function (and other departments) in this way may add to the business case for a move to straight through processing (STP).

Current concerns

It is worth at this point considering in more detail a few areas that are currently attracting particular attention in terms of determining the right approach to taxation. A cash pooling and sweeping structure, for example, can be a means of optimising cross-border cash management, helping to fund

cash-negative operations through the cash-positive, to manage cyclical cash flows or assist in jurisdictions where high finance costs exist. Generally, cash pooling structures will result in third-party or intercompany lending, dependent on whether it is a notional or physical structure.

The tax consideration here focuses on inter-company lending and will, for example, look at whether the interest applied is going to be deductible or whether there will be withholding tax on payments of interest, explains Okukenu. "Given that cash pooling is becoming more prevalent in global treasury management, we have also seen that there has been an increase in scrutiny from tax authorities." This attention, she adds, is particularly acute as the emphasis shifts to transfer pricing (where two companies within the same group transact) and how pool participants are remunerated or charged. It is a common misconception that transfer pricing only applies to physical cash pools; it applies to notional cash pools too, she warns. "There have been recent case law developments for both physical and notional cash pools which have rejected bank deposit rate comparables, resulting in adverse interest rate adjustments for tax purposes to reflect an arms-length rate."

Another area where regular and continuous tax and treasury dialogue is important is around FX. Whilst the group may be hedged from an FX perspective at a consolidated accounts level, this does not necessarily mean it is always hedged from a tax perspective. The problem, Okukenu explains, is that in many countries, such as in the UK, companies are taxed on an entity-by-entity basis. Unless there are certain hedge accounting options or tax rules that apply, this can lead to cash tax volatility. "It is worthwhile for the treasurer and the tax department to discuss, for example, group hedging policy," she says. "This should include consideration of inter-group transactions which might otherwise be ignored at a group level but which are still relevant from a tax perspective."

BEPS is after your job

Perhaps the most interesting new tax development in current contemplation is the OECD's BEPS initiative. As countries implement some or all of the 15 recommendations into their domestic legislation, there will inevitably be shifts in tax policy, in addition to the transfer of resources and operations, noted Robert Sledz of Thomson Reuters' Tax & Accounting business in a recent BEPS impact report issued by the firm. More as a general warning, MNCs, he stated, "risk reputational damage and tax adjustments that can affect their future earnings if they do not heed this changing tax landscape".

Certainly the guidance provided on taxation for MNCs has potential to affect a broad range of activities, with many of the points covered by BEPS having some impact on corporate treasury. "A number of the action items potentially limit the deductibility of group interest expense; obviously this directly impacts treasury because it may, on an after-tax basis, increase the cost of funding certain activities with debt," notes Golden. A broader area of impact for treasury will be the increased reporting requirement, he notes.

As part of the 'Guidance on Transfer Pricing Documentation and Country-by-Country Reporting', a new standardised disclosure form, which has already been implemented by a number of jurisdictions, will require companies to file, along with their annual tax returns, additional quantitative and qualitative tax-related information for each jurisdiction in which they do business. This obliges them to identify the legal entities and 'Permanent Establishments' within the group (in most countries, income tax is only levied on foreign entities once a permanent establishment exists), where they are incorporated, tax residencies, principle business activities, even the number and location of key personnel (which would of course include treasury and finance).

Further BEPS actions will change the way transfer pricing is viewed from a treasury perspective. As groups move to embed tax risk management policy into treasury policy, increased scrutiny internally of the tax implications of how and where the treasury function is managed is inevitable, says Nicolaides. This should certainly be the case if treasury is looking to set up treasury functions or a shared services centre in another geography. Indeed, in organisations where treasury is intended to be a profit centre, paying attention to the tax implications is vital, he says.

> "Given that cash pooling is becoming more prevalent in global treasury management, we have also seen that there has been an increase in scrutiny from tax authorities."
>
> Lara Okukenu, Financing and Treasury Tax Director, Deloitte

Historically, this set-up has been viewed as a capital provider from a transfer pricing perspective. This means that as long as the capital provider is adequately capitalised, and returns on that capital are based on 'arms-length' rates (based on what would typically be attainable in a normal relationship between a company and its bank), it would be respected under existing taxation rulings.

Under BEPS recommendations, Golden notes that the fundamental concept of arms-length pricing of intra-group services is seeing the focus shift away from the return on capital, and heading instead towards a return on the function of personnel; the focus here being on the pricing of the real intellect being provided to other group members, and ensuring that profits align to the economic reality of that value creation.

For Golden, this section in part translates as an enquiry as to the physical location of, for example, the cash manager or treasurer. "In the medium term, if and when local countries begin implementing the various BEPS action items, it may require the treasurer to shift the location of personnel," he warns. As a worst-case scenario, a cash manager or perhaps even a treasurer working from the head office may need to relocate to wherever the in-house cash centre entity is situated. Relocating to a low-cost labour location may not be popular and it may therefore see the low-cost cash centre shifting back to the headquarters, with all the cost implications that this has.

"How far the principles discussed in BEPS Action 8-10, for example around cash boxes, can be applied to intra-group financing more widely is an evolving question. In particular, given the OECD Action 4 guidance on the transfer pricing of financing transactions is not now expected till 2017," comments Okukenu. "We are already seeing instances where groups are reviewing their group structure and looking to where value is being created to make sure that it is in line with transfer pricing rules on where profit is being allocated."

Cash segmentation and investments

A successful treasurer is one who achieves a good balance between investing excess cash and delivering the necessary cash resources to support company liquidity. In this article, we look at how categorising cash into separate portfolios enables consideration of the risk/return profile necessary to meet the company's liquidity requirements.

Getting the most out of cash investments while maintaining company liquidity is challenging at the best of times; and even more so when the markets are volatile. There is no easy way to achieve the right balancing act, but it is prudent to adopt an organised approach to it by 'tranching' the cash according to its type. Tranching describes the process of investing cash in line with its characteristics (especially its time horizon) and the risk/return profile the company is seeking.

Defining corporate cash buckets

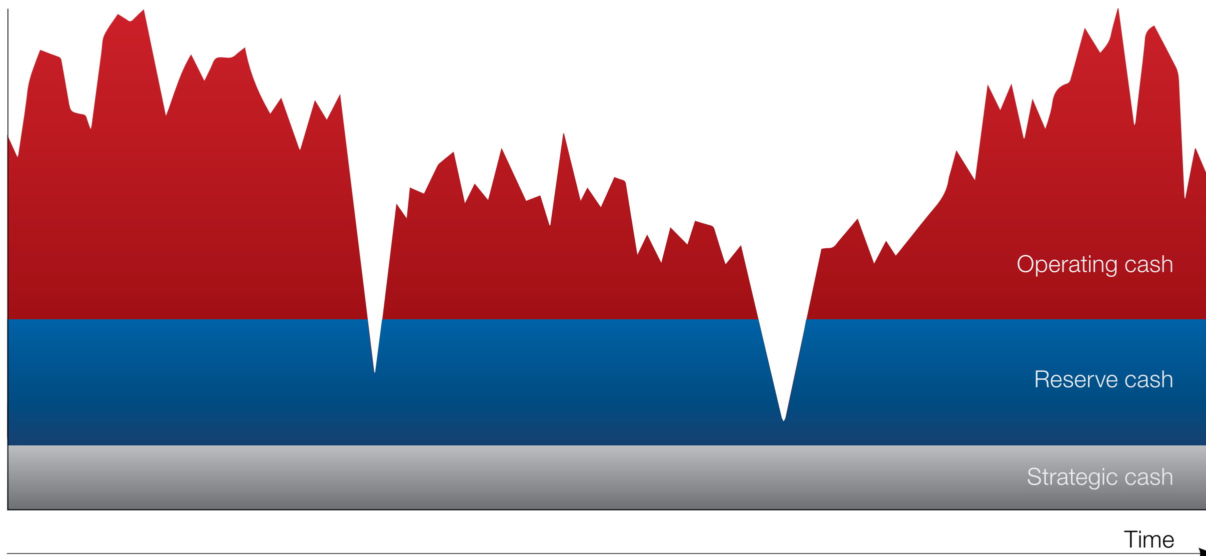
To achieve this, a corporate must first decide on and define the categories that its cash will be divided into. For many corporates the most beneficial, and logical, way to categorise cash is by time periods. It is therefore common for the buckets to be defined by the short, medium and long-term cash requirements of the business. However, all companies have their own individual needs, so extra layers of complexity can be added. For example, sub categories based around currency and location of cash, can be developed to better reflect the needs of the company.

Despite this, corporates will tend to keep things simple and segment their cash into:

- Operating cash/working capital (short-term).
- Reserve cash (medium-term).
- Strategic cash (long-term).

Let's take a closer look at what defines each of these categories.

Figure 1: Cash position of a non-financial corporate over time



Source: Treasury Today Asia

Operating cash (short-term)

Operating cash is the lifeblood of a company, allowing it to meet its day-to-day obligations such as working capital, salary and interest payments. In most cases corporates will plan for this cash out to three months, although some companies may extend this out to a year depending on their circumstances. How this cash is used may be subject to unexpected fluctuations, as the demands of the economic environment put pressure on the daily ebb and flow of the business. As such, treasurers will want this cash to be easily accessible and secure.

Reserve cash (medium-term)

Reserve cash, otherwise known as core cash, is used to meet the medium-term business needs of a company, typically from a time period of three months out to one year. It is often used for but not limited to: dividend payments, tax obligations and can also be used for planned business expansion such as mergers and acquisitions (M&As). Reserve cash will not need to be as liquid as operating cash, however it would be useful for the treasury to be able to access this in a timely fashion, should market conditions necessitate.

Strategic cash (long-term)

The final core bucket of cash is strategic cash. Unlike operating and reserve cash, this segment has no immediate use for the business within the next year and further out – the exact timeframe needs to be defined by the company. This cash may be used to fund future, as yet unplanned M&A activity, spent on internal development projects, or eventually be returned to shareholders. Strategic cash could also be used in a precautionary capacity, should market conditions take a turn for the worse.

Ups and downs

The graph opposite illustrates the peaks and troughs in a company's cash position and illustrates two occasions where it needed to dip into its reserve cash in order to meet its day-to-day obligations. Of course, the aim is for this never to happen, however, at times when business performance takes an unexpected downturn or market conditions change this may be needed. Yet a tool is at hand to ensure that the treasury can best plan what cash is needed and when – the cash flow forecast.

Looking into the crystal ball

Cash flow forecasts show a company's expected net cash positions from its operating, investment and financing activities during a specific period, based on known commitments and receipts, with appropriate adjustments being made (using historical data, trends and/or statistical techniques) to allow for future variables.

These forecasts are the ultimate source of information for determining the amount of cash available, where it is and when it will be required. Although forecasts still tend to be less accurate than most treasurers would like them to be, they do (or should) provide a realistic view of future cash resources and therefore provide an early opportunity for identifying potential surplus cash (as well as deficits) and other essential information such as:

- Currency denomination.
- Present location.
- Total amount (value) available.
- Planned future location (and currency).
- Time horizons (ie the length of time cash will be available for investment before it is needed by the business).

In addition, the forecasts will help treasury to define how 'important' the cash is to the business's daily operational activities and what the impact would be on the company if the cash to be invested was not readily available to meet day-to-day obligations, eg would trading be severely affected?

To assist with cash segmentation strategies, cash flow forecasts are also complied in different time horizons. Typically these will be short-term, medium-term and long-term time horizons, matching the corporate cash buckets:

- **Short-term.** Short-term forecasts provide the cash detail needed to help manage working capital and to protect day-to-day company liquidity, covering the immediate cash inflows and outflows that affect overnight balances. Daily and even intra-day forecasts ensure that treasury keeps abreast of last minute changes to cash flows. Weekly and monthly forecasts (for up to about three months) provide advance warning of the expected cash positions.
- **Medium-term.** Rolling monthly forecasts for up to 12 months ahead help to predict cash needs and surpluses further into the future. They help to show where the high and low points of cash availability are likely to occur through the course of the year as well as identify when existing investments and debts may be maturing.
- **Long-term**. Long-term forecasts may cover up to a three or even five-year period. They provide a longer view of potential surplus resources and financing needs to help ensure that a company's business plans and strategies can be properly funded. They also help to identify future cash that has not yet been 'earmarked' for use and is therefore available to invest for a longer time period.

So, cash flow forecasts provide a good understanding of the peaks and troughs in cash availability across the group. They help to identify the type of cash available to invest, the criticality of that cash and accordingly, the amount of cash that can be allocated to each cash category. By frequently monitoring these forecasts, the cash allocations within each cash category can be suitably adjusted to ensure that their levels remain pertinent for meeting business needs. As each cash category will have different characteristics, they will also have different investment objectives and therefore be invested in different types of instruments. This means that they will be tranched differently.

Investment decisions

Investment decisions for each cash category should be guided by the degree of priority given to the three main investment objectives. These objectives are:

- **Security.** Minimising the potential risk to the original sum invested (the principal).
- **Liquidity.** Ensuring timely realisation of the cash.
- **Yield.** Achieving the best possible return on the cash.

The type of investment instrument used will depend on the risk it exposes to the cash versus the potential return it offers (its risk/return profile). Therefore, for each cash category, the mix of instruments permitted, their limits and any restrictions will need to be balanced with the priorities given to the investment objectives. The aim is to identify and invest in the instrument types which offer the best and most appropriate investment opportunity for the cash.

An instrument offering more security and greater liquidity will usually deliver less return. So, for example, whilst such an instrument may be appropriate for investing operating cash, a treasurer may be prepared to assume more risk for better yield on money available for a longer period. Information relating to investment objectives and instruments should be detailed for each cash category within the investment policy and guidelines. It is important to be clear about how each of the categories must be treated.

Investment by category

Now we will look more closely at the three example cash categories we mentioned earlier and consider how they may be treated from an investment perspective. Individual companies will, of course, have different requirements and will identify and adapt the use of instruments to meet their own business challenges. It is imperative that all investment decisions are fully supported by judicious research and understanding of the counterparties, markets and investment instruments to be used.

Operating cash (short-term)

Liquidity and security is the key for any investment instrument involving operating cash, yield is a nice to have but not a must. As such, treasurers will tend to look to invest in overnight accounts, money market funds (MMFs) or other instruments that offer access to cash after a short-time period determined by when the cash is needed. These products typically offer a low, but steady yield. Investments in fixed income instruments are generally avoided when investing operating cash unless there is a highly liquid secondary market or extremely short maturity date.

As treasurers are acutely aware after the financial crisis, in order to limit the counterparty risk, diversification of funds is of great importance.

Reserve cash (medium-term)

When looking to invest its reserve, or core cash, treasurers can begin to look at some more exciting investment options, including reverse repos and short-term bond funds, as well as high quality corporate debt. All of the investments instruments listed under operating cash can also be used but treasurers can also look to seek more yield whist affording proper protection of the original sum invested in order to meet expected obligations. Since the financial crisis, security has been the primary requirement for this cash, with yield being second. Due to the medium-term nature of this cash, high liquidity is not of paramount importance. It is worth noting however, that this order may change depending on the risk appetite of the business and the market conditions it is operating in.

Strategic cash (long-term)

Finally, the strategic cash bucket is where treasurers have historically become more creative in their investments in the search for improved yield – but, accordingly, this will expose the cash to greater risk. The investment will have to ride greater volatility in the markets with a higher possibility of the cash principal being eroded. It is therefore important to ensure that investments can be maintained for the long term in order to overcome possible short-term turbulence in the markets. As with other cash categories, cash should be diversified across different instruments.

The treasury may invest in similar instruments that its reserve cash is invested in, but that return slightly higher yield. It may use instruments such as floating rate notes, or invest directly in equities – but the gain from these is generally achieved through investing for the very long term.

Conference whirlwind

I had the pleasure of chairing at three conferences in the last month – ACTS/ATC in Singapore, SIBOS in Geneva and EuroFinance in Vienna. When I look through my notes, my head spins. My only conclusion is that we are at a confusing point. Here are some observations.

Regulatory tsunami

A major theme at the recent EuroFinance conference in Vienna was exponentiation – change has become exponential in line with Moore's law. Feeding on exponentiation (and the murky mistakes of our simpler past), we have exponential growth of regulation. One source cited 400 new regulations per day affecting global banks. The regulations get more complicated so we need more complex systems and processes to work within and around them, then the regulators combat complexity with more complex regulations … hard to see a happy ending.

And from what the experts say we are barely in the warm up phase! "We are drowning in basics" set the tone for the corporate panel at SIBOS. No tech hype, no market gee-whiz, all we want is visibility and standards.

SWIFT for Corporates since 1996

At the same conference SWIFT for Corporates celebrated being 20-years old. So, treasurers who still think SWIFT is some new-fangled bleeding edge solution might need a re-think. SWIFT itself is 43 years old.

SWIFT's target is to double corporate membership to 3,000 by 2020. On the one hand that sounds suitably exponential. On the other hand, it should be more like 30,000 corporates. This would make sense for all players. Banks created this utility (SWIFT) in 1973 to reduce costs and risks, and it has served them well; now they need to use it to save costs and risks in corporate connectivity. Corporates complain about lack of transparency and standardisation; SWIFT is the ideal solution.

SWIFT is also progressing its Global Payments Initiative (GPII) which addresses concerns about transparency and visibility by guaranteeing same day crediting of funds, up-front fee visibility, and payment tracking through the correspondent network. GPII has the advantage of leveraging the incumbent solution; rivals such as Ripple aim to bring these benefits with a clean slate.

At least at the moment. Plenty of fintech and bank owned challengers are working on new payment technology and maybe blockchain in some of its variants will take over the financial world (that is probably a subject for another article).

I had assumed that all central banks are revving up on blockchain, but I learned that only the Bank of England and the Monetary Authority of Singapore have specific fintech teams. Both countries are also front runners in implementing regulatory sandboxes for fintech.

KYC

We seem to be no closer to solving the KYC mess, and in fact the problem is getting worse. Corporates complain – banks ask for much more information than they need, each bank (and sometimes branch and/or department) dreams up its own requirements, it can take a year to change signatories, "you cannot automate a broken process".

Banks don't like unhappy customers but are terrified of massive fines if they don't comply with regulators' nebulous demands. Regulators want to avoid KYC becoming a box ticking exercise, so they leave the details to banks – which means banks dream up their own boxes to tick.

KYC is of course necessary, but there has to be a smarter way. Currently we are imposing a huge burden on the real economy, wrapping legitimate businesses in red tape, and barely affecting the criminals and terrorists.

Singapore is showing pragmatism in building a multi-bank KYC platform. Hopefully, they will align and share their solution with other countries.

Trade

I had an interesting experience at SIBOS when I innocently asked what is the capital weighting for letters of credits. After all, SIBOS is an assembly of 10,000 transaction banking experts, so they ought to know – right? Wrong! A really helpful board member finally provided me with the correct answer – which is first "it is not clear yet" and second "it depends".

Trade remains profitable for banks despite being paper bound. Trade is way behind its digital potential even though there are several working solutions.

Being a big trade hub, and needing to do more with less, Singapore has also launched a blockchain based trade solution to speed the paperwork around all those containers. Singapore processes the physical containers within twelve hours. It makes no sense for the paperwork to take days or weeks.

Fintech and regtech

Fintech is maturing. The technologies are better understood (although there remains a lot of confusion about blockchain, resulting in some hilarious panels). It is becoming clear that non-tech factors like liquidity, regulations and humans will determine the success or failure of fintech efforts.

Given the regulatory tsunami I mentioned above, it will come as no surprise (in hindsight) that regtech is the new buzzword.

I am not sure that more tech to deal with more regulation is such a great idea in the long term, but it fills a need in the current mess.

It was interesting to learn that distributed ledgers are not new – they have been around for 25 years – and they are in use already in industries like insurance and government.

Recognising that improvement will take more than tech, it is interesting to see the advance of API banking. For example, many of the new clearing systems being rolled out around the world have open APIs that are intended at least in part to allow non-bank players to enter the payments market. This might be more significant than all the pure tech hype.

Some banks are re-branding themselves as tech companies. Some are saying they have always been tech companies. Real tech companies say the whole world is going digital, so maybe the issue is moot. Certainly, finance is more amenable to digitisation than physical goods (in fact money is just information beefed up by varying degrees of credulity). UBS' Sergio Ermotti said his bank is just a bank that is a heavy user of technology – which seems about right.

Cybersecurity

If exponentiation was the dominant theme of EuroFinance, then cybersecurity was the dominant theme of SIBOS. The now infamous Bank of Bangladesh incident got everyone's attention. Just to clarify, SWIFT itself was not hacked. Bank of Bangladesh was hacked. And, although the hackers gained access to Bank of Bangladesh's servers (inter alia to spoof some reports so that reconciliation would not trigger alarms), the critical hack was social hacking to users' credentials.

Needless to say, SWIFT is vigorously sharing the learnings and best practices to beef up security amongst its members.

One of the most interesting views I heard was that "you will be hacked, in fact you are probably being hacked right now", so cybersecurity has to be more like building an immune system than (fire) walls. It's about resilience not impregnability.

Of course, technical security has to be in place and up to date. That is generally an IT responsibility. The CEO has to own cyber-resilience – training and awareness for all staff, cyber response plans, cyber drills, and so on. When business goes digital, cybersecurity becomes everyone's responsibility.

Resilience

Interestingly, both keynote speakers at EuroFinance were asked what they feared most. The first answered cybersecurity. The second answered pandemics. For me, the commonality is immunity. We cannot avoid hackers any more than we can avoid germs. We need to maintain basic hygiene, but we also need a few germs and viruses to train our immune systems. A strong immune system makes us resilient.

Both keynote speakers were also asked about education. Both refused to opt between STEM and humanities but rather emphasised the need to learn. Whatever we learn in formal education will probably be out of date very soon, so we need to keep learning throughout our careers (and lives). This makes us professionally and personally resilient.

Treasurers see how their jobs are changing. As said, we do not know what the future holds. We do not know what future jobs will look like. It is critical to avoid fear, and to embrace and prepare for change. The world of education is moving to enable this – apparently, MIT has committed to put all its courses online.

On the one hand, we need speed to thrive under exponentiation. On the other hand, we need organisational and societal resilience to survive the unknown future. Balancing these will require skill. Things like regulatory sandboxes are a step in the right direction that can be mirrored within organisations, in project teams and the like. This is a mind-set challenge.

Scenario planning is also a resilience booster that came up several times. Best practice treasurers make plans for macro, liquidity, and other risk scenarios to prepare for the unexpected.

Contradictions

One keynote in particular was emblematic of this confusing situation. Its title was Renaissance 2.0 and the yet "history is not a good guide to the future". We were told that if you are not making money now, you have only yourself to blame because corporate profits are at historically high levels. And then reminded that mean reversion will apply. We were told this is the best of times in terms of life expectancy, poverty reduction, etc. The Renaissance was a period of opening minds and ideas that ended in a fundamentalist backlash – Savonarola's bonfire of the vanities.

A strong reminder that the future will surprise us.

David Blair, Managing Director

Twenty five years of management and treasury experience in global companies. David Blair was formerly Vice-President Treasury at Huawei where he drove a treasury transformation for this fast-growing Chinese infocomm equipment supplier. Before that Blair was Group Treasurer of Nokia, where he built one of the most respected treasury organisations in the world. He has previous experience with ABB, PriceWaterhouse and Cargill. Blair has extensive experience managing global and diverse treasury teams, as well as playing a leading role in e-commerce standard development and in professional associations. He has counselled corporations and banks as well as governments. He trains treasury teams around the world and serves as a preferred tutor to the EuroFinance treasury and risk management training curriculum.

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INSIGHT & ANALYSIS

2017: the year ahead

After a rather turbulent 2016, corporate treasurers may be hoping for stability to return as we move into 2017. Will this be the case, however? Treasury Today Asia speaks to a number of experts from the world of finance to discover what the future holds.

TRADE

Trade centres in Asia

Corporates around the world will be familiar with centralised treasury structures and the creation of regional treasury centres. Yet, for the most part, sales and procurement remain activities conducted at a local level. Could a switch to a centralised approach offer greater value?

REGULATION

Overcoming compliance challenges

The glut of regulatory changes that have occurred since the 2007/8 crisis have not only put a strain on the banks, corporates have also been impacted. Indeed, numerous studies show that compliance is becoming an increasingly pressing issue for corporate treasurers around the world. Here we look at how treasury departments can overcome these challenges.

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

Artemis Galatis, General Manager, ACTSA (Association of Corporate Treasurers of Southern Africa); Bob Stark, VP of Strategy, Kyriba; Cefi Chen, Regional Treasury Director, China and Russia, Cummins; Damian Glendinning, Treasurer, Lenovo; David Blair, Managing Director, Acarate Consulting; David Golden, Head of International Tax Services Global Treasury Practice, EY; Dino Nicolaides, Director in Corporate Treasury Services, Deloitte; Dr Travis Bradberry, President, TalentSmart; Gary Slawther, Financing Advisor to the CEO, Octal; Gina Schoeman, South African Economist, Citi; Jan Bellens, Asia Pacific Banking & Capital Markets Leader and Global Emerging Markets Leader, EY; Lara Okukenu, Financing and Treasury Tax Director, Deloitte; Mark Loftus, a Chartered Clinical Psychologist, an Associate Fellow of the British Psychological Society and Managing Director, The Thinking Partnership; Mark O'Toole, Vice President Commodities & Treasury Solutions, OpenLink; Neill Penney, Head of Foreign Exchange Workflow, Thomson Reuters,; Patrick Gutmann, Group Head, Transaction Services Group, Ecobank,; Philip Panaino, Regional Head, Transactional Banking, Africa and Middle East, Standard Chartered; Sanjay Thoppil, Solution Consultant, Reval; Stephen Harper, Senior Treasury Consultant, PMC Treasury; Suman Chaki, Head of Cash Management Corporates – Asia Pacific, Deutsche Bank; Vijay Shankar, Head of Transaction Banking Asia, ANZ,; Vivek Batra, Head of Sales for Global Transaction Services, DBS; Wan Chun Shong, Group Treasurer, Tan Chong Group

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