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Short-term investment challenges

Deciding where to invest short-term cash is one of the core responsibilities of the corporate treasury, but it is becoming an increasingly challenging task. What strategies can treasurers use to overcome these challenges?

The Corporate View

Cale Bennett

Group Treasurer

Tatts Group

Risk Management

After a number of high profile cyber-attacks in 2016 should this area be viewed as a straightforward necessity, or can it be approached as a business enabler?

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Taking centre stage

Voice of Corporate Treasury

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Richard Parkinson

Switchboard	+44 (0)13 0462 9000
Publishing	+44 (0)13 0462 9005
	+852 8199 0351
Memberships	+44 (0)13 0462 9013
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Editorial	+44 (0)13 0462 9003
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memberservices@treasurytoday.com

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Flying the flag for free trade

Thirty years ago, whilst deep in the grip of the Cold War, the United States became the head cheerleader for globalisation, a trend driven largely by capitalist enterprise and free trade. Meanwhile China, on the other hand, was busy staunchly adhering to the communist principles of central control. The country's economy was still largely closed, with Deng Xiaoping's ambitious financial reforms and economic overhaul just beginning.

Thirty years on, the picture looks very different, and the world has seemingly turned on its head, particularly during the last three months. Trump has begun putting walls up, ripping up free trade agreements and hammering home an 'America First' philosophy, in a direct attack on globalisation. At the same time, China, still governed by the Communist Party, is poised to potentially emerge as a beacon for globalisation and free trade.

This was implied by China's President Xi Jinping's impressive speech at Davos, the World Economic Forum's annual winter jamboree. Although the speech contained no direct reference to then US-President-elect directly, it packed a heavily veiled message. "No one will emerge as a winner in a trade war," Xi said. Whilst acknowledging that economic globalisation had become a "Pandora's box" for many, he stressed that it is not the cause of the world's problems.

Behind the rhetoric

Despite Xi's words and obvious intent, the reality is that China still has some way to go before it can develop into a bastion of free trade and enterprise.

Indeed, a recent survey by the American Chamber of Commerce in China showed that a growing number of US companies operating in China say they plan to move their business out of the country. The reason for this being that they feel "less welcome" in China than they have previously. The report also found that foreign companies often feel like they are not competing on a level playing field.

Elsewhere in the report, businesses stated that labour costs, regulatory challenges and the threat of intellectual property theft were the main factors driving US businesses to pack up shop in China.

It is not just US companies that have left China. The Japanese electronics company Panasonic, for instance, stopped all its manufacturing of televisions in the country in 2015 after 37 years of operating in China. In November of last year, British high-street retailer Marks & Spencer announced it was closing all its China stores, amid continuing China losses.

Leading the way?

Whether China can assume the role of a world leader in globalisation over the next few years remains to be seen. The country, after all, is facing some fundamental challenges. It is also unclear how far Trump will act on his anti-globalisation rhetoric and what damage this may do to the US.

What is certain is that more instability is on the horizon. Businesses are becoming ever more focused on geopolitical risk. In a shifting world there will be opportunities. Being ready to seize them when they arise will be the challenge.

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Reviewing short-term investments

Basel III has prompted banks to review the value of different types of corporate deposit. As such, treasurers should understand the impact on their short-term investments – and should ask whether alternative investment vehicles, such as money market funds, may be worthy of consideration.

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The payment revolution(s)

In the consumer space, technology companies are developing solutions that highlight how seamless the payments process can be. The good news for corporate treasurers is that this development is also bleeding through into the commercial space and faster, cheaper and more efficient payment services seem to be on the horizon.

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ANZ Smarter Treasury

Crossing borders: navigating the new reality of international business

The seemingly inexorable march of globalisation has redefined how businesses operate, enabling them to reach more customers, improve efficiency and ultimately become more profitable. However, in an increasingly complex world, the benefits that have been delivered by globalisation can no longer be taken for granted.

Mark Evans
Managing Director, Transaction Banking

Michael Lim
Head of Trade and Supply Chain

ANZ

In his book, The World Is Flat: A Brief History of the Twenty-First Century, American author Thomas Friedman details the development of globalisation, beginning in 1492 when Christopher Columbus set sail, opening up trade between the new and old worlds. This period was known as Globalisation 1.0. Globalisation 2.0 followed between 1800 and 2000, as businesses, empowered by technological developments and progress in transport and logistics, began to expand across borders.

In the current era, which Friedman defines as Globalisation 3.0, individuals and businesses from every corner of the world are interconnected and empowered, shrinking the world and creating a truly global marketplace and economy. However, recent events, including the UK's decision to leave the European Union and Donald Trump's protectionist rhetoric, have thrown much of what was taken for granted about globalisation into doubt. For businesses operating in Asia Pacific (APAC), this raises some interesting questions about the future of the international business landscape – and whether businesses will be able to continue operating across borders with relative ease.

In perspective: globalisation and international business

The hope is that, despite the events of 2016 and the recent backlash against globalisation, governments will continue to allow global trade to flourish. "Globalisation and the rise of global free trade has had an incredibly positive impact on the global economy," says Mark Evans, Managing Director, Transaction Banking at ANZ. "Open markets are proven to bring economic growth, innovation, productivity and prosperity."

The globalised world has also afforded businesses all manner of opportunities to grow by expanding into new markets and creating new revenue streams. Indeed, the latest statistics from the S&P 500 highlight that 44.3% of their profits are made outside of their home market of the US. This trend is further emphasised by large international brands, with stores and products which are ubiquitous around the world.

Globalisation and free trade have enabled businesses not only to increase revenues by tapping into new markets, but also to operate more efficiently, says Michael Lim, Head of Trade and Supply Chain at ANZ. "The opening up of emerging market economies has enabled businesses to think more strategically about their supply chain and pick and choose where they are producing," he says. "The rationale behind each decision will vary from company to company, but essentially the aim is either to drive cost savings by producing in countries with low labour costs, or to gain a competitive advantage by producing close to the resource base, thereby creating speed and agility in the supply chain."

Asia Pacific has played a central role as corporate supply chains have evolved, and China has been a particular beneficiary. In the 1990s, China produced less than 3% of global manufacturing output by value. Today, thanks to various economic and trade policy reforms, the country produces nearly 25% of global goods and is the world's largest exporter.

In more recent years, other countries in Asia, most notably from the ASEAN region, have looked to leverage this trend and take on segments of the supply chain. With over 80% of companies based in emerging markets planning to relocate parts of their supply chains to other emerging markets, it is a strategy that many businesses hope they are able to continue to follow.

Challenges facing international business models

This cannot be taken for granted, though, as these operating models are under increasing pressure as globalisation comes under attack. "Socially, there has been a clear backlash around the world against globalisation," says Evans. "In the western world, people

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Crossing borders: navigating the new reality of international business

Globalisation has redefined how businesses operate, enabling them to reach more customers, improve efficiency and ultimately become more profitable. However, in recent years, operating across borders has become increasingly complex. Here, ANZ give some advice on navigating the new reality of international business.

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Built to fit: a bespoke cash investment policy for Asia Pacific

For the short-term cash investor Asia Pacific poses a large degree of complexity. It is therefore crucial for corporates to have an investment policy that is both robust and flexible and that encompasses local nuances whilst still aligning with global objectives.

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Banking on user experience

Apple founder Steve Jobs had a simple philosophy towards product design: start with the customer experience and work back toward the technology – not the other way around. Are banks and treasury technology providers building products with a similar mindset? Treasury Today Asia finds out.

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Making cyber-security a business enabler

With more cyber-attacks being targeted at financial systems and finance employees, it is clear that treasurers should be taking the threats seriously. But what steps can treasurers take to protect their businesses – and can cyber-security be seen as a business enabler, rather than simply a necessity?

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Taking over the bond market

In our new Fintech Focus feature, Treasury Today Asia takes a look at Canadian start-up, Overbond. Their CEO, Vuk Magdelinic, explains how the company looks to revolutionise the primary bond issuance process and details what advantages this could offer to corporate treasurers.

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Cale Bennett

Group Treasurer

Fuelled by the desire to show that treasury is much more than a support or compliance function, Cale Bennett, Group Treasurer at Tatts Group is a treasurer who looks to add value across the whole organisation. His approach sees him push the boundaries of convention, delivering tangible and impressive results.

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Taking centre stage

As companies venture into new jurisdictions, global markets change and demands around risk management and transparency grow, the role of corporate treasury becomes increasingly complex. But what areas particularly are treasury teams stepping centre stage to drive value across organisations, and is treasury getting the support it needs in its evolving role?

These pages contain edited versions of a few of the Treasury Insight pieces written in the last month. The full versions are posted on treasurytodayasia.com as they are ready. The Treasury Insights weekly email summarises the new pieces from that week plus other news relevant to treasury. You can register for this free service at treasurytodayasia.com

China's capital controls: the inside track

Last year the phrase "window guidance" entered the lexicon of treasury professionals operating in China – although many rather wish it hadn't. First issued by the country's regulators at the beginning of 2016, the window guidance has clamped down on corporates moving RMB offshore in an effort to stem capital flows out of the country.

Initially, many corporates and bankers anticipated the window guidance to be a short-term measure. However, nearly a year on, the pain is intensifying for corporates with a new tranche of uncodified rules focused on capital flows introduced in December 2016. According to the FT, these rules now require companies to obtain SAFE approval for capital outflows above US$5m, such as repayment of loans or paying dividends, regardless of the currency.

To make matters more complex, there were also reports around the same time that the door was not closed. An Asia Times article, for instance, quoted a senior Chinese foreign exchange official who said that there were no restrictions on foreign firms' cross-border profit transfers.

Closed door

This, however, has not been the experience of Richard Abigail, Group Treasurer at Arup, who began to feel the impact of window guidance late last year. Arup is a company that has been at the forefront of RMB internationalisation, including being the first corporate to operate an automated RMB sweeping structure between China and the UK outside of the Shanghai Free Trade Zone.

It is a solution that has enabled Arup to freely bring RMB into London from China, include it in the group's notional pool and draw out funds to invest, with only a few minor restrictions. "Our sweeping structure worked perfectly and enabled us to integrate China into our global liquidity management structure," says Abigail. "China had become a business as usual country for us." But for Arup and many other foreign corporates, this is no longer the case.

"Our sweeps from China have had to be terminated due to the latest tranche of capital controls," Abigail explains. "As a result, we are now building up a pretty heavy RMB balance in China that we cannot get out." Also, dividend payments, despite some reports, have been halted.

Looking for options

Treasurers like Abigail are therefore having to consider their options. "We believe that you can repatriate cash in hard currency still," says Abigail. "This will mean converting our RMB onshore and then seeing if we can move it offshore. This is something that we will be exploring with our bankers."

The issue for Arup, however, as Abigail explains, is that the company has a lot of invoices in China in RMB, meaning that these have to be worked through before the hard currency can be accessed.

"The experience with window guidance has once again demonstrated to us that in restricted markets nothing is certain and that it is best practice to get your cash out as quickly as possible," he concludes.

Improved FX decision making

The surge in electronic FX dealing is enabling corporates to use transaction cost analysis to better define, achieve and demonstrate best execution. The old adage 'what isn't measured cannot be managed' rings true for most aspects of a corporate treasurers' work.

And in recent years, corporate treasurers, for various internal and external reasons, have placed a renewed interest in measuring, and thus managing, the effectiveness of their FX trading activity.

Transaction cost analysis (TCA) is one of the most effective tools to do this. Offered by the large majority of dealer platforms and various other firms, TCA utilises a set of data and tools used to define, track and enable corporates to take the first steps toward establishing best practices for transacting in the currency market.

It does this by analysing the trade against a series of performance benchmarks. Most common is comparing the price achieved versus the market price, over the period of the order. The second common benchmark is the difference between the market price when the trade was made versus the average price actually achieved when completely fulfilling the order.

In the FX market, analysis such as this is particularly useful given the fragmented OTC market structure and range of liquidity sources and execution methods, says John Cooley, Head of FXall at Thomson Reuters.

It is important to note, however, that best execution in the FX market doesn't necessarily mean obtaining the best price for each trade. A long-term perspective needs to be applied to see the average pricing over a broader time horizon. Combined, short-term (deal to deal) and long-term (the average performance of trades over a three-month period) should enable treasurers to achieve a better understanding of their FX performance.

"TCA can then help a market participant make better decisions about when, where and how to trade," says Cooley.

Corporate interest

Thomson Reuters' Cooley is seeing a growing interest in TCA, especially amongst those companies with large trading flows and multiple counterparties.

"The growth of electronic trading has certainly facilitated TCA, because not only is the trade data more accessible but perhaps more importantly is the fact that time stamps of electronic trades are precise, which means the analysis can be much more accurate," he says.

For corporate treasurers, the biggest benefit of doing this analysis is that it gives the ability to achieve better rates on high-value transactions by making better trading decisions.

And Cooley states that those decisions have become more complex. "For example, a treasury team may ask: what time of day is best for a particular currency? Which dealers should I ask to compete for a particular trade? What is a fair price given the size of the trade and current market conditions? Should I use an algorithm, and if so, which one? Effective TCA can help answer these questions."

Longer versions of these articles are available at treasurytoday.com/treasury-insights

Refinancing

With corporates in Singapore allegedly facing a US$12bn debt scramble this year as bonds fall due, what should treasurers at these companies be doing to refinance this debt?

Katie Gray
Partner
Herbert Smith Freehills
Singapore

Emmanuel Chua
Senior Associate
Herbert Smith Freehills
Singapore

2017 is certainly shaping up to be the year of living uncertainly, as geopolitical changes and challenges rattle markets.

And with record debt loads reaching maturity in Singapore – particularly in the oil and gas, mining, commodities and shipping sectors – some may find themselves quickly squeezed out of the traditional bank and bond finance markets. Recent defaults in the Singapore dollar markets have already slowed that market.

The key is to start researching scenarios and alternatives now, not when doors are already closed.

It is not all doom and gloom, despite the headlines. Strong credits will always be able to tap the capital markets as investors search for less risky homes for their cash in a volatile world.

Also, the negative interest rate environment in Europe is turning investors towards Asia for yield – a number of Asian credits recently raised funds at really attractive pricing from the European markets.

European markets aside, there will always be issue windows of lower volatility during the year, but you must be ready to act. Establishing a medium-term note (MTN) programme will allow you to be ready to tap markets as and when issue windows open.

Even if the capital markets are closed to you, the Asian loan markets are still fairly liquid. Again, we're seeing a lot of issuers unable to access the debt markets, tapping the loan markets to refinance existing bonds and notes instead.

Those organisations funded through the bond markets may be able to entice bondholders to exchange existing bonds for new bonds with an extended maturity, by offering margin and security incentives.

Companies that are primarily bank funded may be able to negotiate payment deferrals, or 'amend and extend' deals. Much will depend on whether you will be able to refinance at the end of the extension, perhaps having de-leveraged via asset sales, and by your ability to meet ongoing interest expenses.

It won't necessarily be a cheap option. Expect additional fees and increased margin, and possibly additional security requirements, tighter financial covenants and more regular and detailed reporting obligations.

If bank or market funding is no longer an option, alternative capital or "special situation finance" is a fast-developing source of bespoke finance for fundamentally sound businesses facing liquidity constraints or additional capital needs.

While more expensive than traditional bank and bond markets, it can provide a flexible breathing space to undertake restructuring or turnaround measures where bank and bond markets are no longer willing to refinance or extend.

If your company is significantly over leveraged, alternative capital is unlikely to provide a full solution. Some degree of restructuring may be required to 'right size' the company's balance sheet.

Again, early intervention, together with specialist financial and legal advice is critical. Restructuring and insolvency law regimes across Asia have been evolving rapidly, as has the sophistication of the market.

A number of tools are available for companies to implement sensible financial restructurings to reduce a company's debt load (typically as part of a 'debt for equity swap'), some of which can be implemented even where there are minority dissenting creditors.

In particular, recent government proposals to radically reform Singapore's restructuring regime are particularly welcome news for local and regionally based borrowers and issuers looking for a local solution to financing problems.

With additional thanks to Partner Philip Lee in Singapore and Partner Paul Apáthy in Sydney.

Benny Koh
Managing Director,
SEA Treasury Services Leader
Deloitte

Managing liquidity risk is a key strategic function of CFOs and corporate treasurers. CFOs and treasurers have to focus on four critical activities to successfully manage the "wall of debt".

Know your liquidity position

- Build a taskforce to drive and enhance cash forecasting.
- Have a good assessment of how much cash your company needs over the next 12 to 24 months. Be as granular as possible and perform stress tests for worst case scenarios.

Diversify funding source

- Pay for insurance and secure as many credit facilities and funding sources as possible, even if that entails paying commitment fees for credit lines that may not be drawn.
- Think outside the box to explore financing beyond the traditional bank and bond market.

Engage external advisors

- In emergency situations, it is common for business leaders to identify talent gaps in the organisation. This is usually where external advisors can help to navigate the complexity of your company having to react to short-term financial market pressures and executing long-term plans to enhance the organisation's liquidity risk management function.

Communicate

- Clear stakeholder communication is important, especially during this period. Bankers, shareholders and investors are critical to your success. They need to understand the financial position and operational priorities of your companies in order to help. Designate a senior member of the management team to engage with key stakeholders if your company does not have an investor relations function.

Lastly, after surmounting this "wall of debt", it is important for companies to invest in talent and technology to drive cash visibility as well as perform regular risk assessments.

Andrew Brereton
Partner
Clifford Chance

Gareth Deiner
Counsel
Clifford Chance

How corporates approach the refinancing of maturing debt in their capital structure will depend largely on whether the debt was initially raised in the capital markets (ie bonds or other debt-like securities) or in the banking market.

One of the fundamental differences between capital markets and traditional bank debt lies in the tradability of bonds as securities: unlike bank debt, borrowers (ie issuers of debt securities) from the international capital markets do not typically know who their creditors (ie bondholders) are from one day to the next.

The increasing adoption of the immobilisation of debt securities in clearing systems (where a global security is registered in the name of, or held by, a nominee for the relevant clearing system), with the increasing velocity of trading that that has led to, has amplified the anonymity of the ultimate beneficial owners of the underlying debt securities to their issuers. As such, the first step of identifying bondholders to engage with can present a significant challenge, even before refinancing options are considered or proposed.

Accordingly, the term "liability management" is used to describe a variety of procedures and techniques used by debt capital markets issuers for the purposes of buying back, exchanging or altering the terms of outstanding bonds in order to restructure – or "manage" – their balance sheet liabilities.

In light of the difficulties inherent in seeking to restructure capital markets debt given the anonymity of bondholders. Advanced planning and early engagement with investment banking and legal advisers who have experience in the application of these procedures is crucial. Having a knowledge of the investor profile in the debt securities in question, is also vital to any successful refinancing, restructuring or balance sheet optimisation exercise.

Similarly, in the context of loan transactions, early engagement with lenders and (if the situation merits) advice from a professional financial adviser on options for refinancing and restructuring, can have a critical impact on outcomes. Refinancing options may fall away if not implemented promptly, or if borrowers seek to negotiate terms too heavily, and this may leave borrowers with options that are less likely to preserve value, such as restructuring, dilutive equity raising or accelerated M&A disposals.

In circumstances where these outcomes might be possible, even if uncertain, it is important that borrowers begin to plan their approach at an early stage, with the benefit of expert advice, in order to navigate the complex interplay between different stakeholders (including shareholders, lenders, bondholders, trade creditors, employees, the tax authorities and any other relevant government entities). This will help to ensure the best possible outcome for the company and provide a sustainable platform for future profitability.

Next question:

"China offers many interesting opportunities for corporate treasurers to further their professional development. What though do treasurers looking at taking a job in China need to know about living and working in the Orient?"

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

Reviewing short-term investments

Currently in the process of being implemented, Basel III has considerable implications for banks – and, by extension, for their corporate customers. In light of the changes, treasurers need to have a clear understanding of how the new regulation may affect their bank deposits, and whether alternative investment vehicles might be worthy of investigation. As such, treasurers should assess whether any changes are needed to their short-term investment instruments and policies.

Deciding where to invest short-term cash is one of the core responsibilities of the corporate treasury. In recent years, however, this task has become considerably more challenging. Whereas short-term investments used to be placed on the basis of a company's requirements for security, liquidity and yield, more recently the low interest rate environment has meant that companies can expect little yield from their short-term investments. At the same time, regulatory changes aimed primarily at financial institutions – such as Basel III – are having a knock-on effect for corporations around the world as banks re-evaluate the value of different types of corporate deposit.

While Basel III is aimed at the financial services industry, the new regulation also has considerable implications for corporate treasurers. "Basel III is a financial services industry event with material rippling effects to corporates," comments Mario Tombazzi, Group Product Management Head, Liquidity Management and Account Services, Global Transaction Services, DBS Bank. He points out that Basel III requires

banks "to adopt industry-wide measures to improve capital adequacy, reduce liquidity risk and enhance liquid asset quality and funding structure."

For corporate customers, the implications of Basel III include increased lending costs as banks face a higher cost of capital and funding. Meanwhile, the operational deposit framework means that certain types of deposit are becoming more attractive to banks than others. An important distinction is made between operational deposits – ie deposits which are used for daily operations, such as cash management, securities settlement and payment remittance – and non-operational deposits, such as surplus cash, which may be more likely to be withdrawn in the event of a liquidity crisis.

For banks, the implications of this distinction are considerable. "Basel III liquidity and capital norms will make it increasingly complex for corporates and often un-economical for banks to accept deposits that are not directly tied to operating business flows from clients," comments Gourang Shah, Head of Treasury Services Solutions for Asia Pacific at J.P. Morgan.

Ong Shiwei, Global Head, Cash Liquidity Management Products, Transaction Banking at Standard Chartered, notes that Basel III has dramatically changed the way banks view deposits, adding that one of the biggest components is the Liquidity Coverage Ratio (LCR) framework which lays out how deposits should be valued by banks. "Operational deposits from corporates are the new liquid gold to all banks, whereas we hear that some banks are simply shying away from deposits that do not meet their definition of "operational" or tenor requirements to be qualified as LCR friendly," Ong adds.

Philippe Jaccard, Head of Liquidity & Balance Sheet Management, Transaction Banking at ANZ expands on the difference between the different types of deposit: "Banks value more retail and corporate operating account deposits because of their greater risk-weighted-asset (RWA) funding value and they may pay a premium for them," he says. "Meanwhile, deposits from other financial institutions and short-term fixed deposits have lower funding value."

Jaccard points out that this type of cash can no longer be used to fund RWA. As a result, "It creates excess cash invested in very short-term instruments that attracts an expensive capital allocation, or is left with central banks at very low yield. Sometimes it even has a negative yield, hence why these products are no longer as attractive to banks and may even carry a discount."

> Treasurers/CFOs then need to be able to think how they invest to be able to manage the yields on investments, as regulations require banks to assess stability and quality of deposits as well under the new norms.
>
> Harjeet Kohli, CFO, Bharti Enterprises

Where companies' operational deposits are concerned, Basel III has prompted some banks to develop solutions specifically aimed at these types of deposit. Ong says that with this new focus, banks are actively providing more value-added solutions to improve companies' visibility and control of their operational balances, as well as comprehensive treasury advisory services on their end-to-end cash management. At the same time, however, the evolving liquidity climate presents corporations with a number of challenges when it comes to the area of short-term investments.

Challenges for corporations

While Basel III is aimed at banks rather than corporations, the new regulation does have consequences for companies around the world – and treasurers need to understand the implications for their businesses. According to Ong, "The

Basel III

Building on the measures introduced by Basel I in 1988 and Basel II in 1999, Basel III was developed following the financial crisis of 2007-2008.

Developed by the Basel Committee on Banking Supervision, Basel III is a set of measures which are intended to make the banking sector more robust. According to the Bank for International Settlements, the goals of these measures are to:

- Improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source.
- Improve risk management and governance.
- Strengthen banks' transparency and disclosures.

Basel III's requirements include minimum capital requirements and a minimum leverage ratio. Where liquidity is concerned, Basel III includes the Liquidity Coverage Ratio (LCR), which is intended to make sure that banks have enough assets to cover cash outflows over 30 days. Meanwhile, the Net Stable Funding Ratio (NSFR) requires banks to hold a minimum level of stable funding over a one year horizon.

> An investment policy is unlikely to be updated very frequently – but market changes may prompt treasurers to revisit their policies to make sure that they remain relevant both for the company's needs and for the prevailing market conditions.

biggest challenge for corporate treasurers is probably the uncertainty, which is still the case for the implications on certain bank offerings such as notional pooling." Indeed, there has been some discussion about whether notional pooling will continue to be a viable solution under Basel III.

Treasurers should also assess the impact of the new regulations on their existing bank relationships. "The first challenge to corporate treasurers is to understand how their key bank relationships are impacted by the adoption of the Basel III requirements in the locations where they manage their liquidity pools from," says Tombazzi. "Regional and global banks with extensive small business and retail customer bases have a solid and Basel III efficient funding base, which allows them to reduce some of the impacts to corporates." By now, Tombazzi says that the dialogue with banks should have armed treasurers with a pretty good understanding of the banking landscape – and that corporations need to be as proactive as their banks in order to understand these dynamics.

In addition, Tombazzi notes that since non-operational deposits carry less value than in the past, there will be periods of excess liquidity in the market which banks will not be able to intermediate effectively. "Corporations might not be able to achieve expected returns on short dated tenors, or may experience challenges to allocate deposits in accordance with internal policies (counterparty risk, concentration thresholds, etc)," he says.

Harjeet Kohli, CFO of Bharti Enterprises, notes that as banks adapt to Basel III, it is increasingly important for organisations to assess – or reassess – their liquidity and cash flow solutions, as well as the durability of these solutions and their ability to project surpluses accurately. "Treasurers/CFOs then need to be able to think how they invest to be able to manage the yields on investments, as regulations require banks to assess stability and quality of deposits as well under the new norms," he adds.

On the other hand, Jaccard argues that the impact of Basel III actually simplifies the work of corporate treasurers, who no longer need to place short-term fixed deposits in order to maximise cash yield and balance investment counterparty risk. "The focus can be on the counterparty risk of the operating banks," he explains. "If the operating bank can operate sweeps across multiple banks, the entire process of managing counterparty risk can be further automated."

Weighing up the alternatives

Given the yield pressure placed by Basel III on wholesale deposits, treasurers may wish to consider other investment vehicles for their short-term cash. However, for companies in Asia this may be something of a challenge. "In Asia there are very few alternatives," Jaccard points out. "Bank deposits are the overwhelming choice of companies."

Ong adds that while bank deposits are still favoured by treasurers, "for strategic cash that may not qualify as operational deposit, corporate treasurers are having open discussions with their partner banks for term deposits of 31 days (or longer), or automated solutions to proportion their strategic cash in MMFs."

In some cases, there may be opportunities for companies to explore other short-term investment products such as money market funds (MMFs) and high-rated short-term debt. "Alternative instruments exist today, both on- and off-balance sheet, from a bank's perspective," says Tombazzi. "These include notice deposits, notice accounts and flexible term deposits (on-balance sheet) and liquidity/money market funds and fixed income securities (off-balance sheet)." He adds that while take up of these alternatives is low at this stage, "they are increasing in popularity and we expect the demand to increase materially starting from this year."

Indeed, the use of money market funds is becoming more widespread in Asia. Money market funds are relatively new to the region in comparison to the more established industry in the US and Europe. However, Asia's MMFs have grown considerably over the last year: China's MMFs now represent 12.6% of the global market according to ICI data.

MMF regulation

Bank deposits are not the only short-term investment vehicle to be affected by regulatory change: money market funds are also undergoing a period of considerable change in the US and Europe. During the financial crisis, the Reserve Primary Fund 'broke the buck', meaning that its Net Asset Value (NAV) fell below US$1. An investor run ensued and the fund collapsed. The MMF industry has subsequently been the focus of increased regulatory scrutiny, paving the way for significant changes.

The money market fund reforms recently introduced in the US required funds to move away from the previous model whereby investments usually had a constant net asset value (CNAV) of US$1 a share, with certain funds now required to adopt a variable NAV instead. Other changes include the introduction of liquidity fees and redemption gates in certain situations. As a result of the changes, which came into effect in October, the industry has seen outflows of around US$1 trillion over the last year, with many investors moving cash from prime funds to government money funds.

Change is also on its way in Europe, following years of negotiation. In November 2016, an agreement was reached between the European Parliament, Council and Commission on the draft regulation. The proposed rules include the

introduction of a new category of funds: Low Volatility NAV (LVNAV) funds. The new rules are not expected to come into effect before the end of 2018.

Reviewing investment policies

When seeking to respond to the challenges brought by Basel III, it is important to have the right policy in place for short-term investments. An investment policy should reflect the company's investment goals and risk appetite and should set out guidelines covering approved investment instruments and counterparties, as well as currencies and maturity limits for investment instruments.

"A corporate's short term investment policy is fundamentally about managing risk, including interest rate risk, foreign exchange risk, counterparty risk, liquidity risk, operational risk and more," says Ong. "In Asia, developing countries have stringent regulations on capital outflow and currency control, liquidity risk stands out even more for regional or global corporate treasurers to take into account when setting investment policies for such restricted countries."

An investment policy is unlikely to be updated very frequently – but market changes may prompt treasurers to revisit their policies to make sure that they remain relevant both for the company's needs and for the prevailing market conditions. While companies in Asia continue to favour bank deposits, the challenges brought by Basel III may therefore act as an impetus to revisit existing policies and consider whether alternative investment products might be suitable.

When it comes to choosing or amending an investment policy, there are a number of factors to consider. Jaccard points out that an investment policy should include the following points:

- Long and short-term credit rating of banks.
- Tenor and ability to break funds on very short notice.
- Yield.
- Underlying liquidity risk if investment is in securities other than bank deposits.
- Currency transferability and convertibility.
- Withholding tax.
- Cash flow forecasting accuracy.
- Accounting treatment, eg mark-to-market of securities.

In practice, not all treasurers will choose to revisit their investment policies in light of Basel III – and treasurers in Asia may be less likely to do so than treasurers in other regions. Ong says, "We observe that most corporate treasurers are risk averse and not taking drastic steps to change their short-term investment policy or rejig their portfolio mix of safe and liquid investment options."

Indeed, J.P. Morgan's Global Liquidity Investment PeerView[SM] 2015 study found that while 38% of all respondents were planning to make changes to their investment policies in light of regulatory and interest rate considerations, only 26% of respondents based in Asia Pacific were planning to do so. Similarly, respondents who were planning to reduce their

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investment in bank deposits were asked if their banks had encouraged them to move non-operating deposits off their balance sheet as a result of Basel III regulations or other factors. This was reported to be the case for 47% of respondents in total, but for only 11% of respondents in Asia Pacific.

Nevertheless, treasurers should take the opportunity to understand how regulatory developments affect their investments – and whether changes to the investment policy could be beneficial. Shah says that companies "should review their investment policy to ensure enough flexibility to allow for alternative investment options for deploying their non-operating cash." He adds, "This should also drive a closer alignment of cash management and investment policy for companies, as they look to consolidate their cash management flows (ie payments and collection) and liquidity balances with fewer banks with global footprint in order to drive efficiency and optimise investment capacity."

Conclusion

The climate for short-term investments is certainly challenging. Aside from the implications of Basel III and other regulatory changes, other factors may also prompt treasurers to revisit their investments. According to Ong, these may include volatility in the interest rate environment – "ie USD rate hikes in contrast to the drop in most Asia Pacific currencies and negative yielding European currencies" – as well as the growing trend for countries to adopt a protectionist stance.

While different strategies are available to treasurers looking to overcome the challenges of the new liquidity environment, it is also important to recognise that these may not be foolproof. With the Basel III measures still in the process of being implemented, the full impact of the changes is yet to be fully understood. As Tombazzi points out, this uncertainty "causes differing behaviours from banks in the offering and pricing of similar deposit products, which are not easy to reconcile."

Treasurers should therefore aim to gain a clear understanding of the current climate for short-term investments, as well as making any necessary adjustments. As Ong concludes, treasurers in Asia "should emphasise monitoring and gaining better visibility of their local currency exposures, and keeping their short-term investment policy agile to adjust to the continuously changing regulatory landscape."

The payment revolution(s)

From SEPA to FAST and from gpi to Ripple, innovation in the payments landscape is occurring faster than ever before. Whilst this disruption makes the future of payments somewhat uncertain, ultimately the real winners will be corporates who can look forward to a faster, cheaper and more seamless payments experience. Treasury Today Asia explores some of the latest developments.

At the end of last year, the first Amazon Go grocery store in Seattle opened its doors. Described as a "just walk out" shopping experience, the store is revolutionary because it enables customers to simply take what they want off the shelves and walk out of the store without the need to queue at a checkout and make a payment.

Amazon has not started providing free groceries – instead, it has created what might be the world's first frictionless payments experience. This works by using various technologies that detect which products a customer has picked from the shelf. These are then registered to a digital cart (found on the Amazon Go app). Then, when the customer leaves the store, this is recognised in the app and the digital cart is turned into an invoice that triggers an instant payment across the Amazon Payments service.

It is a fascinating case study, and one that highlights not only how technology is changing the way everyday tasks are conducted, but also how seamless the payment experience can be.

Payments: in vogue

Amazon is by no means the only organisation to be focusing on payments. Indeed, the payments space has become saturated of late as an assortment of banks, credit card companies, fintechs, central banks and other industry players look to remove friction and make paying a more seamless experience.

This is hardly surprising: solving payment problems can be very rewarding. The Boston Consulting Group, for instance, predicts that payments revenues could grow to more than US$2trn a year by 2023. As a result, venture capital money has been ploughed into the industry.

The focus of these companies has so far been on the retail space and customer-facing businesses have been the first to feel the impact of these developments, especially the need to accommodate a plethora of new payment methods. But the rise of these alternative payment methods, whilst receiving a lot of the mainstream media coverage, is arguably just the tip

of the iceberg when talking about the broader transformations happening in the space.

SEPA: looking back

Innovation in payments isn't new, despite the recent popularity and the excitement drummed up by fintech. As Mark Evans, Global Head of Payments Advisory, Global Liquidity and Cash Management at HSBC highlights: "SEPA remains one of the biggest development in the payments space of recent times."

Indeed, SEPA has been important for a whole host of reasons, but one of the most notable has been its role in establishing ISO 20022 XML as a payment messaging standard. "A common messaging infrastructure is important and the benefits of creating this have been highlighted by SEPA," says Evans. "And as more and more domestic payment systems are built using similar XML standards, banks are able to standardise payments processing and focus on delivering more innovative experience to our clients."

Aside from setting standards, SEPA helped get the banks (and corporates) thinking differently about payments. As Evans explains: "The execution of payments is now heavily commoditised and what corporates are really interested in is what value banks can add before and after payment execution." Banks have been working on 'additional optional services', which can be developed in order to add value to clients' payments processes.

Indeed, Evans notes that the success of SEPA has created challenges for corporates operating elsewhere in the world. "We often run into challenges, where our clients expect SEPA-like capabilities and are disappointed to find they are unable to routinely replicate this operating model elsewhere," he says.

The evolution of SEPA doesn't stop here, however, and Evans highlights how banks are increasing their focus on overlay services. He notes that HSBC is working to help its corporate clients further improve their payments efficiency, for instance. "We are working to develop solutions that help clients more efficiently manage accounts associated with payment execution, and remove the operational burden associated with so called, payments Master Data," Evans explains.

Life in the fast lane

Away from SEPA, a more recent trend in the payments space has been the proliferation of faster payment systems. The UK was a first-mover in this instance when it launched its Faster Payments scheme in May 2008. Since then, over 30 similar systems have been developed or are under development around the world.

Faster payment schemes enable customers to make electronic payments almost instantaneously, seven days a week and 24 hours a day. Payments are typically made via a phone or internet-enabled device and involve the transfer of money between accounts – to pay other people, pay bills or make regular standing order payments.

Interestingly, while SEPA has set the standard for pan-regional payments, it is Asia Pacific that is arguably setting the standard for real-time domestic payment systems. Some notable solutions in the region include Fast and Secure Transfers (FAST) a real-time payments initiative from the Monetary Authority of Singapore, built using ISO 20022; India's Immediate Payment Service (IMPS) and UPI; and the soon to launch New Payments Platform (NPP) in Australia.

These payment systems are the building blocks on which further payments innovation can be built – many of which the banks are just beginning to explore. Yet, it is important to note that whilst these are exciting developments, the impact of these systems in the corporate space remains limited. Many schemes, for instance, enforce maximum value limits (S$50,000 in Singapore, for example), reducing their usefulness to corporates making high-value payments.

It is also debatable whether corporates need the ability to make real-time payments at all. After all, in the B2B space companies typically have standard cycles for payments based on overnight settlement. Perhaps one of the most transformational effects of Faster payment schemes is their support for "Request for Payment" services using mobile phone numbers, emails or other aliass. Ironically, it could be that Faster payments make their biggest impact for corporates on the receivable side of their business.

SWIFT's gpi initiative

Although domestic faster payment systems may only have a limited impact on corporate operations, the developments occurring in the cross-border space – where often the real challenges sit – may have a more immediate effect.

Indeed, the increase in the volume of cross-border payments, driven by globalisation, and the digitisation of commerce has only increased the volume of cross-border payments for corporates. When sending payments cross-border, corporates often struggle with transparency over the payments in terms of fees and credit confirmation. There is also limited remittance data that can be sent along with the payment, creating issues when it comes to reconciliation.

It is these cross-border challenges that SWIFT's global payments innovation (gpi) initiative is looking to solve for treasurers. Launched in early 2015, the gpi initiative is intended to improve corporate treasurers' experiences when making cross-border payments by increasing speed, transparency and end-to-end tracking of transactions. The initiative aims to do this by establishing a service agreement for banks, which will then be responsible for turning this into a value proposition for their clients.

Despite the widespread focus on new technology, SWIFT has bucked the trend and designed the gpi initiative to work without significant changes to existing infrastructure. "This was a very deliberate action," says Wim Raymaekers, Global Head of Banking Market at SWIFT. "We want to bring the benefits of gpi to treasurers as soon as possible and the existing technological infrastructure enables this." To that point, SWIFT and the banks – perhaps rather uncharacteristically – have been rapid in pushing forward with gpi, which went live in February.

That isn't to say that SWIFT hasn't been innovating. "Providing same day value and transparency over fees is done by enforcing the new standards," explains Raymaekers. "But we have introduced some new tools to enable the end-to-end payments tracking function and built a data layer that flows with the payment, enabling the transaction of rich remittance data. The aim of this technology is to enable the 'DHL of

payments' – something that corporates have been requesting for some time."

With over 90 banks already on board, gpi is an initiative that SWIFT is promising will further improve as time goes on. "We have already helped solve a number of challenges that corporates face when making cross-border payments," says Raymaekers. "And we will continue to develop gpi utilising new technology as and when it comes available. Decoupling the business rules from the technology has enabled this and will mean that gpi will be able to stand the test of time."

To provide just one example, Raymaekers says that SWIFT has launched a proof of concept (PoC) to explore whether distributed ledger technology (DLT) can be used by banks to improve the reconciliation of their nostro databases in real time, optimising their global liquidity.

Breaking the rules

There are those, however, that believe the existing payments ecosystem needs to be renewed for any true progress to be made. Ripple is probably the most vocal company in this space. Its vision is to create something that it calls the 'Internet of Value'. As Daniel Aranda, Managing Director of Ripple Europe, explains: "We believe that value can be moved around the world the same way as data, seamlessly and instantly."

For those at Ripple, the issue with the current payments ecosystem is that it relies on central master ledgers to track who owns what and who has paid who. "These ledgers sit within banks, broker-dealers, central banks, clearing systems – and when payments need to go cross-border, this system starts to break down because these ledgers don't easily interoperate," says Aranda. "As a result, international payments take from three to five days to settle and have an error rate of 5%. This means that making payments between countries is slow, unreliable and expensive."

The result is a payments infrastructure that Aranda says is "woefully inadequate to meet the corporate treasurer's needs – in particular, that of managing liquidity and foreign exchange risk and having real-time data to hand."

So how does Ripple and its 'Internet of Value' seek to change this? Its technology is built around an open neutral protocol called the Interledger Protocol (ILP), which standardises the process of settling transactions across different ledgers and networks. This offers cryptographically secure end-to-end payments flow with transaction immutability that allows companies on different networks to transact directly.

Contrary to some beliefs, Ripple is not looking to throw the baby out with the bathwater. Its technology is designed to fit within a bank's existing infrastructure and complies with risk, privacy and compliance requirements.

"With the ability to transact directly, instantly and with certainty of settlement through Ripple's distributed financial technology, corporate treasurers have much to gain," says Aranda. This includes the ability to direct funds immediately as and when needed to support operations globally as well as support all currencies from centralised accounts. Treasurers will also be able to reduce counterparty risk and credit costs by having the option to request for immediate payments from customers and improve cash management and reduce working capital and liquidity costs. Finally, reconciliation errors can be minimalised through detailed invoice data.

> A common infrastructure is important and the benefits of creating this have been highlighted by SEPA. And as more and more domestic payment systems are built using XML standards, we as banks are able to standardise our payments offering in order to deliver a more consistent experience to our clients.
>
> Mark Evans, Global Head of Payments Advisory, Global Liquidity and Cash Management, HSBC

"2016 was the year that banks began to accept distributed ledger technology to be used for commercial payment solutions, particularly in cross-border payments," concludes Aranda. "2017 could be the year that financial institutions increase the adoption of digital assets like Ripple's XRP to fund their payments in real time and, in the process, cut down their dependency on nostro accounts."

Moving in the right direction

With so much innovation under way, and more still to come, it is extremely difficult to predict exactly what the payments ecosystem will look like in ten years' time. Indeed, technology is moving so fast that ten years ago, the term 'distributed ledger' did not exist in conversations around payments.

SEPA and Faster Payments, as government-led initiatives, are clearly here to stay, and they should provide the underlying architecture for payments innovation to truly flourish. Exactly what rails cross-border payments will travel on is less certain.

For corporate treasurers, the new payments landscape might seem overly complex and uncertain. There are a lot of moving parts and a lot of players in the game. Consolidation is clearly needed: a situation with multiple systems at play is not the most efficient scenario.

But with a 2016 Saxo Bank study indicating that 63% of finance professionals were not satisfied with how long international transfers take to arrive in the recipient's account, the good news is that all these developments aim to streamline the payments space, making it faster and cheaper for corporates to transact both domestically and cross-border.

Any diligent treasury professional will, therefore, be keeping well abreast of these changes and should be engaging with their banking partners closely. Treasurers should also talk to other industry players such as SWIFT and Ripple to see what is out there and the benefits these new systems can bring.

Crossing borders: navigating the new reality of international business

The seemingly inexorable march of globalisation has redefined how businesses operate, enabling them to reach more customers, improve efficiency and ultimately become more profitable. However, in an increasingly complex world, the benefits that have been delivered by globalisation can no longer be taken for granted.

Mark Evans
Managing Director, Transaction Banking

Michael Lim
Head of Trade and Supply Chain

In his book, The World Is Flat: A Brief History of the Twenty-First Century, American author Thomas Friedman details the development of globalisation, beginning in 1492 when Christopher Columbus set sail, opening up trade between the new and old worlds. This period was known as Globalisation 1.0. Globalisation 2.0 followed between 1800 and 2000, as businesses, empowered by technological developments and progress in transport and logistics, began to expand across borders.

In the current era, which Friedman defines as Globalisation 3.0, individuals and businesses from every corner of the world are interconnected and empowered, shrinking the world and creating a truly global marketplace and economy. However, recent events, including the UK's decision to leave the European Union and Donald Trump's protectionist rhetoric, have thrown much of what was taken for granted about globalisation into doubt. For businesses operating in Asia Pacific (APAC), this raises some interesting questions about the future of the international business landscape – and whether businesses will be able to continue operating across borders with relative ease.

In perspective: globalisation and international business

The hope is that, despite the events of 2016 and the recent backlash against globalisation, governments will continue to allow global trade to flourish. "Globalisation and the rise of global free trade has had an incredibly positive impact on the global economy," says Mark Evans, Managing Director, Transaction Banking at ANZ. "Open markets are proven to bring economic growth, innovation, productivity and prosperity."

The globalised world has also afforded businesses all manner of opportunities to grow by expanding into new markets and creating new revenue streams. Indeed, the latest statistics from the S&P 500 highlight that 44.3% of their profits are made outside of their home market of the US. This trend is further emphasised by large international brands, with stores and products which are ubiquitous around the world.

Globalisation and free trade have enabled businesses not only to increase revenues by tapping into new markets, but also to operate more efficiently, says Michael Lim, Head of Trade and Supply Chain at ANZ. "The opening up of emerging market economies has enabled businesses to think more strategically about their supply chain and pick and choose where they are producing," he says. "The rationale behind each decision will vary from company to company, but essentially the aim is either to drive cost savings by producing in countries with low labour costs, or to gain a competitive advantage by producing close to the resource base, thereby creating speed and agility in the supply chain."

Asia Pacific has played a central role as corporate supply chains have evolved, and China has been a particular beneficiary. In the 1990s, China produced less than 3% of global manufacturing output by value. Today, thanks to various economic and trade policy reforms, the country produces nearly 25% of global goods and is the world's largest exporter.

In more recent years, other countries in Asia, most notably from the ASEAN region, have looked to leverage this trend and take on segments of the supply chain. With over 80% of companies based in emerging markets planning to relocate parts of their supply chains to other emerging markets, it is a strategy that many businesses hope they are able to continue to follow.

Challenges facing international business models

This cannot be taken for granted, though, as these operating models are under increasing pressure as globalisation comes under attack. "Socially, there has been a clear backlash around the world against globalisation," says Evans. "In the western world, people

> In particular, ANZ suggests businesses should take a good look at their supply chains, especially if these include countries which are currently embroiled in trade disputes or are leaning towards protectionism. Again, the advice is not to panic but to make sure that a degree of flexibility is built into the supply chain, providing the option of switching suppliers should the need arise.

are angry that jobs are being lost as work is outsourced into low-cost markets. This has resulted in political disenfranchisement, with a shift towards political leaders that employ protectionist policies."

This is most evident in the United States where Donald Trump's decision to pull the US out of the Trans-Pacific Partnership (TPP) – a trade agreement that encompassed 40% of global GDP – and his desire to impose high tariffs to punish foreign governments which adopt unfair trading practices and force US firms to import less, seemingly contradict the globalist policies of most American multinationals.

While the shift in US policy is causing concern, the US is not the only country to be preaching protectionism. The UK's decision to leave the European Union is another example, and other countries in Europe are also increasingly looking inwards. This poses a considerable risk to international business, and Evans notes that he has already seen the confidence of many businesses knocked as a result.

It is not just political forces that are putting pressure on the structure of international business. Uncertainty around regulation remains a key impediment, especially in some of APAC's more restricted markets. To highlight this, Evans discusses some of the recent challenges ANZ's clients are facing in China. "Doing business in China is much more complex than before and we need to be in a position to help our clients navigate the complexity of Asia's diverse markets."

Businesses are also being affected by extra-territorial regulation. "Regulations are tightening, especially around areas such as anti-money laundering and modern slavery," Evans explains. "This is, of course, a positive move, but what makes it difficult for businesses is that local governments are interpreting these rules differently. Corporates need to be much more careful when using low-cost labour in emerging markets to make sure that they are not breaching any local laws regarding modern slavery, for example."

The importance of options

As a result of these pressures, it is not surprising that some firms have begun to ask whether the costs of manufacturing outside of their home markets may outweigh the benefits. These are certainly questions that multinational corporations and their treasury teams, which have increasingly become pivotal in the strategic direction of the company, should be considering.

"We have had numerous clients come to us and ask questions about the various political, economic and social trends in the markets they are operating in," says Lim. "This is a positive sign because it shows that our clients are thinking proactively about what all these developments mean and trying to understand the risks and opportunities that these create for the business. But our overriding advice is always not to panic: these trends are very unlikely to cause business to grind to a halt."

That said, some alterations may be needed. As a result of these conversations, ANZ is already seeing many treasury teams make some changes, with some increasing their hedging in light of increased market volatility. "This is helping smooth out that volatility for the business over the short term and this will be a key role for treasurers in the comings months and years," says Evans.

But any true risk management strategy cannot rely on short-term hedging strategies alone and the business must adapt and evolve in accordance with the changing business environment. "Every good business strategy considers the risks to that strategy and should always have options to move in another direction should need be," says Evans. "Treasurers should certainly be looking at putting in place a Plan B should these anti-globalisation trends continue. This isn't alarmist, simply good practice."

In particular, ANZ suggests businesses should take a good look at their supply chains, especially if these include countries which are currently embroiled in trade disputes or are leaning towards protectionism. Again, the advice is not to panic but to make sure that a degree of flexibility is built into the supply chain, providing the option of switching suppliers should the need arise.

"Supply chains are complex constructs and take a long time to establish and cultivate," says Lim. "As a result, these cannot be changed overnight, but we do believe that treasurers and procurement teams need to be working together to consider alternative options with the objective of making sure that the business can continue to operate smoothly, no matter what political or regulatory changes occur."

Ultimately, for treasurers, it is about staying ahead of the game – and with forward planning, this shouldn't be a problem. "Regulations and legislation don't typically change overnight," says Lim. "There is always time to react, but sometimes this does require businesses to be uncharacteristically nimble. We therefore encourage our clients to keep abreast of the winds of political change and ensure they have an action plan for the alternate scenario."

Digital trade flows

While treasurers manage the risks of doing business across multiple international markets, there are also opportunities that must be considered, particularly in the digital space. E-commerce, for instance, has proliferated in recent years and now accounts for an estimated 12% of all trade. For businesses, the ability to reach a broader audience without the need for a bricks and mortar store is clearly attractive.

If sales are to go truly digital, so must the underlying processes that support these. "We have been talking about international trade going digital for decades and in recent years this has begun to gain some real momentum," notes Lim. "But as e-commerce takes hold, corporates are beginning to see the full benefits of removing paper and creating efficiencies, both from a cost and control perspective and in terms of removing friction from the process."

It is not easy though, and corporates can often find themselves caught having to manage local laws that can sometimes prohibit the digitisation of business. "We hope that this will not always be the case," says Lim. "Countries such as Singapore are leading the way in promoting digital trade flows. I think these efforts will converge and we will see other countries following suit because the benefits for all parties are clear."

Payments innovation

If the product and document flow is to be seamless, the payment flow needs to be similarly smooth. Unfortunately, at present, the underlying payments infrastructure often causes problems for organisations operating and selling internationally. Payments, especially cross-border, are cited as being slow, expensive, opaque and problematic from an operational and compliance perspective.

Despite this, Evans is keen to highlight that a lot of work is being done at present to improve the payments infrastructure. "SWIFT's global payment innovation (gpi) initiative is just one exciting development and we are very interested to see how it works now it is live," he says. "It has the potential to solve many of the cross-border payments challenges that companies face by providing full visibility over transactions, delivering certainty and eventually also providing rich remittance information."

Evans also notes that blockchain will have a role to play in the payments space and in the digitisation of trade documents. "It is clear that distributed ledger technology will provide our clients enormous benefits at some stage in the future," he says. "We have already been involved in a number of groundbreaking pilots, including testing the technology in cross-border payments, and we will keep working on this area. It is important though that expectations are managed. Treasurers need to understand that it is not going to fix all the challenges in international business overnight, but slowly benefits begin to be realised."

All this innovation, no matter what form, typically brings a standardised set of benefits. As Evans explains: "For all parties involved in international trade, these digital solutions help provide transparency, certainty and efficiency, creating a better trading environment for all."

To take advantage of all this technological change, treasurers once again need to be prepared. Lim advises that treasurers should ensure that their processes are efficient and standardised. "If they are not, it will be very difficult to move quickly and take advantage of these new technologies once they become available," he says.

Finger on the pulse

Despite the events of 2016 and a perceived pushback against globalisation, business remains increasingly international, from the existence of complex supply chains to the opportunities brought by e-commerce. But in this period of heightened volatility, it is prudent to question current business models and their long-term viability.

Managing this dichotomy between the forces of globalisation and localisation will pose an interesting challenge to corporates and their treasury teams in the years ahead. In order to prepare for what is to come, both Evans and Lim reaffirm that it is important to have options in place and to plan for any different scenarios that could impact the business. "This is crucial to help corporate treasury teams, as well as procurement teams, manage risks proactively and position themselves to take advantage of any opportunities as they arise," concludes Evans.

Mark Evans, Managing Director, Transaction Banking, Institutional

Mark Evans is Managing Director, Transaction Banking, Institutional, at ANZ. Mark is responsible for end-to-end transaction banking services – including payments, cash management, trade finance and supply chain finance solutions – across ANZ's home markets of Australia and New Zealand and the bank's footprint globally.

Michael Lim, Head of Trade and Supply Chain

Based in Sydney, Mike Lim is responsible for ANZ's Trade & Supply Chain business which supports our customers in 34 countries. Mike has over 25 years of banking experience in Client Coverage, Risk and Product with the past 15 years focused on trade, commodities and structured finance.

No ordinary treasurer

Cale Bennett
Group Treasurer

Fuelled by the desire to show that treasury is much more than a support or compliance function, Cale Bennett is a treasurer who looks to add value across the whole organisation. His approach sees him expand the scope of the treasurers' role, delivering tangible and impressive results.

Formed by George Adams in the 19th century, Tatts Group is active in the wagering, lotteries and gaming industries. The company has an operational footprint extending across Australia.

It is unlikely that you will ever find Cale Bennett, Group Treasurer at the Australian lottery and gaming giant Tatts Group, sitting idly at his desk. If running the treasury department for a heavily-regulated company with a vast retail presence and corresponding transactional banking footprint wasn't enough to keep him busy, Bennett is driven by an insatiable desire to find new and ingenious ways to add value to the organisation.

This drive to deliver more is fuelled not only by personal ambition, but by a deeply held belief that treasury is not entitled to a seat at the table for strategic conversations, but must earn it. Indeed, Bennett believes that there is typically little understanding outside of treasury departments about what treasury actually does and the value it can add – a state of affairs that he is determined to change. Bennett's treasury department therefore strives to highlight the worth that treasury can add to the business.

The success of his approach is there for all to see. "During my time at Tatts, the treasury department has been a significant contributor to net profit after tax (NPAT) uplift – which is very satisfying," he explains. This has been realised through a variety of different actions, including the renegotiation of debt lines and the implementation of a successful and innovative hedging strategy. "Overall, we have brought tens of millions of dollars of added value to the company over what the market has offered naturally through targeted activities," says Bennett.

Making of a modern treasurer

Despite his success as a treasury professional, Bennett admits that his path to the profession was far from calculated. "I have never really had a plan and instead just chose roles that captured my interest," he says.

Bennett first was drawn to financial markets after graduating from Griffith University in Queensland with a degree in international finance. After initially working in a variety of risk management, trading and dealing roles, in 2006 Bennett joined the Bank of Queensland where he managed international and domestic debt capital market issuance. After two years, he moved to the Macquarie Group, managing a suite of capital-guaranteed, tax-effective, structured investments. "All of these experiences provided a good base for a move into corporate treasury, but that was by luck more than design," he admits.

A move to Brisbane from Sydney provided Bennett with the chance to reassess his options. He explains that he was fortunate to be offered his first taste of corporate treasury with a role at QR National (now known as Aurizon). In this role he utilised many of his banking skills, primarily working on structured cross-border leases and the financing that supported the company's IPO – the largest in Australia for some time.

Despite this being, as he describes it, a "fantastic role", Bennett wanted to pursue other options and paused his treasury career after four years at QR National to launch a financial services start-up. "I wanted to test myself," he explains. "I knew I was a capable finance professional, but I wanted to see if these skills could be used in a broader context without the support of a large organisation."

Bennett claims that the experience highlighted that he is "not a very good entrepreneur". Although, having raised funding from Steve Baxter – a well-known investor in Australia and star of the TV show Shark Tank – with little more than a slide deck, and leaving the company through a financially positive exit, one could argue that he is doing himself a disservice.

After experiencing start-up life and arming himself with a host of new skills, Bennett decided, with the encouragement of his wife following the birth of their first child, to find a more stable job. With extensive experience in both the banking and the corporate world, he had numerous options – but there was really only one choice.

"There is something tangible about working in corporate treasury," explains Bennett. "In banking it can often feel like you are making money from thin air – you can't touch or feel your work. In corporate treasury, however, you can see the physical impact of your work. At QRN I could ride on the trains that we financed, and at Tatts I see the positive impact we have literally making people's dreams come true. This brings me a satisfaction that banking could never deliver, so joining Tatts as Group Treasurer was a great opportunity."

Taking on the best

Leading a treasury team for the first time, Bennett was excited to apply his philosophy to the department. In essence, Bennett's vision of what a treasury department should be is quite simple: it should be technically astute and willing to push beyond the status quo – two principles that he embodies.

"To be a great treasurer you need to know the technical details inside out and be respected for your professional knowledge," he says. When dealing with the banks, Bennett believes this is especially important. "I don't want to sit in a room with highly incentivised bankers and not be respected as a peer," he says. "The smartest people in the room can't all be on one side of the table or the outcome will be similarly one-sided."

The recent wave of regulatory change sweeping over the banks has made it even more important for treasurers to be fully in command of their work. Bennett's experience working in banks provides him with an insight of how they operate and this has led him to treat their complaints about the cost of regulation with a healthy dose of cynicism.

"Banks complain that regulation is making their lives more difficult and more expensive," he says. "But really it provides a big opportunity for them to use regulation to make more money. Information asymmetry has always been a source of income – if the banks know more than the corporates about these regulations then they can use this to get the outcome that they want. This is why I believe it is so important to keep abreast of changes in regulation and the different ways that banks implement them."

Tackling regulation head on is, in fact, something that has brought Bennett lots of success. "I have spent a lot of time myth busting within the organisations I have worked for," he says. "In heavily regulated businesses, a lot of myths exist around what can and cannot be done. If these are not challenged, they are accepted as fact."

Bennett has therefore set out to trawl through legislation and agreements in order to understand the constraints under which the business is operating, and find opportunities within established frameworks to drive positive change. "I won't dismiss any good idea until I read in black and white that we are unable to do it," he adds.

It is clear that Bennett is a deep thinker and one who is not willing to accept the status quo. And he admits that his success in treasury, in part at least, has come through his unconventional and innovative thought process that looks beyond the obvious and stretches the imagination. "A very supportive CFO also helps," he jokes.

But he doesn't see himself as unique in a world of highly-skilled treasury professionals – just perhaps one whose focus is slightly different. "I've observed a trend in treasury of late, which has seen departments simply look to be compliant – and companies looking to hire primarily for compliance," he says. "And whilst being compliant is of the utmost importance it shouldn't exclude treasury professionals to be creative, think outside the box and challenge what they are being told – doing so can add enormous amounts of value. I think this is something that all treasury professionals should look to strive towards; to be a differentiator from our cousins in accounting, not a subset of them."

Personal evolution

Another key tenet of Bennett's success is his investment in himself. "To be a consummate treasury professional, and to add to your overall operational effectiveness, you need to have skills that translate beyond the realm of treasury," he says. Although Bennett managed to pick up lots during his years working in financial services, he has also sought to learn skills in his own time as well – most notably the ability to program.

"I am no expert, but I would class myself as a skilled amateur," he says, although his interest has served him well in his current role. To cite just one example, he explains how he had been talking to the group's merchant gateway provider about creating a portal that would enable the treasury team to access its numerous merchant gateway accounts they operate with one login. "We got nowhere so I just built a solution myself," he says. "It didn't take long and has enabled us to streamline our process, saving considerable man hours per annum."

Interestingly, Bennett recommends that anyone serious about a career in treasury should focus on their technical understanding and learn to program. "Basic coding will make you a much more valuable asset to your organisation," he says. "Also, early in your career your bosses are going to think you are magically capable of extreme productivity!"

A changing landscape

With such a keen personal interest in technology and how it is changing the world, it is unsurprising that Bennett has plenty of views on the emergence of fintech and its disruption in finance. "I am watching this space closely, but development is slow in the corporate treasury world," he says. "I still seem to spend a crazy amount of time filling in paperwork for the banks, for instance. It amuses me to the point of distraction, especially when I talk to the banks and they enthuse over their innovations. For the corporate treasurer, the banks taking a step back and removing some of these paper processes would be a great innovation."

What frustrates Bennett more is that all of this paperwork is typically based on very simple processes that could be easily digitised. "Adding and removing signatories from bank accounts, for instance, takes a lot of time," he says. "But I can electronically give access to someone to release a payment. There is no alignment of process here and both lead to the same outcome."

The greater acceptance of APIs and the better integration of technology amongst different systems should lead to further improvements, but Bennett believes this will take time. "I have sympathy for the bank because Tatts runs a similarly complex technology environment," he says. "It is very difficult to implement change because of the complexity of systems and the requirement for uptime, amongst a host of other issues."

Focusing on fintech

Nevertheless, Bennett believes that banks may be forced to be more nimble and adaptive in the coming years due to the emergence of fintech. Exactly how this will develop and how long it will take remains to be seen, however, especially in the corporate space.

"At present, the vast majority of all fintech is in the business to consumer space," explains Bennett, adding that this is mostly due to the complexity of the commercial banking business. "Take a peer-to-peer lending platform, for instance. The level and depth of financial knowledge to set up is quite low – if you can calculate simple interest, you are half the way there from a financial point of view. To set up a company that helps corporates in a meaningful way is incredibly complex and requires deep understanding of the financial system and how it operates.

"One big challenge then for fintech is to attract people who have the financial skills to cut through this complexity," he adds. "Many fintechs are great at 'tech', but lacking the 'fin'. This will change in time, though. Ironically, it is likely to come from banks continuing to downsize – they will be disrupted because they couldn't disrupt themselves."

Bennett's interest in fintech goes beyond simply observing how it is impacting the banks and corporate treasury. He is an active participant and the co-founder of a fintech start-up, FairDealFx (http://fairdealfx.com.au). The company, as Bennett explains, seeks to enable companies who cannot afford Reuters or Bloomberg terminals to be able to access live FX derivative pricing, enabling them to better manage their foreign currency risk. "Many SME's executing derivatives for risk management have no idea whether they are getting a good deal. We have therefore built FairDealFx to eliminate the information asymmetry that makes SME's a very profitable segment for the banks," he says.

Room for legacy technology

Given Bennett's belief in automation and emerging technology, it may come as something of a surprise that Bennett remains a fan of spreadsheets. Where some see spreadsheets as a tool that should be consigned to the scrapheap, Bennett jokes that he will be clinging onto them no matter what.

Indeed, the idea for FairDealFx was born off the back of a spreadsheet that Bennett created for a friend, saving her business over AUD$11,000 in one month. He has also designed other spreadsheets, both financial and non-financial, including one that helps small charities target their contact list more efficiently.

"Spreadsheets are incredibly powerful tools," he explains. "Their functionality is unmatched, but the issue is that humans make errors in them. But as APIs become more prevalent it will be easier to integrate these into treasury and banking systems and automate the data input and management, mitigating the risk of human error. I don't foresee the demise of spreadsheets – connecting them to cloud-based systems will only see them become more powerful and embedded within finance departments."

Pushing ahead

Bennett is just as active in his personal life as he is in the workplace and even with three children he still manages to find time to indulge in his hobbies, which range from cycling and surfing to reading and learning new skills. Notably, in 2015 Bennett was selected to represent Australia in the gruelling sport of triathlon – a race comprised of a swimming, running and cycling section. "I have retired now – 18 months without a beer was long enough," he says. "I still enjoy challenging myself but I like to think I am a little more balanced now."

When looking ahead to the future, Bennett remains cognisant that even the best made plans can be disrupted, so he is reluctant to form too much of a blueprint. "Working abroad and seeing more of the world is something that I would certainly like to do," he says. "But what is most important, professionally at least, is that I can continue to push the boundaries, try new things and not be an 'ordinary treasurer'."

Voice of Corporate Treasury

in association with **Bank of America Merrill Lynch**

Be part of the global conversation

Our Voice of Corporate Treasury Global Study 2017, in association with Bank of America Merrill Lynch, opened on February 1st. Many corporates around the world have already participated and we encourage you to join them.

Your support is crucial to our better understanding of the environment in which you currently operate. It is only by giving you the opportunity to speak up and listening to what you have to say that we will, together, improve our industry.

We understand that you have to do more with less, yet you are still required to maintain sound financial disciplines whilst demonstrating best practice and innovation. We want to help you as you tackle these challenges and we encourage you to participate in this important research study.

This is your opportunity to tell us what your main issues and concerns are. Please tell us about the challenges you are facing and perhaps suggest what else is needed in the corporate treasury space.

This study covers the increasing responsibilities of the corporate treasury function, your outlook for the future, from treasury priorities and bank relations to risk management, technology, cyber-security, fraud, funding, liquidity and investments.

"Banks and corporates face an increasingly complex and fragmented marketplace driven by globalisation, digital delivery and entrepreneurship. We believe it is more important than ever for banks and service providers to collaborate with each other and corporates to keep providing value to the industry. That is why we are delighted to be supporting Treasury Today's Voice of Corporate Treasury Global Study in 2017," says Jonathon Traer-Clark, Head of Global Transaction Services Strategy at Bank of America Merrill Lynch.

All participating corporates will receive a full copy of the findings, enabling you to compare your issues with your peers.

The study can be found at **treasurytoday.com/voct** and we hope you are able to participate. Individual responses will not be shared and your detailed comments, opinions and observations are as important as the tick-box responses so please do complete the free format boxes in the study wherever you have more to say.

You have until April 30th to have your say. Thank you.

Built to fit: a bespoke cash investment policy for Asia Pacific

Asia Pacific is far from homogenous, which brings all manner of complexity for the corporate cash investor. It is therefore crucial for corporates to have a cash investment policy that is both robust and flexible and that encompasses local nuances whilst still aligning with global objectives.

Aidan Shevlin
Head of Asia Pacific Liquidity Fund Management

Ben Ford
Head of Global Liquidity Sales, ASEAN and Australia

J.P.Morgan
Asset Management

Asia Pacific is generally regarded as a complex place to do business, especially when compared to the largely standardised markets of the United States and Europe. This complexity manifests itself in many forms, but one area where the challenge is most acute for corporate treasurers is short-term investing.

Aidan Shevlin, Head of Asia Pacific Liquidity Fund Management at J.P. Morgan Asset Management explains why: "In Europe and the US, the short-term investment market has developed to maturity over a period of over 40 years. There is uniformity in the markets and investors are familiar with the products that exist and are comfortable using these. Also, from a macro perspective, there are very few surprises in the market and the regulatory landscape is relatively stable."

Shevlin adds that this is not the case in Asia. The region is far from uniform: each country is at a different stage of development, with its own regulatory environment, market practices and investment instruments. And with the vast majority of multinational corporations operating in more than one of these markets, this complexity is something that treasurers cannot avoid.

One size does not fit all

For many treasurers faced with this challenge, the first thought is simply to put aside the complexity and follow an investment strategy guided by a policy drafted at the company's headquarters in the US or Europe. "This is something we come across a lot when speaking with clients who are fairly new to the region," says Shevlin. "Although this strategy can work to a certain degree, especially in the region's more developed markets like Singapore and Australia, ultimately it is not viable in the long term and may see the business exposed to unnecessary risk, resulting in missed opportunities."

To put this into perspective, Shevlin provides an example of a US company having an investment policy dictating that the company could not invest in funds less than US$10bn in size. "In the US, this is not a problem because the market is well-developed and there are a number of active funds of this size," he says. "In Asia, there are not many funds of this size simply because the industry hasn't been around long enough yet."

A similar issue arises around credit ratings. Shevlin notes that many corporates will typically only want to invest in AAA rated funds and will state this clearly in the investment policy. Again, this may not be a problem in Europe or the US, but the developing nature of the markets in Asia means that many countries are not rated this highly – China's rating, for instance, is AA. "In both of these examples, the treasury is severely limiting its options, and often unnecessarily so, by dogmatically following a policy drafted to work in regions without such diversity," notes Shevlin.

The short-term products that treasurers use in Asian markets also need to be considered carefully: while the products may look similar to their Western counterparts, there can be subtle differences. Shevlin uses time deposits as one such example. "In China, until recently, the tenor and rates of time deposits were controlled by the People's Bank of China (PBoC), regardless of the bank from which they were purchased," he explains. "The PBoC has since loosened its control and a whole range of products across the liquidity, maturity and credit quality spectrum have emerged. These products can be very complex, so it is important that treasurers do not simply see them as 'traditional' time deposits and fully understand the risk they are taking before using these products."

Fit for purpose

It is clear from these examples that a cash investment policy built for the US and Europe has to be adapted to fit Asia, especially if the policy limits options too narrowly or exposes the organisation to unnecessary risks. But what precisely needs to be changed and how can treasurers go about this?

The policy should therefore be drafted in such a way that it maintains the investment philosophy of the company's headquarters, aligns with the regional office's strategy, and accounts for local practice.

There, of course, is no silver bullet; policies will have to be drafted differently from company to company. Interestingly though, Ben Ford, Head of Global Liquidity Sales, ASEAN and Australia at J.P. Morgan Asset Management, notes that the devil is not necessarily always in the detail. "Most multinational companies will have a comprehensive policy already in place," he says. "These will clearly define the objectives of the organisation and provide guidance around risk tolerance, for example. The temptation when adjusting this policy for the Asian market can simply be to add in more detail, highlighting precisely what can and can't be done in each market the company is operating in."

This may be ill-advised. Ford notes that some changes will, of course, need to be made to the document to accommodate local market nuances and ensure that the business is not exposed to excessive risks by using products that are not fully understood. However, he notes that whilst these changes should be well-detailed, they should not be limiting: "Ultimately the policy needs to empower local teams and enable them to operate efficiently and invest fully."

The policy should therefore be drafted in such a way that it maintains the investment philosophy of the company's headquarters, aligns with the regional office's strategy, and accounts for local practice. "The only way to do this," notes Ford, "is to take a holistic approach when drafting the policy; marrying together the local knowledge of the teams on the ground with the headquarter's overall investment objectives. Approaching the drafting of the policy in this way will also provide uniformity across the region and ensure that the locals are comfortable with what they are doing, empowering autonomous decision making."

Don't delay

Making changes to an investment policy, no matter how minor, requires a significant degree of effort. Indeed, according to the latest J.P. Morgan Global Liquidity Investment PeerView℠ survey, 82% of those planning to amend their policies stated this would require moderate or significant effort.

Interestingly, the same study also highlighted that only 26% of companies in Asia Pacific were considering making changes to their policies. When compared to the 39% in the Americas and 46% in Europe that said they were, this indicates that policy change is not top of mind for treasurers in Asia at present.

There is a logical reason for these findings, as the study also revealed that only 11% of corporates operating in Asia Pacific had been encouraged by their banks to move non-operating deposits off its balance sheet as a result of Basel III. And with a plethora of other challenges currently being dealt with by treasurers in the region it is understandable that their efforts are being focused elsewhere at present. But with the Basel III regulations increasingly beginning to bite, Shevlin encourages treasurers to start thinking in more detail about their investment policy.

"Bank deposits continue to be the investment tool of choice for corporates, but this will soon change as the banks in the region begin to conform with the Basel standards," he says. "Once these changes are fully implemented, corporates will be forced to diversify their investments and think more proactively about what they are doing. Those companies that go through the short-term pain and create a robust and flexible policy will reap advantages in the long term."

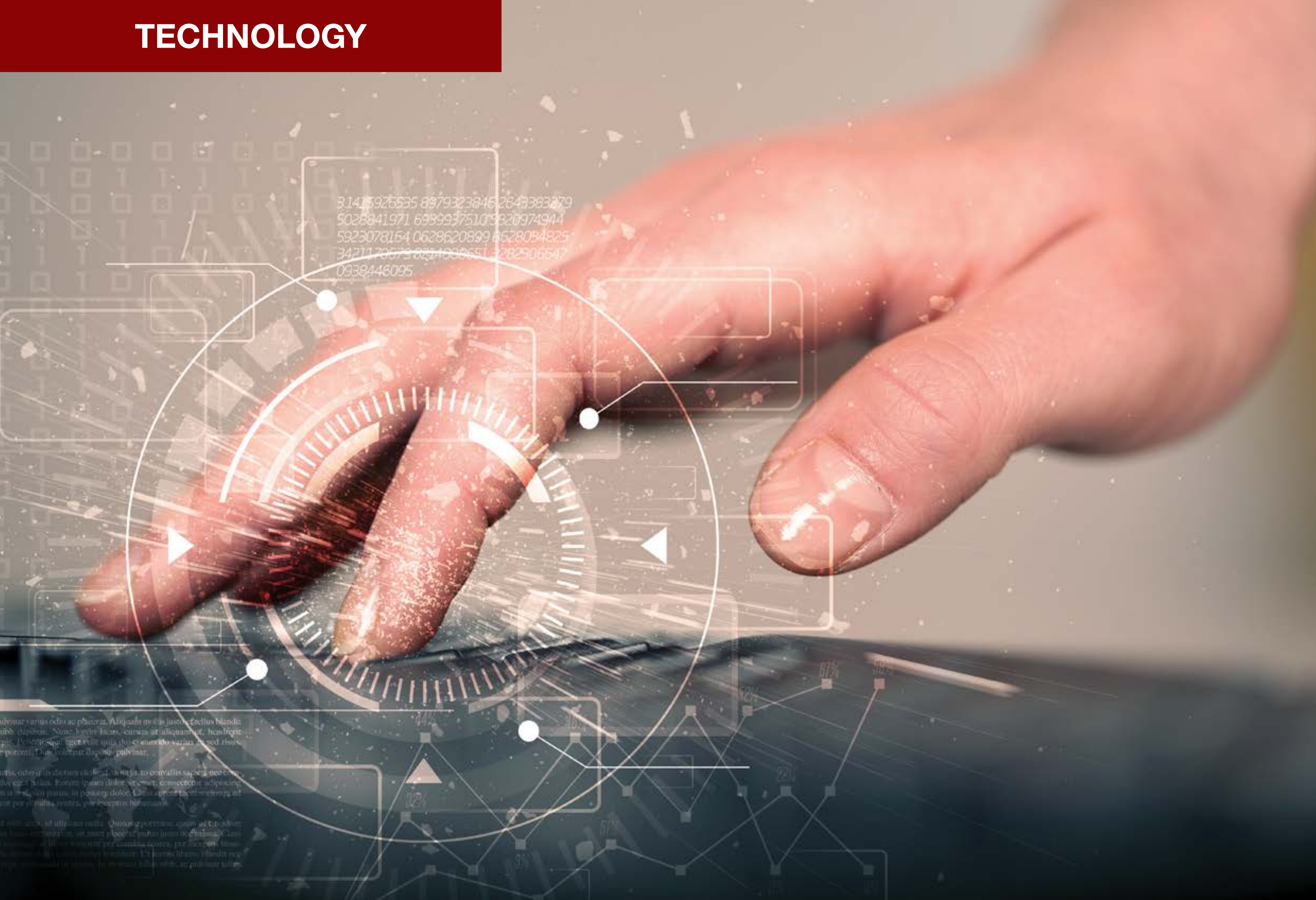
A trusted partner

Ford observes that corporates embarking on this journey away from bank deposits do not tend to start using complex products right away. Indeed, he notes that the journey for corporates is typically slow and considered.

"Most corporates in Asia tend to start investing cautiously in the region, primarily using time deposits with safe banks," he says. "As they become more comfortable with the region and its rules and regulations, they eventually start branching out and use other instruments."

As one of the region's longest standing asset managers, Shevlin notes that J.P. Morgan Asset Management is there to support its clients at every stage of this journey. "Having offered short-term cash investment solutions to corporate clients in Asia for over ten years, we have built up a wealth of knowledge and experience," says Shevlin. "Our clients can tap into this at any time and we are constantly acting as thought leaders to ensure our clients stay abreast of any changes that might impact their operations, or provide new opportunities."

For Shevlin, investing with J.P. Morgan Asset Management ultimately gives treasurers reassurance. "Asia can seem complex and confusing," he says. "There are lots of headlines about risks in the region but there are also lots of opportunities; having a fit for purpose investment policy suited to the region is the first step treasurers need to make in order to take advantage of such opportunities and stay one step ahead of their industry peers."



Banking on user experience

With more to do and with fewer resources available, treasury professionals increasingly lack the time and patience to deal with clunky and inefficient banking services and systems, and are calling for a better user experience. But are the banks listening and what comprises a 'good' user experience? Treasury Today Asia finds out.

Apple founder Steve Jobs had a simple philosophy towards product design: start with the customer experience and work back toward the technology – not the other way around. It is a philosophy that continues to influence every product that the company produces and is arguably one of the biggest factors in Apple's success.

Although simple, Jobs' philosophy was pioneering. Until then, companies had typically designed products they thought people needed with very little customer input until the very late stages of production. Jobs' thinking not only brought success but also inspired a whole new generation of innovators who have looked to follow Jobs' example, designing products and solutions that provide an excellent user experience.

In perspective: user experience

User experience is a very broad concept and definitions will vary depending on who you speak to. The Nielsen Norman Group provides a succinct summary: "User experience encompasses all aspects of the end user's interaction with the company, its services, and its products."

Alberts Pumpurs, Partner at the UX Design Agency, expands on this definition, saying that companies who provide a good user experience are those that enable "the customer to meet its objectives in a straightforward and efficient manner". To provide an example, Uber has revolutionised the taxi business, not only by allowing anyone to be a driver but by enabling customers to easily order a taxi, track its progress and pay for it automatically at the end of the ride. The user experience provided by Uber is better than calling a taxi office and waiting for the car without any knowledge about its status.

Companies that provide a great user experience will typically also offer an intuitive user interface – the platform with which the customer interacts. Uber's app is intuitive and clearly provides its users with all the information they require.

User experience is not a modern concept. Pumpurs explains that companies have "unconsciously" always been looking to improve user experience, typically through the development of better user interfaces. The science behind it, however, only began to take shape in the 1950s with the publication of American industrial designer, Henry Dreyfuss' book, Designing for People. In his book, Dreyfuss wrote: "When the point of contact between the product and the people becomes a point of friction, then the industrial designer has failed." But only in the past 20 years have these concepts attained a new impetus.

Indeed, for Pumpurs, the need for all businesses to focus on user experience has only become more important with digital start-ups embracing these concepts and challenging 'traditional' companies. "To make themselves stand out in a well-entrenched and highly competitive market they have to make their services useful, intuitive and fast," he says.

This is especially true in finance, where the proliferation of fintech has saturated an already well-populated market. In the payments space (which we look at in more detail on page 12), for instance, well-known fintechs such as PayPal and Alipay now offer their users the ability to make payments quickly and easily. With Alipay and PayPal's registered users numbering 400m and 197m respectively, these services are significantly disintermediating financial incumbents. In response, banks have invested heavily in their own user experience in an effort to retain and deepen their customer relationships – especially in the retail space.

The corporate view

But what about in the corporate space? Are banks and treasury technology vendors keeping up with the pace of change? The corporate treasurers consulted by Treasury Today Asia suggest that there has been some improvement, but that there is also still some way to go.

Damian Glendinning, Treasurer of Lenovo, called out the banking community on the user experience it offers when speaking at a panel moderated by Treasury Today Asia at Sibos in 2015. Glendinning pointed out that he used a better online banking portal as a consumer than he did as the corporate treasurer of a multinational corporation.

This point was recently seconded by Cale Bennett, Group Treasurer at Tatts. "In Australia, the user experience offered by the banks in the consumer space is fantastic," he says. "But very little of this development has flowed through to the institutional space yet."

In the United States, Guillermo Gualino, Vice President and Treasurer at Agilent Technologies, has similar comments. "In general, corporate banking systems are not easy to use," he says. "I believe this is because each bank wants to be ahead of the competition so they will over-feature their online portals in an effort to stay ahead, with little thought about the user experience. As a result, they become more complicated and thus less attractive to use, despite the new functionality."

Referencing Microsoft founder Bill Gates, who said in 1994 that in the future people will need banking and not banks, Gualino says that banking portals are simply a tool used by treasurers to do something. "We want to get in, make the trade and then get out again," he says. "It should be simple and efficient – and if it looks nice as well then that is a bonus."

Overcoming complexity

There are a variety of reasons why the user experience provided by commercial banks is lagging behind the retail space. As Susan Feinberg, Senior Analyst at Celent, who recently conducted a study in this area, explains: "Commercial banking is far more complex with much more functionality that needs to be delivered. Commercial banks have therefore traditionally been much more focused on functionality rather than user experience."

As previously mentioned, the rise of fintech has highlighted how banks could provide a better user experience. But Morgan McKenney, Head of Core Cash Management at Citi, says that that size of balances and the value of transactions in banking for corporates mean that security is paramount. "Although treasurers are calling for a better experience when working with banks, they are still primarily concerned with the security of the firm's money and information," she says. "To offer both security and world-class user experiences each requires a lot of time and resources, which may mean rebalancing priorities sometimes."

Banks are also hamstrung by myriad legacy technology, further impeding their ability to improve user experience rapidly. "Commercial banks offer a vast number of products," says James Haycock, Managing Director at Adaptive Lab. "Over time as new products have been introduced or existing ones have evolved the systems have become increasingly complex. Just keeping up with compliance related changes consumes the vast proportion of budgets and that's before any investments in innovation."

It is not just legacy technology that Haycock sees impeding the banks. "While banks are experiencing greater cost pressure, most remain profitable so there's not a great incentive to change. This means many are doing things the way they always have. They're very product centric rather than customer centric for one. I think this surfaces itself in how they go about improving or designing products with design still often seen as an activity taking place later in the process rather than from the beginning where it can have the greatest impact."

Haycock believes the operating model of banks further impedes innovation. "Banks operate in silos: which is evident when you call them or in the digital experience you have," he says. "Digital is still seen by many as a channel when actually it's a lot more than that. Until banks more seriously reconsider their approach to the design, delivery and improvement of experiences this problem will continue to be exacerbated."

Innovation in action

Indeed, it is realigning the bank's different business lines and removing silos behind the scenes that is perhaps key in their efforts to offer a greater experience to their clients. As Citi's McKenney details: "Providing a great experience to our clients goes way beyond developing a digital platform that is easy for treasurers to use. It is also about looking at the end-to-end process flow within the bank and how efficient this is. You may have a great looking internet portal, but our clients ultimately are impacted by a bank's full end-to-end processes.

McKenney explains that in essence every step the bank takes is designed to improve the user experience it offers its clients. Such steps include removing paper from processes, providing single access to applications and simply making the answers

Spotlight on TMSs

Banking portals are, of course, not the only treasury technology used by corporate treasury professionals. For many, a treasury management system (TMS) is the dominant tool. Here Bob Stark, VP of Strategy, Kyriba talks about the user experience in the TMS space.

"Corporate clients want easy-to-use software that doesn't require a user manual to figure it out," says Stark. In his view, this is important for two reasons. "Firstly, a unique characteristic of TMSs, compared to other types of software applications, is that the core TMS users are using the software the entire day."

Stark also notes that TMSs also have a large number of users that log in infrequently – perhaps once or twice a month. "This presents a different set of challenges," he says. "The system not only needs to be easy to navigate, but it also needs to be intuitive and tailored to their exact needs so they're not fighting to remember how things work given their infrequent usage."

Fit for purpose?

Unfortunately, TMS providers haven't always been the best at providing a good experience to their clients. "There are too many poorly designed treasury management systems in the market that have passed into obsolescence," says Stark. "The problem in this space is that some vendors are unable or unwilling to evolve their treasury software."

The consolidation of the market is noted as a key reason for this. "We see this most often with treasury systems that have been acquired, or with those vendors that are looking for an exit strategy," adds Stark.

Client demands

In conversations with its clients, Kyriba has found that offering personalisation is crucial to delivering a good experience, enabling treasurers to organise their treasury workflow. "Our system allows users to build maps guiding what they want to do in the system and how to navigate to those screens, reports, and processes with a single touchpoint," notes Stark. "This is important because of the balance needed to support core users and less frequent users of the system."

to frequently asked questions available online – saving clients the time and effort involved in contacting a call centre. "These may sound like small changes and fairly straightforward, but the bank has had to take a conscious effort to take these steps," she says.

Citi is, of course, also focusing on the front end. "If we do all this work in the back end and then offer our clients a clunky and complicated online and mobile banking portal then we will still not provide a good experience," says McKenney. The bank has therefore employed user experience professionals in its innovation labs to work with clients for their feedback to design intuitive online experiences.

"When we redesigned our online portal, we brought in clients and used eye tracking software to understand how they interacted with our products in great detail," she says. "This insight has enabled us to design our products to be as intuitive as possible for our clients."

Customisation is also important and Mckenney notes how the bank has built its online portals using widgets (micro apps that can be moved around the screen) to allow individual users to get the information they need quickly. "In doing this, accessing an account balance that might have taken ten clicks is now available straight away on the homepage."

An important future

Citi is just one of many banks looking at this area. As development continues, user experience may become a key differentiator for corporates – especially as banking products become more commoditised. "We are already seeing retail customers switch banks to those that offer a superior user experience and why should a treasurer have an experience sub-par to what they're used to in every other aspect of their job," says Adaptive Lab's Haycock. "Customer experience presents a great opportunity to differentiate, give the client more of their time back but ultimately help maintain and deepen the relationship that a bank has with their corporate clients."

It is a point agreed upon by the UX Design Agency's Pumpurs: "Focusing on user experience shows that the bank is thinking about its customers and will foster loyalty," he says. "Transaction banking is ultimately a relationship business and banking portals have, for the most part, replaced people as the main point of contact between client and bank. It is vital then that this enables treasurers to do what they need to do quickly and easily and provides them with all the information they need."

Celent's Feinberg is keen to point out that it will be more than simply user experience that informs corporate decision making when selecting banking partners. "The bank still needs to provide a high-quality service behind these channels and offer products and services that save the corporate time and money," she says. "Availability of credit and the relationship manager will also remain important factors."

That being said, user experience will continue to increase in importance for corporate treasurers as the user experience provided by companies outside of the treasury raises their expectations. Ultimately, a bank providing a good user experience will enable treasurers to perform better. As Agilent's Gualino concludes: "User experience is a big part of our decision-making because if the team is able to perform the tasks required in these portals quickly and efficiently, then they are able to spend more time on value-adding, strategic activities."

Making cyber-security a business enabler

With high-profile cyber-attacks continuing to make headlines, treasurers cannot afford to ignore the importance of cyber-security. But should this area be viewed as a straightforward necessity, or can it be approached as a business enabler?

The risk of cyber-attacks was a major theme in 2017, with a number of high-profile incidents underlining both the breadth of attacks taking place and the scale of possible losses. In February, US$81m was stolen from Bangladesh Bank in an attack which had attempted to steal almost US$1bn. In December, Yahoo revealed that a data breach from August 2013 had affected a billion users.

Even when the figures are less staggering, the impact of a cyber-attack can still be considerable. According to Cisco's 2017 Annual Cybersecurity Report, 29% of security professionals said that their organisations experienced a loss of revenue as a result of cyber-attacks, with 38% saying their revenue loss was 20% or higher. Twenty two percent of organisations said they had lost customers as a result of cyber-attacks, while 23% said they had experienced a loss of business opportunity.

From data breaches to distributed denial-of-service (DDoS) attacks, businesses may be at risk from many different types of cyber threat. Linda Coven, Senior Analyst at Aite Group, points out that the threat of a cyber-attack has grown beyond the account takeover to the potential for stolen company secrets and intellectual property. She notes that these attacks can take the following forms:

- Social engineering fraud using network breaches and stolen credential information.
- Nation states – sponsored attacks, which may be politically, economically or militarily motivated.
- Continued DDoS attacks of significant volume and frequency against financial institutions, often to cover fraudulent activities.
- Extortion (ransomware) – demands for money or other 'payments' from a business.
- Espionage against governments and business intellectual property.
- Business Email Compromise – accessing executives' accounts to gain credentials or spoof email to elicit a funds transfer.

It is clear that these threats are becoming more severe as cyber-criminals refine their techniques. "Are the bad guys getting more sophisticated? Absolutely," says Mike Lamberg, Chief Information Security Officer at OpenLink, and the former VP of Information Security at the NYSE. "Social engineering, or the practice of getting someone to trust you and do things you want them to do, continues to increase and be the prevalent method of infiltrating an organisation and doing harm." Lamberg points out that this could take the form of a legitimate looking email, enticing website ad – "or a simple phone call leading to a loss of confidential information, or causing an inappropriate funds transfer, for example."

Targeting treasury

Where corporate treasury is concerned, the most significant concern is the risk that a fraudulent payment will be made. This is a very real risk for companies around the world. The 2016 AFP Fraud Report found that 73% of American companies were targeted by payments fraud in 2015 – up from 62% in 2014. While cheques were found to be the payment method most often targeted by fraudsters, the research also found that 64% of businesses were exposed to BEC scams, while 48% were exposed to wire fraud.

Increasingly, sophisticated spear-phishing attacks are being aimed specifically at finance and treasury staff. "Recent sophisticated attacks on systems and services that offered weak overall security have directly targeted the treasury and payments systems that sit at the heart of a modern corporate treasury," says Andrew Bateman, Head of Corporate Liquidity and Bank Treasury at FIS.

The strategies used by criminals continue to evolve. Bateman notes that "social engineering attacks through phishing and/or spear-phishing attacks as a vector for installing malware, or other advanced persistent threat (APT) components, remains a significantly high component of the threat." The nature of the APT components is changing in sophistication year on year, as is the professionalism of the most sophisticated phishing attacks. Bateman adds, "We are seeing more targeted attacks on financial systems and finance employees."

But despite these threats, treasurers may not be doing everything possible to protect their businesses. Bateman says that treasurers are "probably not yet as concerned as they need to be". He adds, "While we are seeing a clearly strong and growing awareness amongst treasurers of the risks that cyber-attacks place on their businesses, the active engagement that is required to address it is lagging a little."

According to Bateman, this lag may be attributed in part to the "legacy view" that treasury remains somewhat isolated from the outside world – although the targeting of treasury staff demonstrates that the reality is changed.

Meanwhile, businesses may be reacting more robustly in some regions than in others. In Asia, for example, the risk of cyber-attacks is particularly strong. Research published last year by US internet security company Mandiant said that the

Liability for fraud

If the worst happens and a company falls victim to a significant cyber-attack, is there anything companies can do to get their money back? David Stebbings, Director, Head of Treasury Advisory at PwC, says that while companies are focusing their attention on how to protect themselves from an attack, they are also keen to understand whether their banks, technology providers or SWIFT bureaus may take some liability for the loss.

"In the past, it's always been assumed amongst the corporate community that once you sent a payment message via the bank, if something went wrong, they would pay you back for the loss," explains Stebbings. "Obviously the challenge was proving that it was not your fault and that you had sent them valid instructions, but based on the relationship repayment was often assumed." More recently, however, Stebbings notes that banks may be tightening up their approach such that this assumption may no longer be as true as previously.

Technology providers, meanwhile, may simply be unable to repay a large sum, whatever the circumstances. "The challenge for them is to show that they are the best in terms of minimising this risk, given their focus on cyber security measures and persuading treasurers and their IT people that this is the case," Stebbings explains.

"Unfortunately for a treasurer or finance person, although the chance of something happening is remote, the scale of the loss if something does happen is probably career damaging. So choosing the right payment providers is very important and obviously the providers which can show they have the best security have a competitive advantage."

In some cases, companies may wish to check for themselves that their third-party providers have sufficient security controls in place. "One of my clients wanted to go to their SWIFT bureau every year," Stebbings explains. "The SWIFT bureau gave them a certificate of its controls which had been provided by audit firms, but the client wanted to go down to the bunker themselves and test the security controls independently." Stebbings argues that supporting this level of scrutiny should be seen as a positive thing by third party vendors – "if you want to sell this stuff, and you want to be top of the market, it could be one of your selling points."

median time between a breach occurring and being discovered is 520 days in APAC, compared to 146 days globally. The reported noted that "APAC organisations are frequently unprepared to identify and respond to breaches", pointing out that most breaches in APAC never become public due to a lack of effective breach disclosure laws.

But despite the scale of these risks, not all companies are focusing on cyber-attacks as a high priority for corporate treasury. David Blair, an independent treasury consultant based in Singapore, notes that where treasurers in Asia are concerned, "Asia is probably behind on this, despite at least equal risks compared to western businesses."

Making cyber-security a business enabler

With so many threats to consider, is cyber-security a straightforward necessity, or can it be viewed as a business enabler? For third-party vendors, such as treasury management system vendors, SWIFT bureaus or third-party payment providers, it is clear that cyber-security falls into the latter category. "If you are a third-party provider, you can turn this to your advantage by spelling out your investment in security and how often you test your controls and have them validated independently," Stebbings explains. "So they can certainly turn it to a competitive advantage."

For corporate treasurers, the situation is less clear-cut. In Asia, for example, Blair says that this topic is "more of a survival requirement", adding that it is "hard to see security intrinsically bringing better products and services to customers". On the other hand, he notes that a lack of security can hurt customer satisfaction.

OpenLink's Lamberg comments that cyber-security is definitely a necessity, and that making it a business enabler "would require a company's senior leadership and board to view cyber-security as a strategic asset that is partnered with the business itself". Until that happens, Lamberg says, "it will be viewed as a quasi-tax or insurance".

However, this is also an area which is evolving rapidly, and companies are adjusting the way in which they approach cyber-security as the threats develop. Bateman argues that cyber security should – and can – be a business enabler as well as a necessity.

"Treasurers, and their organisations right through to Board oversight level, will expect security and risk management to be built into the solutions and services their organisations consume – and will expect their cloud vendors, their partners, and their service providers to focus on cyber security as a key element of an overall offering," he explains. "Treasurers will give greater value to those offerings that have superior cyber risk protection in the same way we value any quality metric, and partners or vendors that excel in this area will be advantaged in their client relationships."

How can cyber-security deliver business improvements? Aside from avoiding financial loss, the most obvious improvements lie in increasing efficiency and managing risks more effectively. Marcus Hughes, Head of Strategic Business Development at Bottomline Technologies, points out that implementing increased controls "not only helps a treasurer to remain compliant and fight financial crime, but it also makes a business more efficient by reducing errors and cutting the risk of losing money."

Coven agrees that cyber-security can be seen as a business enabler, pointing out that the costs of an attack can be devastating. These may include direct damages, such as missing funds, trade secrets, damaged hardware and software and business disruption. "There are also response costs such as notifications to employees or customers and in some cases having to provide services such as credit monitoring to those affected," she explains. "And of course there is reputational

damage which can lead to loss of customers, goodwill of suppliers and diminished valuation for investors."

As such, Coven says that companies need to take cyber-security seriously. This involves making it part of the company's culture to manage risk at all levels, and making this area "the responsibility of everyone".

Best practice

With so many threats to consider, what actions should treasurers be taking to protect their businesses from cyber-crime? The following actions may help treasurers avoid falling victim to a cyber-attack:

- **Secure your devices.** All devices on the network should be secure, with up-to-date virus protection.
- **Practice good password hygiene.** Strong passwords should be used and users should be required to change their passwords regularly. Different passwords should be used for different systems.
- **Use the latest versions.** "Ensuring systems are on the latest versions, and the systems and vendors have robust and audited security and risk management processes in place, should now be a key element of any treasury or financial professional's role," advises Bateman.
- **Segregation of duties.** Where possible, different staff should be tasked with initiating payments, approving payments and reconciling the accounts.
- **Enforce network separation.** Lamberg says that treasury and financial systems should be physically and logically separated from the general corporate network. "You need to minimise the chances that a rogue network user could gain access to your key financial systems," he adds.
- **Inform and educate.** All too often, employees themselves are the weak spot when it comes to preventing fraud. "With proper training on how to recognise a cyber-security event, phishing email or a suspicious link on a web page will go a long way to reducing the security risk in an organisation," says Lamberg.
- **For incoming emails,** 'trust but verify'. "A basic step for any employee to make before clicking a link in an email is to press the "reply" button and examine the email domain for discrepancies, since fraudsters can buy nearly identical domains," explains Coven.
- **Use screening solutions.** By screening payment files against sanctions lists, Hughes says that treasurers can avoid the reputational risk of being identified by their banks as trying to make payments to black-listed organisations or individuals. "It also builds a good relationship with banking partners by reducing their payment investigations work," he adds. Hughes points out that screening solutions can also be used to identify inappropriate payments diverted to fraudster employees, or to accounts which do not appear on the controlled list of suppliers.
- **Use anomaly detection systems.** Such systems can be used to identify anomalies and alert management to payment files which do not fit within normal patterns, such as payments above preconfigured limits. "This not only prevents fraud but also identifies operational errors, such as failure to submit a payment file by a certain deadline," explains Hughes.

> Ensuring systems are on the latest versions, and the systems and vendors have robust and audited security and risk management processes in place, should now be a key element of any treasury or financial professionals' role.
>
> Andrew Bateman, Head of Corporate Liquidity and Bank Treasury, FIS

- **Track employees' use of mission critical applications.** Tracking how employees use certain applications can reveal anomalies and suspicious behaviour. Hughes notes, "this non-intrusive way of monitoring user activity enables management to capture and replay such behaviour, rather like a CCTV, not only recording any information, such as amount or account number, which has been tampered with, but also tracking all screens which have been viewed by employees."
- **Carry out simulations.** Blair advises that treasurers should "accept you will be hacked and be prepared to deal with it", adding that this should include carrying out regular simulations like fire drills, designing systems and processes on the assumption that hacking will occur.

Direction of travel

By necessity, cyber-security is an area which continues to develop rapidly. As Lamberg points out, "the bad guys are getting smarter with new technology and techniques, forcing all of us to get smarter and implement newer technology to anticipate and defend against them."

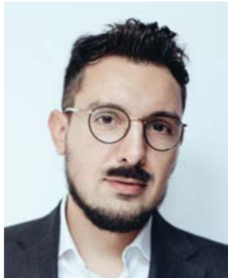
In terms of future developments, Blair says he hopes that software will increasingly be built for security, much as it is now tested for bugs. "I expect more human-friendly security arrangements to progress beyond the current multiplicity of impossible to memorise passwords (face, blood vessels, etc)," he says, adding that the advent of voice, as heralded by developments such as echo and siri, will open a "whole new can of worms". Blair also comments that people will increasingly have to accept that some convenience will need to be sacrificed in order to maintain security, with companies increasingly locking down work computers and restricting BYO devices.

Bateman, meanwhile, says that "there needs to be greater partnership between governments, NGOs and corporate entities in information sharing and threat prevention." He adds that this should involve moving to a real-time threat information sharing model, allowing all partners to move quickly and efficiently and to benefit from each other's experiences.

In conclusion, cyber-security is a topic that no treasurer can afford to ignore. Whether this area is regarded as a necessary evil or a business enabler may vary from company to company – but what is clear is that this topic will only become more crucial as the threats continue to evolve.

Taking over the bond market

In the second instalment of our Fintech Focus series, Treasury Today Asia takes a look at Canadian start-up, Overbond. Their CEO, Vuk Magdelinic, explains how the company looks to revolutionise the primary bond issuance process and details what advantages this could offer to corporate treasurers.



Vuk Magdelinic

CEO

Tell us a bit about yourself and your background. How did you get into fintech and why did you want to build a solution for the capital markets?

Before founding Overbond, I spent over ten years in capital markets and technology. This included leading numerous large digital transformation projects at global banks including Deutsche Bank and BNY Mellon. I also have experience working on the trading floor for CIBC Fixed Income in Toronto trading structured products. Through all these experiences I have noticed numerous inefficiencies in the financial world and especially in the capital markets and the primary bond origination process.

What makes fintech such an exciting space and what do you find most interesting about it?

Innovation in the securities market is not only long overdue, but essential in driving a more efficient and collaborative bond issuance process. It's very important to see a fintech start-up delivering on its vision for a completely digital bond market that benefits issuers, dealers, and investors. It is incredibly rewarding to transform what is now a largely manual, legacy system so that all participants in the bond market benefit from the increased transparency and efficiencies.

How did you find the transition from the consulting/banking industry to building a fintech product?

The transition from the client focus perspective was really non-existent, I continued to think about the same type of clients and how we can bring value to them by solving their core operational, technology or process problems. In that regard, being laser-focused on client value, fintech providers and consulting providers are very similar.

Does regulation pose a challenge to fintech?

Regulation is actually helping drive adoption of fintech solutions in the primary bond issuance space. MAR regulation out of Europe in particular and its extraterritorial implications to institutions across the larger global capital markets community mandates higher scrutiny in the 'sounding' process – which is the pre-deal launch communication that Overbond specialises in. To ensure compliance with MAR across the global dealer community, the Overbond platform streamlines deal and non-deal related communication.

How do you expect fintech to develop, especially in the corporate space, in the years to come?

Transparency Market Research reported that the market for predictive analytics software will reach US$6.5bn by 2019. That's because predictive intelligence can increase accuracy in decision-making, and subsequently profitability. The market is already showing indications of significant success. Unsurprisingly, innovators developing applications within financial services are growing bolder in their efforts to perform tasks that may have seemed impossible just a few years ago.

Where do you think that fintech can have a real impact for corporate treasurers?

There will be many areas where fintech can deliver significant benefit to treasurers, and we believe that improving how they monitor their borrowing programme and how they undergo analysis and due diligence for new bond issuers is one of the most exciting. By digitising the entire deal execution process, issuers can get to market faster to take advantage of favourable market timing and access a broader investor base and we really feel this will impact treasurers in the most positive way.

This will help reduce the cost of new issuance by standardising all aspects of deal execution, drive operational efficiencies by reducing the issuance time and provide an opportunity to optimise cash management by enabling opportunistic offerings. All these aspects directly help treasurers' mandates.

What is more, issuers can also manage funding targets with dealers and investors, allowing for a more vibrant and efficient primary market process. Issuers can access valuable market insights to make sound funding decisions and build stronger relationships with their investor base.

Company timeline

December 2015

Founded.

April 2016

Overbond was introduced as the first end-to-end, two-way pricing communication tool for bond issuers and dealers.

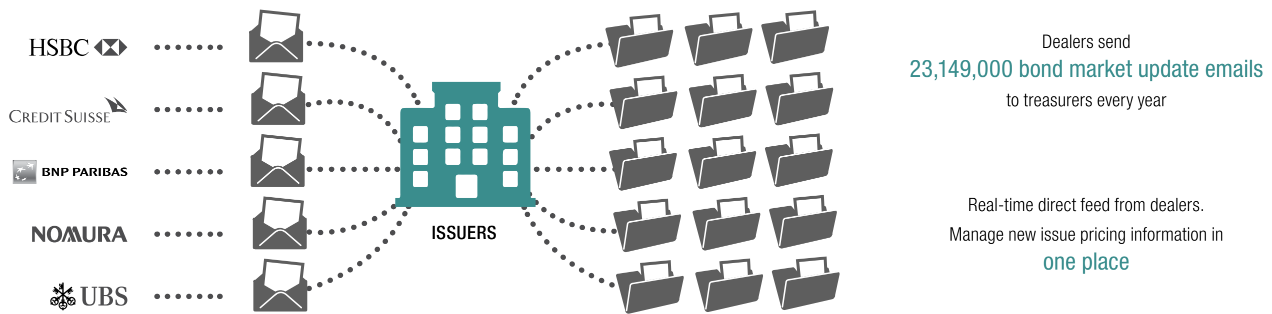
June 2016

Overbond closed a US$7.5m seed financing round with Morrison Financial Services Ltd.

October 2016

H2 Ventures and KPMG's annual Fintech 100 Report named Overbond as one of their 50 emerging fintech stars of tomorrow for 2016.

Digitally connecting the bond market



Source: Overbond

Digital bond origination in action

The bond issuance process is outdated and is ripe for change, at least that is the view of Vuk Magdelinic, CEO at Overbond. And his company is looking to bring the industry into the 21st century by making the space more digital, transparent, and secure.

"Fixed income capital markets, and more specifically bond origination within it, is one of the few asset classes still relying on time-consuming, manual processes," says Magdelinic. "Emails, spreadsheets, and phone calls are still the main channels for information exchange for issuers, dealers and investors, with dealers sending upwards of hundreds of millions of bond market update emails globally and treasurers spending hundreds of thousands of hours managing bond market information per year."

As the first end-to-end new bond issuance platform, Overbond is looking to transform how global investment banks, institutional investors, corporations, and governments connect by digitising and streamlining all aspects of primary bond origination workflow.

Coming together

The Overbond platform facilitates improved digital connectivity with secure real-time communication among market participants, creating an extensive dealer, issuer and investor opportunity network. In addition, Magdelinic notes that the platform provides advanced data analytics and data visualisation as well as end-to-end digital execution capabilities. "This workflow benefits everyone in the primary bond market through higher transparency, optimised price discovery, and investor diversification – all while reducing infrastructure and transaction costs for issuers, dealers and investors," he says.

The bond market is a traditional market which to this day relies on legacy, manual processes. In recent years, there has been rapid growth in global bond new issuance, thanks to the low yield environment. Meanwhile, due to increasingly stringent regulations following the financial crisis, dealers' ability to make the market has decreased significantly, leading to overall secondary market illiquidity.

"Secondary market liquidity or frequent trading activity as we know serves as primary proxy to pricing new bonds," says Magdelinic. "In the situation where secondary market trades that could serve as benchmarks and main confidence builders around pricing are very rare, the debt capital markets calls for the adoption of innovative technology like Overbond. It can help market participants build confidence through digital processing of information, managing relationships with a larger number of investors and issuers, and executing transactions more efficiently."

Issuers can also expect the platform to increase their exposure to the investor base, delivering diversification, better access to capital and "stronger relationships with the providers of capital." The latter could be key in allowing improved price discovery, claims Magdelinic.

Building it up

With a growing client base of more than 100 institutional clients, including some of the largest corporate bond issuers, dealers and investors, Overbond plans to continue building partnerships to allow greater efficiencies throughout the bond issuance process.

Magdelinic believes that the corporate treasury community, in particular, will benefit from the Overbond platform on multiple levels. "For instance, treasurers can rely on the data-driven relationship management module to optimise dealer coverage and expand the investor base."

Furthermore, Overbond provides corporate issuers with a secure and regulatory compliant electronic communication channel to better gauge market demand with investors. "This can lead to the better cost of funding, optimisation of the entire borrowing programme, more opportunistic issuances and more frequent issuance mandates," says Magdelinic. "Treasurers also have the ability to instantly convert indications of interest into a deal, whether it be a private placement or public offering."

November 2016

Overbond was selected as a CIX Top 20 Company. In the same month, Thomson Reuters announced a global partnership and fixed-income market data integration with the Overbond Platform.

December 2016

DBRS Credit Ratings was integrated with the Overbond Platform, providing market participants with valuable credit rating information and portfolio investment data analysis.

January 2017

OverbondX was launched – an integrated Deal Execution module within the Overbond platform. OverbondX enables issuers of any size to digitally facilitate execution of both private placement and public offerings.

February 2017

Overbond announced its launch in New York.

Taking centre stage

The importance of treasury within the organisation has grown in recent years – but what does this mean in practice and what tools and best practices can treasurers draw upon to support their evolving role?

Today's treasury teams juggle all the usual mandates around cash and FX management, liquidity planning, banking relationships and trade finance. Yet these tasks have grown more complex as companies venture into new jurisdictions, global markets change and demands around risk management and transparency grow. This means that treasury expertise and strategic advice, particularly around funding and exposure to risk, is increasingly valued within corporations. In what areas are treasury teams taking centre stage to drive value across organisations, and is treasury getting the support it needs in its evolving role?

Care for cash

The evolution of the treasurer's role has its roots in the 2008 financial crisis. The banking turmoil sparked a recognition amongst corporate boards that finance wouldn't be as easily available, leading to a greater focus on cash management and raising finance. "Pre-financial crisis, the role of the treasurer was simpler," said Duncan Kellaway, a partner at law firm Freshfields Bruckhaus Deringer. "Now it is more complicated."

For treasurers in companies with overseas operations, the focus on cash flow and capex discipline has turned the spotlight to an area that was already one of treasury's biggest headaches. Repatriating trapped cash, or profits stuck overseas, is a complex task that demands more tenacity, and more interaction with the wider business, than ever before.

"Trapped cash has always been an issue for us but it has increased over the past three to five years because of problems in some jurisdictions around accessing dollars," explains Carl Burman, Head of Treasury at Danish shipping and energy conglomerate Maersk.

Large current account deficits and a shortage of US dollars have seen governments in Maersk's riskier markets like Egypt, Angola and Nigeria introduce FX controls, taxes and regulation to create barriers to repatriating profits. "We have business in challenging countries, particularly in Africa, and it is difficult to access the cash that we have generated in these places," says Burman.

The fact that emerging markets often produce the best growth has helped raise the importance of trapped cash within companies. For Burman, making the issue felt across the company, by arguing that the relentless focus on profits in times of straitened liquidity should be equally balanced by caring for cash, has become a priority. "We have to align our key performance indicators so that people within the organisation care more about cash balances, and are not focused just on measuring earnings," he says. "It is also about freeing up cash that already exists."

His team have found that the trapped cash challenge varies from region to region, and requires much research. Burman notes, "As long as the topic of cash management is high on

the agenda we can tap resources that exist across the organisation, and draw on the wider organisation for support." He cites Maersk's business finance divisions as especially useful partners in finding solutions. He also has the full support of the boardroom. "We have good access to management, and better access than many other parts of the company."

Bond skills

Treasury is also evolving and adapting to a changing lending environment. Banks' new capital requirements mean they are lending less, and for shorter periods of time. This has left businesses having to tap different sources of funding. "There has been a shift towards seeking more capital markets debt amongst UK corporates because it offers a deeper pool of investors," says Kellaway. He notes that historically around 70% of UK corporates' borrowings used to be from banks in the loan market, but that this has dropped off. US corporates, in comparison, have traditionally borrowed more from the debt capital markets.

This contrasts with Asia where banks still have an appetite to lend, observes Singapore-based Damian Glendinning, Treasurer at Chinese PC giant Lenovo. "UK and US banks are reluctant lenders and loans are often dependent on them providing other corporate services," he says. "But Asian banks are still happy to lend as their main business."

The ability to access the capital markets is certainly driving treasury behaviour at Maersk. The company, which is in the process of separating its energy and transport businesses, issued a dual-tranche EUR bond and a three-tranche NOK bond in 2016, following on from two multi tranche issues in 2015. "We can't rely on bank funding to the same extent because banks are being regulated differently," says Burman. "We are a capital-heavy company so this means we are becoming more dependent on debt market financing. It requires knowledge and highly skilled professionals."

A key requirement of Burman's 15-strong team based out of Copenhagen, part of a wider treasury and risk department of 60, is managing financial risk to maintain the company's credit rating. Although the rating goes across currencies and isn't specific to US dollar debt, an investment grade rating is crucial to the company's ability to access the US dollar debt market where Maersk does the bulk of its borrowing. "You need people who understand financial risk. It is related to our US dollar credit rating from S&P and Moody's which gives us access to the debt capital markets in dollars. The importance of this is changing the way we work," he says.

Issuing bonds also requires proactive interaction with the capital markets. Successful issues call for imagination, and an ability for treasury to plan and forecast in advance. The focus could be on raising money for longer periods of time, or raising new debt while continuing to have existing debt in place. "In the current market it is more than just knowing that debt is due to mature, and issuing more," explains Martin Hutchings, also a partner in Freshfields' banking team. "Treasurers often will not want all debt to mature at the same time, as that presents refinancing risk. They will try to spread maturities to ensure that their company is not looking for a lump sum in one go."

Treasury also needs to be opportunistic and ready to take advantage of market conditions. "Issuing debt could be a liability management exercise, where a company will buy back debt and replace it with cheaper borrowing because the existing debt has a higher interest," says Hutchings.

Treasury's involvement in marketing bond issues can also be intense. If it is an established name, and the company frequently issues debt, treasury's input is small. But smaller organisations have to do extensive road shows that will involve large amounts of treasury time and expertise.

As companies increasingly tap the debt market, so treasury needs to forge strong relationships that allow visibility across the company. This means ensuring the company isn't doing anything that could jeopardise its credit rating or that could breach any of its existing covenants, in particular its financial ratios. "If a company is negotiating a loan agreement, banks will seek to impose various restrictive covenants. Treasurers need to know that no part of the organisation is doing, or is likely to want to do, anything that could breach those covenants," explains Hutchings.

It is also important that treasury knows what is coming down the line in terms of major corporate events such as disposals or acquisitions. Kellaway adds: "Treasurers have to go and actively talk to other parts of the organisation, both at inception of the financing but also as an ongoing risk management process."

FX management

"The decisions that treasury takes on hedging can make or break a company. We have a hedging policy in our operating rules, and how to manage the currency exposure is a key question," says Lenovo's Glendinning, outlining another evolving and growing treasury task.

Glendinning oversees an important and strategic hedging programme shaped around managing the FX risk that arises from a mismatch between costs and revenue. The computer giant has a dollar-heavy cost base given that many of its key suppliers are US companies, like the chip, hard drive and operating system manufacturers. Yet less than 30% of Lenovo's revenue is in the same currency, due to sales in China, Europe, Japan and other countries.

And FX risk can be just as dangerous for small and mid-market businesses venturing into new markets as it is for multinationals. A study by the Association of Chartered and Certified Accountants and Kantox, a foreign exchange provider, found that finance officers in SMEs do not usually understand, or sufficiently hedge, foreign exchange risk. Around one-third of companies sampled in 2012 reported that the amount of FX loss, or gain, had exceeded US$1m, resulting in a direct impact on profit margins.

In fact, FX management is such a risk that treasury needs more support from the board, argues Deloitte. According to the consultancy's 2016 Global Foreign Exchange Survey, corporate boards lack visibility of their company's current FX exposures. This gives boards a limited ability to challenge and guide FX strategy, and results in some companies being slow to measure the commercial effectiveness of their FX risk management activities. "The impact of FX management on profitability was tracked by less than half of survey respondents, and 21% did not measure performance at all," explains Karlien Porre, a Partner at Deloitte who leads the treasury advisory team and co-authored the survey.

It could help if boards empowered treasury to be more decisive. "Many corporations tie themselves in knots with bureaucracy and hierarchy when it comes to making a decision around FX," notes Jonathan Pryor, Head of FX Dealing in Investec's corporate and institutional treasury department. "It means the market has moved by 3% and the opportunity is lost. Decision makers need to be empowered to make the most of opportunities, yet many bang their heads against a brick wall and make no decision at all." He adds: "The ideal situation for us it to have the board review its hedging strategy once a year, and leave the day-to-day operations to treasury."

In turn, treasury needs to ensure much clearer communication with the board regarding FX strategy. Treasurers need "strong communication skills" to ensure the board "clearly understands" the risk treasury faces and how treasury activities add value to the business, argues Porre. "The fact that this communication often happens indirectly via the CFO further adds to this need," she says. "If a treasurer can't explain treasury matters succinctly to their CFO in 15 minutes, how would they expect the CFO to explain it to the Board in five minutes?"

Glendinning's response to the FX burden? Quoting the adage that managers should manage while the role of the board is one of oversight and governance, he believes that treasury has the prime responsibility for managing hedging programmes. While board reviews are more than welcome, and should be encouraged, there are potential issues. "Do boards always have the technical skills to review a hedging programme?" he questions. "There will often be a number of people on the board who do understand it and who have a qualified opinion, but a board member with, say, marketing experience will not. Boards should satisfy themselves that a process exists, and that it is being run competently. If there are indicators that it isn't, ask questions."

Get smart

As companies' demands on treasury change, so treasury skills are having to evolve. Today's treasury needs people with accounting backgrounds and financial market expertise, regulatory knowledge and, importantly, an understanding of where risk lies within a business. It is an expanding skillset echoed in the ACT's Strategic Treasury Report: 40% of respondents said they were spending more time on risk management compared to a year ago while 64% said their role was more varied than five years ago. Treasurers also reported that operations and controls have declined in focus in recent years.

Yet treasury teams remain small. According to the Nordea Treasury 2017 Survey, conducted by the Swedish financial services provider, the average team is now eight people, up from seven. The report noted that much of the growth in treasury for the largest blue chips has been "involuntary" and driven by a need for more compliance and reporting staff, rather than treasury's increasingly complex and crucial role. And the compliance mantle, treasurers point out, is not a strategic role.

"The financial regulation that we see is an inconvenience and cost rather than a strategic problem," says Glendinning. "It is annoying that it takes us six months to open a bank account, but the Board is not asking me about this. Although regulation around currency hedging is making it harder and more expensive, I am paid to manage this."

Technology to the rescue

Technological innovation is key to helping treasury improve efficiency and reduce cost alongside an expanding workload. Maersk is in the process of implementing a whole new treasury system in its largest IT investment in "a long time," says Burman. In smaller-scale innovation, his team now has software for monitoring and pricing derivatives and improving the company's hedging capabilities. Burman is also introducing software to help monitor bank fees, thereby boosting transparency. "We deal with quite a few banks and it is important to have fee transparency," he says. "Going forward we will work on solutions around electronic payments and supply chain finance too."

The treasury challenge is also helped by access to much more information than in the past, increasing market knowledge and risk awareness. "It used to be a case of treasury showing the board positions from an excel spread sheet," says Investec's Pryor. "Now, if a customer trades through us they can see analysis of their entire position. It allows much more informed risk management decisions; they can plot the next 12 months." It's a direction of travel that he predicts will see more departments execute and monitor their positions online and put together scenario analysis using banks advisory services.

Visibility

Treasury also needs clear visibility through the whole company. This helps the department negotiate with commercial teams if market conditions become more challenging, something UK treasury teams have had to do post-Brexit following the fall in sterling to a 30-year low against the dollar. "This was the kind of situation when treasury needed to be able to go to their commercial and sales teams and provide informed and rational arguments as to why costs have risen so dramatically," said Pryor.

Managing FX risk also increasingly demands strong relationships reaching out through the business, argues Deloitte's Porre. "Treasurers need to understand FX risk through their whole supply chain; they need to be able to say where their exposure arises, gauge the ability to pass it on and see what the competition is doing."

Ensuring visibility calls for soft skills like good communication, and a broader ability to persuade and motivate others. Technical and analytical skills are critical but treasury needs people with behavioural skills too – people who can think how does this matter, how does it drive behaviour and how does it impact the bottom line, argues Deloitte's Porre.

Conclusion

Treasury has grown in importance and influence since the financial crisis and is playing a more strategic role around fundraising, cash management and capital allocation. Yet it is worth bearing in mind that this trend is also relative to the financial health of the company. If sales are strong and growing, cash is coming in fast, receivables are collected quickly and margins are high, treasury doesn't have such a strategic function. "If a company is short of cash, the treasurer is powerful and important. In contrast, if it is a company which is cash rich, treasury is likely to be less central," concludes Glendinning.

Payments without banks

The current arrangements for storing and transferring value evolved over centuries under organisational, legal and technical constraints that are now mostly irrelevant. Rather than delegating account holding and payments to banks, central banks should bank us all directly.

We take money for granted, but through most of history, exchange was based on the (perceived) intrinsic value of things like sea shells and coins. The origins of paper money date back to the 14th century bills of exchange of Venetian merchants and the drafts of the piaohao in China.

In 19th century USA, there were more than 5,000 different types of bank notes issued by various commercial banks, and it was only in 1913 that the Federal Reserve Bank was granted exclusive rights to issue notes and coins.

Even after issuance was centralised, money was still based on central bank gold holdings through the end of the Bretton Woods agreement in 1971. Since then we have had pure fiat money, ie the currency is worth something because the government says so and because we all believe it.

Modern banking evolved at a time when there were no computers and no telecommunications. It was impossible for central banks to deal directly with people and institutions across the country. So, central banks used commercial banks as intermediates to reach their markets.

Bank accounts

Modern bank accounts are a claim by the account holder on money at the central bank. Simplistically, the bank is a large netting operation whose net balance is their account with the central bank. All money (other than bitcoin and its ilk) is fiat money issued by central banks. So money in your bank account is a claim on fiat money at the central bank.

Likewise, modern payment systems are bank intermediated transfers of central bank money. Payments are backed by transfers from the paying bank's account at the central bank to the beneficiary bank's account at the central bank – either directly or by net settlement.

Bank intermediation of central bank money imposes massive costs on society. Although the central bank by definition cannot run out of money, individual commercial banks can. Banks exploit their monopoly position to extract rents from the real economy, and take risks for profit. To mitigate the systemic risks caused by bank intermediation, governments regulate the banks, adding further costs on society.

Central bank accounts for all

Now that we have the technological resources to eliminate bank intermediation of central bank money, it makes sense to end this costly and risky arrangement.

When we all have our accounts directly with the central bank, we eliminate all of the liquidity risks in payment systems. The system requirements are trivial compared to what is being done in 'tech land'. Scale economies – one central bank system vs hundreds of banks reinventing the payment wheel – will result in further gains for society. Whatever it costs to implement and run, the system would be paid for ten times over by savings in regulation alone.

Banks still needed

Eliminating bank intermediation of money by allowing everyone to have central bank accounts directly does not mean the end of banking. Store and transfer of money is a natural government monopoly, and will be provided as a government utility for all. Cleaning up this basic service will open space for banks (and others) to provide the myriad financial services required in modern economies.

Banks (and others) will still be required for investment and lending services, for foreign exchange and cross border remittances, for a host of value added services required by individuals and institutions. Since all money will be at the central bank directly, these services can be provided at much lower risk and cost.

Banks will benefit from getting out of their role in account holding and payments. They complain incessantly that they make no money from payments, so presumably they will welcome being relieved of this burden. Account balances were nice in the days of decent net interest margins (NIMs) but those days are long past and unlikely to return any time soon.

Liquidity

Eliminating bank intermediation of money will drastically reduce many systemic risks that plague current arrangements. We will all have accounts with our central bank. Since central banks are the ultimate holder (and creator) of fiat money, there cannot be a run on a central bank – they simply cannot run out of money. We can still lose value to inflationary devaluation, but that risk is the same in the current arrangements.

Without banks intermediating payments, there will be no liquidity risk in payments. Banks will still have plenty of risk around credit, duration and banks will continue to pose liquidity risk from a balance sheet perspective.

Central banks will go with real time settlement because without bank intermediation there is no need for all the complex and risk creating settlement arrangements we currently have. For instance, when Alice pays Bob, her account will be debited and his account credited in the same transaction – no more waiting for payments to wind their way through complex interbank systems, and no more intermediary credit risk.

Investment banking

I assume central banks will not want to get into the business of providing investment service and loans. It is probably better that they focus on basic store and transfer services to keep things simple. For instance, if the government wants to encourage people to invest in treasury bonds, it will be better if that service is provided by treasury rather than by the central bank.

We will still need banks (and others) to provide such services, and hopefully to manage the risks. Thus, money can be swept from people's central bank account to bank deposits or MMFs and so forth. People might even elect to keep all their money at banks (under mandate) to maximise yield or benefit from, for example, offset mortgage arrangements – whereby the bank charges mortgage interest on the net of the mortgage and any available cash.

Fractional reserve banking and bank creation of money by lending will continue with few regulatory adjustments, since it is only the store and transfer of money that will change.

Notes and coins

The elimination of bank intermediation of money will provide a perfect opportunity to get rid of notes and coins altogether. If this is not deemed desirable, current ATM networks can continue to provide their services.

Either the banks sell their ATMs to the central bank for it to run as a service, or banks provide ATMs as a value-added service for those who want notes and coins using mandate arrangements to transfer money from their customer's central bank account to their own.

Current ATM networks are interoperable between banks, and this would be similar – except there would no longer be any need to settle through archaic systems like ACH.

Cross-border payments

Assuming that central banks will not interoperate, cross-border payments and FX will be a value-added service provided by banks (and others). In this context, Ripple could provide a very interesting service.

Mandates

Mandate arrangements will be required to enable value added services from banks (and others). This is akin to current arrangements for direct debit and investment services, so nothing new here. The key factor is that the service provider is operating your account at the central bank under mandate or power of attorney, so all the benefits of liquidity management and risk reduction remain intact.

AML and KYC

Compliance will be radically simplified. Banks will no longer risk massive fines for compliance lapses, and regulators will no longer have to worry about bank box ticking – because the central bank will do the compliance itself.

One can imagine that accounts will be created at birth for individuals and upon incorporation for institutions. Once the base account exists, adding extra accounts within the established identity will not require extra checking.

Privacy

Some people may be concerned that this sounds too much like big brother watching us all. Governance issues must be addressed. We already have lots of precedent for Chinese walls between different government functions that can be applied to our central bank accounts if so desired.

In any case, banking secrecy has long ago disappeared in this world of AML, KYC, BEPS, etc. Whether the tax authorities or other government departments have to subpoena a bank or the central bank to see your account does not make a big difference.

Technology

It may seem technologically daunting for a central bank to provide accounts for all individuals and institutions. There is plenty of precedent for large scale systems that are much more complex – medical records, for example. Store and transfer of money is very simple – the balance is a running total and transfers debit the paying account and credit the beneficiary account.

The scale will be large, so some kind of distributed and modularised system is likely required. It might be a use case for blockchain but I do not think the specific database technology is a primary concern.

The future is now

The current arrangement for store and transfer of money is an anachronism that brings high costs and massive risks as well as monopolistic rent extraction to the detriment of the real economy. It is time to do away with bank intermediation of money and let us all open accounts at the central bank directly.

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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david.blair@acarate.com

www.acarate.com

The views and opinions expressed in this article are those of the authors

INSIGHT & ANALYSIS

All eyes on China

Treasurers will be watching developments in China closely in 2017. The country is at an interesting point of its history as the economy transitions and the country as a whole seeks to find its places in the new geopolitical landscape. In this article, Treasury Today Asia explores some of the biggest developments in China and what they mean for treasury professionals.

TECHNOLOGY

Next generation TMS

Treasury management systems have changed markedly over the past decade, adopting a broader range of functionality and the ability to be deployed in numerous ways, theoretically meaning that companies of all shapes and sizes are now able to leverage these offerings. Does this match up in reality however, and how are corporates domiciled in Asia Pacific looking to take advantage of this next generation treasury technology?

RISK MANAGEMENT

Managing market volatility

From managing balance sheet risk to reducing operating costs, it has never been more important for treasurers to have a full view of risk across the business. But how is this obtained and then how can these risks be effectively managed? Treasury Today Asia finds out.

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

Paul Apáthy, Partner, Herbert Smith Freehills Sydney; Daniel Aranda, Managing Director, Ripple Europe; Andrew Bateman, Head of Corporate Liquidity and Bank Treasury, FIS; Cale Bennett, Group Treasurer, Tatts; David Blair, Managing Director, Acarate; Andrew Brereton, Partner, Clifford Chance; Carl Burman, Head of Treasury, Maersk; Emmanuel Chua, Senior Associate, Herbert Smith Freehills Singapore; Linda Coven, Senior Analyst, Aite Group; Gareth Deiner, Counsel, Clifford Chance; Mark Evans, Global Head of Payments Advisory, Global Liquidity and Cash Management, HSBC; Mark Evans, Managing Director, Transaction Banking, ANZ; Ben Ford, Global Liquidity Client Advisor, J.P. Morgan Asset Management; Damian Glendinning, Treasurer, Lenovo; Katie Gray, Partner, Herbert Smith Freehills Singapore; Guillermo Gualino, Vice President and Treasurer, Agilent Technologies; James Haycock, Managing Director, Adaptive Lab; Marcus Hughes, Director of Business Development, Bottomline Technologies; Martin Hutchings, Partner, Freshfields Bruckhaus Deringer; Philippe Jaccard, Head of Liquidity & Balance Sheet Management, Transaction Banking, ANZ; Duncan Kellaway, Partner, Freshfields Bruckhaus Deringer; Benny Koh, Managing Director, SEA Treasury Services Leader, Deloitte; Harjeet Kohli, CFO, Bharti Enterprises; Mike Lamberg, Chief Information Security Officer, OpenLink; Philip Lee, Partner, Herbert Smith Freehills Singapore; Michael Lim, Global Head of Trade, ANZ; Vuk Magdelinic, CEO, Overbond; Morgan McKenney, Head of Core Cash Management, Citi; Karlien Porre, Partner, Global Treasury Advisory Services, Deloitte; Jonathan Pryor, Head of FX Dealing, Investec; Alberts Pumpurs, Partner, UX Design Agency; Wim Raymaekers, Global Head of Banking Market, SWIFT; Gourang Shah, Head of Treasury Services Solutions, Asia Pacific, J.P. Morgan; Aidan Shevlin, Head of Asia Pacific Liquidity Fund Management, J.P. Morgan Asset Management; Ong Shiwei, Global Head, Cash Liquidity Management Products, Transaction Banking, Standard Chartered; Bob Stark, VP of Strategy, Kyriba; David Stebbings, Director, Head of Treasury Advisory, PwC; Mario Tombazzi, Group Product Management Head, Liquidity Management and Account Services, Global Transaction Services, DBS Bank.

NOMINATIONS
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