July/August 2019

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Faster payment rails

The payments revolution is a truly global affair. At the regional level it is Asia that is at the forefront of innovation across the space.

The Corporate View

Vasu Reddy

Treasury Leader

GE Africa

Women in Treasury

Singapore Forum 2019

Record numbers of treasury and finance professionals from across the region came together in Singapore to celebrate and champion women in treasury.

Treasury Practice

Stepping up: proving treasury's strategic value

Cash Management

Making the most of liquidity

Technology

Cutting-edge technology – do you really need it?

Back to Basics

Measuring success

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Advantage Asia!

The payments revolution is a truly global affair yet, at the regional level, Asia undoubtedly stands at the forefront of payments innovation. Driven by e-commerce, it is a position that requires close management if it is to deliver on expectations.

Extraordinary rates of growth are predicted for e-commerce across the region by Worldpay, with five-year compound annual projections of 21.3% in Malaysia, 20.2% in Vietnam, and 18.6% in the Philippines and Indonesia telling a compelling story.

China remains on a path towards widespread adoption of digital wallets, led decisively by Alipay and WeChat Pay. These app-based payment tools are seemingly redefining the scope of the possible. Certainly, Chinese consumers favour the seamless integration and trusted environment offered by these all-inclusive apps.

Indeed, wallet use is ubiquitous in online China, accounting for nearly two-thirds of e-commerce transactions. But Worldpay also notes that eWallets are so popular among Chinese consumers that they also lead payments at the point of sale, representing more than a third of card-present market share.

Worldpay is forecasting growth and dramatic shifts in payments in India too. The world's second largest population is far from saturated in either internet access or mobile phone penetration. This translates into projected e-commerce growth at 21.2% CAGR for the next five years.

The rapid upgrade of payment rails across Asia Pacific is accelerating the trend towards mobile payments. The use of overlay solutions such as QR codes are key features of real-time payment schemes in the region, far more so than in other schemes around the world.

The push for financial inclusion is also fuelling the growth in real-time payments across the region as governments see an opportunity to use new technology to provide financial services to citizens who previously did not have bank accounts.

However, as payment rails proliferate and diversify across the region, so do the challenges and opportunities.

On the downside, with payment methods varying widely across the region, both between and within countries, and across the spectrums of development from urban to rural, a complicated and demanding payment landscape is emerging. The major positive is that Asia seems to be offering almost infinite promise for commerce and payments, and this is something that businesses across the world can leverage.

The bottom line for Asian payments is this: for critical mass to be reached, regulators, banks, payment solution providers, and large corporates must work together.
The prize for getting it right is surely too big to ignore.

IN THIS ISSUE



treasurytodayASIA
Adam Smith Awards ASIA

Achieve excellence

Nominations close September 9th

The Adam Smith Awards Asia is now in its sixth year. This renowned platform showcases the very best and brightest in corporate treasury across the industry.

The Adam Smith Awards programme recognises best practice and innovation in corporate treasury, regardless of company size, budget or industry sector. Nominations close on September 9th and there are 18 award categories in total. Representing the full range of activities that corporate treasury teams undertake, these categories are sure to capture your achievements. If you believe your work has gone above and beyond the call of duty, now is the time to put yourself forward.

Corporate treasury departments operate as a true strategic partner to the business. You are constantly challenged to deliver better and more innovative solutions and an Adam Smith Award is the benchmark of that achievement. The Adam Smith Awards Asia recognise the position of importance the treasury profession now occupies across the region and how treasury professionals are stepping up to support business growth in challenging times.

Everything you need, including the nomination form, can be found on our website during the nomination period – it is a simple case of completing and submitting the short form online.

3 easy steps to nominate

Step 1:

Visit **treasurytoday.com/adam-smith-awards-asia** to access the nomination form.

Step 2:

Provide a detailed account of the challenge you faced, the solution you implemented and the benefits this has provided.

Step 3:

Winners will be announced in September and will celebrate their success at the Adam Smith Awards Asia Gala Presentation Lunch at the renowned Raffles Hotel in Singapore on November 14th.



2019 award categories

Treasury Today Asia's Top Treasury Team 2019
Best Cash Management Solution
Best WCM, AP/AR Solution
Best Card Solution
Best Trade/Supply Chain Finance Solution
Best Funding Solution
Best Sustainable Finance Solution
Best Risk Management Solution
Harnessing the Power of Technology
Best Fintech Solution
Best Cyber-Security Solution
Best Solution in China
Best Solution in India
Best Liquidity Management/Short-Term Investing Solution
First Class Relationship Management
Best Foreign Exchange Solution

Individual awards

Treasury Today Asia's Woman of the Year 2019
A Rising Star

Nominations close on Monday September 9th and winners will be announced in early September.

For full details on all categories, please visit **treasurytoday.com/adam-smith-awards-asia**

Save the date

Thursday November 14th 2019 | Raffles Hotel | Singapore

All winners will be invited to attend the Adam Smith Awards Asia Gala Presentation Lunch on Thursday November 14th at the newly restored iconic Raffles Hotel, Singapore to be presented with their awards. Good luck with your submissions and we look forward to welcoming all 2019 award winners!

Should you have any queries please do not hesitate to contact us at **awardsasia@treasurytoday.com**

By submitting a nomination in the Adam Smith Awards Asia you accept that if you win an award, a case study outlining the details of your winning solution will appear in the Adam Smith Awards Asia Yearbook.

Asia on fast forward with payments revolution

The payments revolution is picking up a head of steam globally and nowhere is it advancing quite so rapidly and innovatively as across Asia.

Few aspects of the global economy have evolved as rapidly in recent years as payments, with growing consumer and corporate demand for faster transaction experiences driving proliferation of platforms across the space.

The meteoric rise of e-commerce accurately reflects the rise of the alternative payments and platform proliferation, with Worldpay's 2018 snapshot of global payment methods reckoning the still relatively young industry's volume will surpass US$4.6trn by 2022. According to Worldpay, alternatives to credit and debit cards now account for more than half of e-commerce transaction volume. A survey of 36 countries by the payments technology company, meanwhile, reveals there are at least 140 online payment methods in use today.

While cash remains the leading payment at the point of sale (POS), here too its long reign of supremacy is nearing its end. Worldpay's study projects that cash will be supplanted by debit cards as the leading POS payment method in 2019, falling to fourth place in 2022, trailing debit cards, credit cards, and eWallets.

While the payments revolution is a truly global affair, at the regional level it is Asia that undoubtedly stands at the forefront of payment innovation, particularly in mobile commerce. Worldpay says the outlook for e-commerce across the region continues to be defined by "extraordinary" rates of growth, with five-year compound annual growth rates projected at 21.3% in Malaysia; 20.2% in Vietnam; and 18.6% in the Philippines and Indonesia. In China, the headline payments story remains the widespread adoption of digital wallets: "Led decisively by Alipay and WeChat Pay, app-based payments via mobile devices redefine the scope of the possible. Chinese consumers are categorically choosing the seamless integration and trusted environment offered by these all-inclusive apps."

While wallet use is ubiquitous in China online, accounting for nearly two-thirds of e-commerce transactions, Worldpay also notes that eWallets are so popular among Chinese consumers that they also lead payments at the point of sale, representing more than a third of card-present market share.

Elsewhere across the region, Worldpay is forecasting growth and dramatic shifts in payments in India: "Home to the world's second largest population that remains far from saturation in either internet access or mobile phone penetration, we project e-commerce growth in India at 21.2% CAGR for the next five years."

Looking forward, Worldpay believes Asia offers seemingly "infinite promise for commerce and payments" though, with payment methods varying widely across the region, both between and within countries and across the spectrums of development from urban to rural, "companies operating in Asia face a complicated and demanding payment landscape".

While local conditions across Asia may vary, Worldpay can readily discern some key regional trends: "At the point of sale, we project dramatic shifts from cash to eWallets over the next five years with debit and credit cards maintaining current share. On the e-commerce side, meanwhile, we project continued global leadership in the adoption of eWallets; led by China, we expect eWallets to account for two-thirds of regional payment volume by 2022."

Worldpay's assessment of Asia, the vitality of payment innovation across the region compared to other geographies, is echoed by Jonas Falk, Managing Director of ball-bearing manufacturer SKF's Treasury Centre, Asia & Pacific in Singapore. He says that in comparison to Europe and the Americas, Asia appears to be moving much faster in developing and adopting novel financial technology and solutions, with the rapid development of faster payment rails across the region one of the results. Indeed, Falk believes the pace at which payment rail technology and its application is evolving across the region means that getting the right regulatory frameworks in place to accommodate advances in the space has become "especially urgent".

Looking further ahead, Falk believes it not unreasonable to hope that at some point in the future SKF itself might end up with just one bank account for functional currencies per country: "Today, if you look at the payments landscape we have a lot of different types of payments…domestic, international, clearing, different types of cross-border payments and so on. I hope payments in the future will be just like sending an SMS."

He adds: "In many ways we are still having to deal with platforms, IT infrastructure that date back to the 70s. Over the next few years that is going to change, we will have more options. We are really beginning to see it happen now, we are seeing a lot of open source, open banking applications, APIs, customised peer to peer connectivity, with boundless financial functionality such as funding, discounting, payments and settlements and all integrated with existing processes.

"Over the last year or two we have seen an enormous trend in banks launching portals to attract communities; they are opening up now and deliver connectivity. It's a very exciting time as it seems we are taking some important steps that will inform the future of banking and payments. We don't have a global payments platform as yet but in the future that may be possible. That would create a lot of data so analysing it, exploiting it, will be very important and beneficial not just for treasury but for the organisation as a whole."

Banking on real-time

Among the banks, HSBC, which derives the bulk of its global profits from Asia, also believes the region is at the vanguard of the payments revolution. Thomas Halpin, Global Head of Payments Products, Global Liquidity and Cash Management, HSBC says: "Asia Pacific has some of the most advanced real-time payment schemes in the world. Countries across the region are not only accelerating their adoption of real-time payments but also using the latest mobile payments technology in their schemes. The key driver has been the need to serve a modern digital consumer who is always connected, values convenience, and expects a great experience across all of their devices, especially on mobile."

Halpin explains that up until just a few years ago the traditional payments infrastructure in Asia was unable to meet digital consumer needs. As a result, internet platform providers – such as India's Paytm and PhonePe; Indonesia's Go-Jek; and China's Alipay and WeChat – were able to use eWallets as an alternative, providing fast and convenient payments as part of a broader mobile enabled user experience.

"Now, the rapid upgrade of payment rails across Asia Pacific is accelerating the trend towards mobile payments. For example, use of overlay solutions such as QR codes are key features of real-time payment schemes in the region to a far greater extent than they are in other schemes around the world.

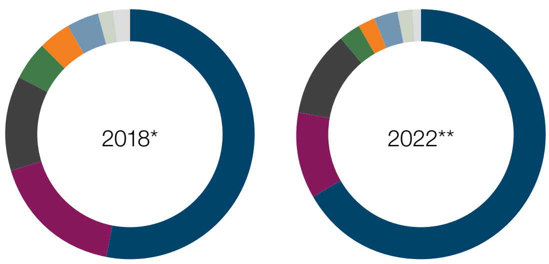
"At the same time, financial inclusion is also fuelling the growth in real-time payments across the region, as governments see an opportunity to use new technology to provide financial services to citizens who previously did not have bank accounts."

As payment rails proliferate and diversify across the region, so do the challenges and opportunities for banks and their clients. Nicholas Soo, Regional Head of Payments Products, Asia-Pacific, Global Liquidity and Cash Management, HSBC, is clear that for banks the development of real-time payments presents a tremendous opportunity to help clients transform their business: "We are talking to treasurers about how they can use real-time payments to streamline payments and collections, and how they can harness the new infrastructure alongside technologies such as APIs to gain a competitive edge."

As an example of this in action, Soo points to how in India HSBC is helping a large microfinance institution to instantly verify applicant account details, via an API callout to the real-time payments network, prior to making the payment. The solution aims to ensure that there are no returns due to incorrect bank details and the applicant has access to funds almost as soon as the loan is approved.

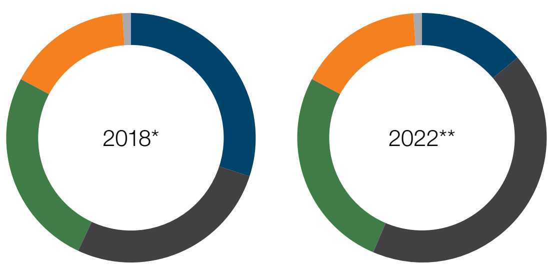
Soo says that one of the big challenges for banks operating across the region is lining up the resources to go live with

Asia Pacific e-commerce payment methods



	2018*	2022**
eWallet	52%	66%
Credit card	17%	11%
Bank transfer	12%	11%
Debit card	5%	3%
Cash on delivery	4%	2%
Charge and deferred debit card	4%	3%
PostPay	2%	2%
Pre-paid card	2%	1%
PrePay	0%	0%
eInvoices	0%	0%
Other	0%	0%

Asia Pacific POS payment methods

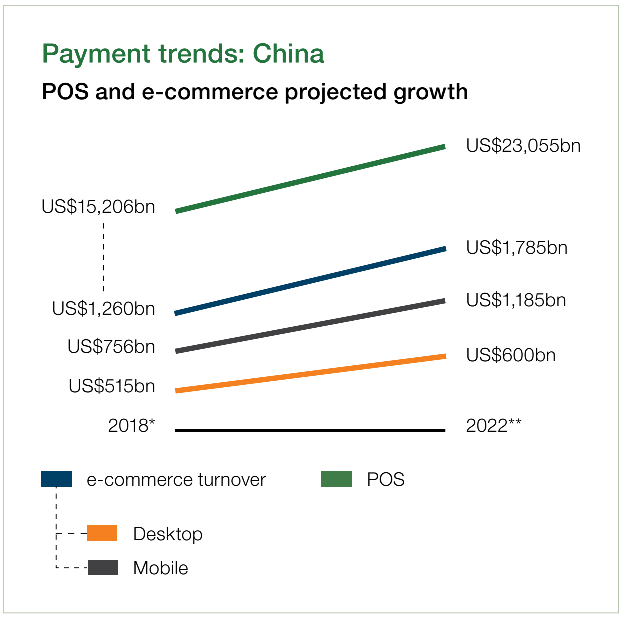


	2018*	2022**
Cash	30%	14%
eWallet	27%	42%
Debit card	26%	26%
Credit card	16%	16%
Pre-paid card	1%	1%
Charge card	0%	0%

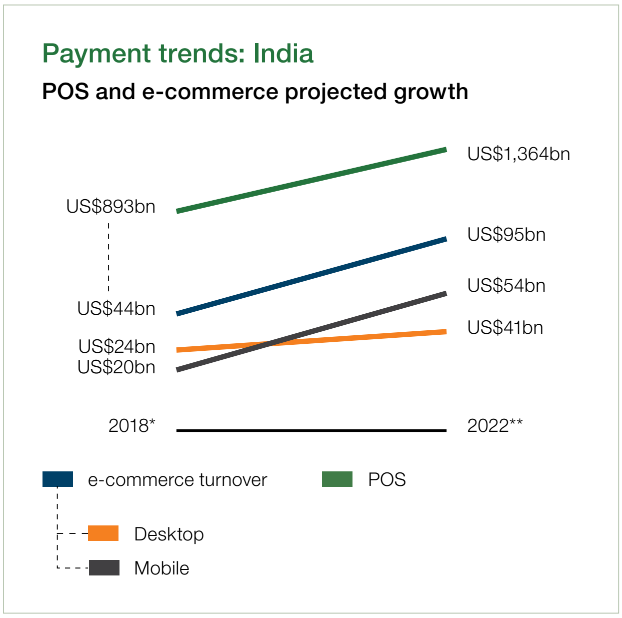
*Estimated **Forecasted

Numbers adjusted for rounding may impact totals

Source: Worldpay 2018 Global Payment Report



Source: Worldpay 2018 Global Payment Report



Source: Worldpay 2018 Global Payment Report

real-time payments in multiple countries simultaneously. "As well as new markets going live, many countries are upgrading existing infrastructure or adding new overlays. Often, we work to tight timelines for new real-time payment implementations and no two schemes are ever exactly the same. However, we are able to apply some lessons learned from one country to another."

He strongly advises corporate treasurers to work with other teams across the business to understand the impact of real-time payments on internal practices and their client and vendor relationships: "For example, our corporate clients are working out how to treat inward credits from their customers over the weekend.

"Buyers are taking advantage of the 24/7 nature of real-time payments, which means they expect their credit lines to be updated in real-time on a Saturday or Sunday, to enable them to get deliveries on Monday. As a result, corporates are having to adapt their own ways of working."

Critical mass

While the region continues to power ahead in developing real-time payments infrastructure and platforms, Soo says success ultimately depends on their widespread usage and achieving that is by no means straightforward: "You can only reach critical mass when regulators, banks, payment solution providers, and large corporates work together. This was particularly true in India – it's Immediate Payment Service (IMPS) launched in 2013, but volumes grew exponentially over the past 24 months with the confluence of a large number of banks going live, greater consumer awareness, and business need for instant disbursements and refunds from large corporates, non-bank financial institutions and e-commerce players."

Countries that have seen the biggest uptake in real-time payments are those where regulators have made it their mission to drive adoption, he says. Hong Kong, for example, is looking at different use cases to enable government departments make payments using the Faster Payments System, or to receive payments from the public settling government bills in the same manner. In addition, the Hong Kong Monetary Authority and financial institutions are looking to promote wider adoption of mobile retail payments through a common QR code standard for merchants and consumers.

Soo adds: "The importance of financial inclusion in some countries provides a powerful reason for regulators to ensure market participants move to real-time payments. To take India again as an example, the launch of Aadhar (a unique 12-digit identity number for residents) enabled millions of Indians to open bank accounts, and it is expected that most of the payments will be through the real-time payment rails."

For HSBC's Halpin one of the most remarkable aspects of the transformation under way in payments across APAC is that even though it is a relatively new development for the region it already seems like business-as-usual, such is the speed with which infrastructure and novel are being adopted by banks and corporate across the region.

Looking ahead, he believes the development of real-time payments will accelerate the move to open banking, the internet of things and smart cities – all of which are predicated on the fast and secure exchange of large amounts of data, which is made possible by real-time networks.

"The next step will be for the real-time revolution to spread to cross-border payments. SWIFT gpi is already increasing the speed and convenience of international payments. But there remains a real opportunity to better connect different real-time schemes around the world. So, a traveller from Singapore could scan a QR code and pay for a purchase in Thailand within seconds.

"As with domestic schemes, success will require regulators, banks and corporates to collaborate, albeit on an even larger scale. But the prize will be even greater ease, speed and certainty for businesses and consumers making international payments across the region."

Treasury of the future

Treasury is on the verge of a great change. It is being driven by a technological revolution that will alter the way it operates. The recent past has witnessed the first steps of treasury's journey to digitisation, with the use of different technologies such as the banking platform, treasury management systems and trading platforms. These are now considered the standard for best in class operations. Yet, treasury processes are far from being entirely automated or digitised. In some cases, a high level of manual intervention is still required in treasury operations.

Manu Taneja

Executive – Cash Management and
Treasury Services (APAC)

Andrea Vanara

Director
Head of Treasury Advisory Group – Asia Pacific
Treasury & Trade Solutions

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Similar to what has happened recently, where operational and transactional tasks have been streamlined and partly automated, the evolutionary phase we are seeing now is focusing more on what automation is yet to achieve; making it more pervasive and better integrated within the full treasury platform, while helping to more effectively manage risk.

These factors may have the following immediate effects on the daily activities of the treasury function:

1. As automation starts delivering on multiple aspects of treasury, the creation of bandwidth will allow teams to focus on strategic aspects and less on manual tasks.
2. New data processing techniques will continue to grow and, as such, these skill sets will develop within treasury, leading to more data-assisted decision-making across treasury.
3. Treasury will be part of business strategy discussions. The main benefit will be the reciprocal understanding between 'business' and 'treasury' where key decisions will take into account the treasury perspective.

To facilitate the shift from the current semi-automated treasury status to the fully-automated version, one ingredient is essential: the right 'culture'. Often, those who work in treasury don't have the time to consider how best to innovate treasury and its processes, despite having the in-depth knowledge required to envision such a change. Hence, the overlaying framework and organisation in which they operate is critically important. A company culture fostering advancement will be the 'secret ingredient'.

The expectation is to have treasury converging toward a more automated organisation. To achieve this status, treasury teams will need to evolve accordingly (and this includes development of new specific skills). Working on this assumption, it is likely that a radically different set of skills – such as those of the data-scientist, developer or IT professional – will be as prominent as a traditional grounding in economics and finance.

However, whilst the emerging technologies will deliver actionable intelligence and predictive analytics, with the potential to significantly reduce the manual overhead, there is still no expectation that machines will replace humans, as our oversight will still be required.

Before embarking on a digitisation journey, there are many things that treasury organisations must consider. These include which technologies to invest in, and how the organisation will approach the implementation process. It's critical that organisations adopt a well-balanced approach, matching the benefits of any new technology with the readiness of the business to adopt them.

Understanding external factors, such as regulatory requirements and the evolution of the banking infrastructure in specific contexts and/or geographies, is another important consideration when making decisions about technology.

There is no doubt that we are living through some of the greatest changes in business; not for nothing has our time been dubbed the 'fourth industrial revolution'. The most likely effects of this period on treasury are two-fold. There is the growing relevance of treasury in the core-business decision-making process, thanks to the bandwidth created by process automation. But there is an increased risk that treasury's shift toward automation may bring about an uncontrolled 'revolution'.

With the pros and cons in mind, it is clear that careful planning, a balanced approach and a future-oriented culture, alongside closer partnerships with key banks, is the solution to a smooth transition into the treasury of the future.

MAINTAINING MOMENTUM AROUND

THE WORLD

On Thursday April 11th Treasury Today Group's Women in Treasury Singapore Forum 2019 took place at the prestigious Four Seasons hotel from 12 noon to 4:30pm. This highly popular annual industry event is firmly established in the diaries of women and men across the Asia Pacific region and was attended by record numbers of people from all sectors of the industry.

The Forum opened at noon with a lively pre-lunch welcome reception which included an opening speech from Sophie Jackson, Joint Publisher & Head of Strategic Content, Treasury Today Group. Commenting on the day, Sophie said, "It's never felt more important to be here today to celebrate women in our industry. I've been delighted to see the fantastic representation for women there is here in Singapore at senior levels in corporate treasury and finance and the support from our community here for the Women in Treasury initiative really has been overwhelming! It's been fantastic to see how our community and Forums here have grown year on year and to see the relationships and conversations that have been formed as a result."

Treasury Today's Women in Treasury initiative was established to pioneer women in the corporate treasury and finance industry and to create a new professional community where women can come together with each other and with male allies to share their experiences and encourage each other's professional development. Singapore has a vibrant and active corporate treasury community which has been supportive of the Women in Treasury initiative since the beginning. The dynamic event was a fantastic opportunity to come together again and to reflect on how the initiative and the global dialogue around diversity and inclusion has grown and expanded.

The Women in Treasury initiative is composed of a number of different elements; the first is the Women in Treasury Study, the only global study looking at women in corporate treasury and charting their professional journey and experiences in the workplace. The second is regular profiles of female corporate finance professionals within the This Much I Know feature. There is a dedicated LinkedIn Women in Treasury network and a Woman of the Year category within our Adam Smith Awards global programme. There is the newly launched Within community resource for women in treasury which offers advice, tips and inspiration on a regular basis for the women in treasury global community. Finally, there are our Women in Treasury roundtables and forums which now take place across the US, Europe and Asia Pacific. The Women in Treasury initiative is constantly growing and expanding, driven forward by the women and men who are part of our community and lend their voices to our conversations around diversity, inclusion and representation in corporate treasury.

At the heart of the Women in Treasury initiative is the annual Women in Treasury Global Study which Meg Coates, Joint Publisher & Head of Operations, Treasury Today Group, spoke about in her opening presentation, summarising the broad findings of our Women in Treasury Global Study 2018, proudly supported by State Street Global Advisors. The data from the study forms the basis of Treasury Today's analysis of gender representation, diversity and inclusion in corporate treasury. The 2018 study was conducted from May to September 2018. The study attracted 348 responses from a broad universe in terms of age, experience, geography and role, with over half of respondents completing the study for the first time, offering a new data set with some eye-opening results.

The majority of respondents were aged between 35 and 54. Forty seven percent had dependent children and 17% had other dependents. The voices reflected in the 2018 results were those of women who have dedicated a significant part of their career to the treasury profession, with more than half holding a treasury role for over ten years. Respondents outlined for the first time what the term diversity means to them. Here are some examples:

'Diversity means the freedom to bring your full self to work, not having to feel you have to excuse yourself for who you are.' 'If our work culture is not inclusive, we never achieve diversity. Diversity is perceiving difference; inclusion is valuing it.'

On the topic of gender parity regarding pay and opportunities, 49% of respondents said they felt they earnt less than their male counterparts. Only 5% felt there had been improvements in pay parity over the past year and over a quarter of respondents have felt overlooked and ignored in the workplace because of their gender.

The welcome reception was followed by a three-course lunch in the sumptuous Crescent Ballroom, during which the panel discussion took place on stage with our leading industry speakers. The dynamic and insightful debate was moderated by Sophie Jackson and featured our superb line up of influential panellists with a wide-ranging set of experiences from across the industry.

Our panellists were Catherine Yu, VP Regional Controller APAC & China, Herbalife Nutrition, Lay Perk Toh, Corporate Treasurer, Kulicke & Soffa, Yeng Butler, Senior Managing Director and Global Head of Cash Business, State Street Global Advisors and Jason Horn, Head of the Asia Pacific Cash & Short Duration Liquidity Business, BlackRock. The candid and thought-provoking discussion explored the views of the panel on some of the issues highlighted by the respondents of the study and the ongoing challenges to the progress of diversity in our industry, as well as practical career tips and motivational messages for both women and men working in the treasury function today.

Yeng spoke about her beginnings in finance and her wide-ranging experience at Merrill Lynch, where she moved across to asset management. Following ten years at Merrill Lynch and with an interest in the intersection of the public and private sector, instead of pursuing an MBA, Yeng took a Masters in public administration at Harvard. During this time she spent six months in Western Samoa working in microfinance which made low value loans to women who were looking to start small businesses to fund their families and education for their children. For Yeng this was an incredibly rewarding experience. A decade ago, Yeng was recruited back to Boston to build out a global team at State Street Global Advisors and she hasn't looked back since!

Catherine began her career after studying corporate finance in university. Despite wanting to go into investment banking,

Diversity** means the **freedom** to **bring your full self** to work, **not having** to **feel** you have to **excuse yourself** for **who you are.

her CV suited CPA and after having children she worked for a pharmaceutical company where she learnt the ropes of a corporate multinational environment. Moving to Merck, she took roles in different parts of the finance function and then she moved into treasury before heading across to BT's APAC office as a Regional Treasurer. Then followed an MBA from Manchester Business School which she finished within 18 months whilst balancing the demands of a family. This drive to build a professional network set her up well to move across to Herbalife Nutrition, where she now manages more than 150 people. 'Every day you have someone to learn from. Keep that in your suitcase and then you can keep that knowledge and that has really been important.'

For Lay Perk, there was an opportunity for a regional treasury manager at Honeywell which she was willing to undertake, despite having no previous experience of treasury. This willingness to learn has propelled Lay Perk over the course of more than a decade's experience in treasury. "Every profession is unique and special. We all bring value to the organisation in our own way. Treasury for me, is something I have passion doing, and we make our profession 'special'. I enjoy every single part of my job, especially providing solutions to streamline and automate to drive higher level of efficiency across various functions in the organisation. You can make a very big difference with a small team, which many of us have!"

Jason offered his perspective as a male ally, driving forward an agenda of diversity and inclusion as he leads his team and seeks to impact the broader industry. "It's great to be up on the stage with these fantastic female leaders. The financial services industry has been typically male dominated, especially in the early stage of my career." Since joining BlackRock in 2016, Jason has noticed how the firm and the industry have made meaningful changes to address this balance.

The panellists discussed what diversity and inclusion actually means, with the concepts of meritocracy, access and hiring all being raised. Returning talent to the workforce and equal access to parental leave which is in a nascent stage in Asia were also topics of discussion on the day. Following the panel discussion, an enthusiastic open question and answer session took place, with many members of the audience taking the opportunity to share their own experiences and seek advice from the panel. "As more and more companies offer parental leave it would be fantastic to see more males take it, as it normalises the traditional responsibilities of the mother, that a father can take their children to the doctor or to a playdate." The panellists agreed that destigmatising male access to parental leave is imperative for gender equality.

Catherine's advice to everyone regardless of industry is, "Be mindful and continue to advance yourself through continuous learning. Nowadays there is so much disruptive technology, so keep learning from different experts who can help you to be successful."

There was a powerful human side to the conversation on the day, as Lay Perk spoke about overcoming a car accident in which she was left blind, and her journey to recovery. Lay Perk learnt a lot about accepting the severity of situations that may occur in our personal or professional lives and the importance of staying focused on our future aims. Lay Perk has gone on to speak to school children about the lessons she learnt from her biggest personal challenge. "Strive for the

Over a quarter** of **respondents** to Treasury Today's Women in Treasury Study 2018 have **felt overlooked** and **ignored** in the workplace **because of their gender.

best, while preparing for the worst," is the lesson she learnt from this.

Summing up the day, Sophie said, "Over the past seven years that we have been working on our initiative, one thing that I've noticed is how often we come back to the idea of human qualities. Not many people think about the human qualities of kindness, empathy and nurturing for example, but these are what make us special as individuals and we bring these unique qualities to our professional lives. Take some time to think about the things that make you unique and special and consider how you might amplify them and build on them, rather than ignoring or overlooking them and seeking to emulate other business leaders. Becoming the best and most authentic version of ourselves will reap rewards in both your professional and personal lives."

'Treasury Today's Women in Treasury initiative

Our Women in Treasury initiative recognises the importance of women in the treasury profession and creates a means for women to communicate with one another; learn from each other and network in order to help each other. Women need to be much more visible in their roles, both inside and outside of their organisation. Women and men need to come together to celebrate diversity in all its forms and move the conversation forward. Events such as our Women in Treasury Forums are an integral part of this path to diversity.

Our Women in Treasury Forums take place annually in Singapore, London and New York.

Our Women in Treasury initiative also includes:

- Profiles of female corporate leaders.
- The annual Women in Treasury Global Study, proudly supported by State Street Global Advisors.
- Our Women in Treasury LinkedIn networking group.
- Woman of the Year awards at the Adam Smith Awards and Adam Smith Awards Asia.

To learn more about the Treasury Today Women in Treasury initiative please visit:
treasurytoday.com/women-in-treasury

For further information please contact Lisa Bigley, Global Head of Events, **lisa.bigley@treasurytoday.com**

MULTINATIONALS FAVOUR SINGAPORE FOR TREASURY OPERATIONS IN ASIA

Multinational corporates are responding to the rise of the "Asian Century" and investing in expanding their treasury footprint across APAC, with Singapore just ahead of Hong Kong as the most favoured location for basing regional finance operations.

The findings have emerged from an EY survey of treasurers and strategic stakeholders with regional and global treasuries based in Singapore. The study explains that over the last few decades multinational corporates have been centralising their treasury functions across various legal entities and geographical jurisdictions. This allows them to effectively meet the needs of the business, optimise working capital, improve visibility on borrowing positions, reduce external borrowings and hedge currency and interest rate risks. The global and regional treasury centres are typically based in locations where they can meet the needs of business operations in a cost-efficient and time-critical manner.

With demands on treasuries growing and global economies become increasingly influenced by the "Asian Century", multinational corporates have recently become much more focused on expanding their global or regional treasury footprint within Asia, with Singapore and Hong Kong being the two leading preferred locations.

While the Finance and Treasury Centre (FTC) tax incentive in Singapore had played a key role in attracting treasuries to set up their regional centres in the city-state, interviewees for the survey say this is a secondary factor. In any case, a similar incentive introduced by Hong Kong in 2015-2016 had levelled the playing field.

Tan Bin Eng, EY ASEAN Business Incentives Advisory Leader, Partner, Ernst & Young Solutions LLP says: "Many assume that tax incentives play a key role in motivating a centralised treasury location. However, we may be overplaying the importance of tax incentives, which is insufficient to replace the need for a strong commercial and operating environment that are conducive to treasury activities. For example, the US and Europe continue to be attractive global treasury locations, even though they may not all provide attractive tax incentives."

Rather more important for firms in deciding to choose Singapore for basing treasury operations is the city-state's proximity to regional business headquarters and the breadth and depth of its financial ecosystem: "These are key considerations that are driving decisions on regional treasury locations," says the report.

It adds: "Proximity to the regional headquarters allows for better engagement with the management, particularly in running the long-term treasury plans and investment requirements more effectively. Treasurers can also better work with the business to balance intercompany lending and borrowings across different markets, achieve shorter response time on critical funding decisions, and manage central and in-country banking relationships more effectively."

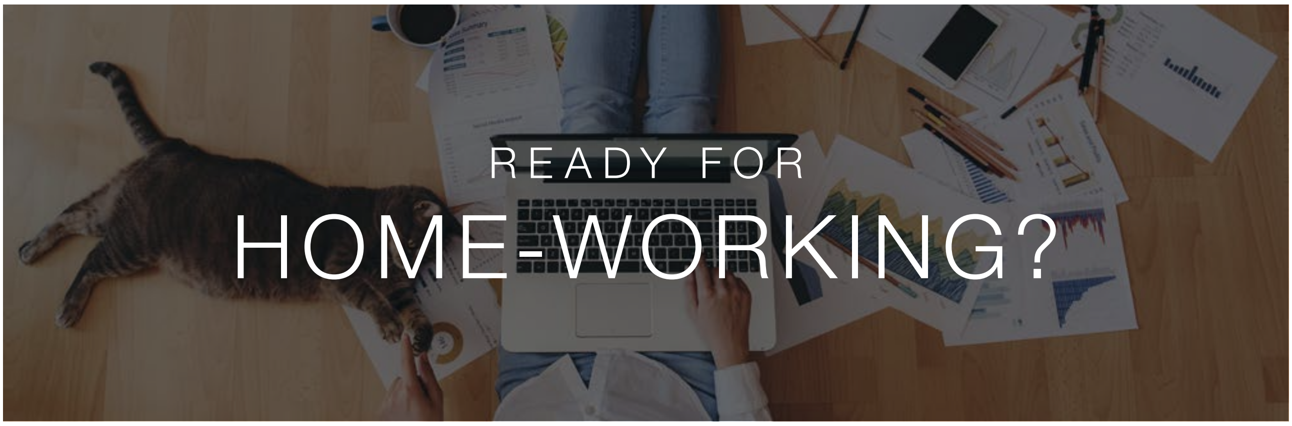
Breadth and depth

With 4,200 regional headquarters based in the city-state, Singapore is home to the largest number of regional headquarters in Asia Pacific. This is followed by Hong Kong with 1,389, Tokyo with 531, and Shanghai with 470.

The city-state boasts the presence of 132 commercial banks and 26 merchant banks. Seventy-three percent of survey interviewees work in treasuries that have been operating in Singapore for five years or less and 45% represent firms that have a global turnover of more than US$20bn.

According to the EY report, secondary drivers that steer decisions on treasury locations are:

- Legal and regulatory system: a strong legal system is necessary to ease management of business contracts and relationships, given the cross-border treasury activities of multiple group legal entities and external service providers across jurisdictions.
- Political stability: allows for greater consistency and predictability of long-term economic policies.
- Tax system and availability of incentives: a simple and efficient tax system as well as strong tax treaty network to mitigate the impact of double taxation.
- Diverse workforce and talent: the availability of relevant skilled resources and quality of the workforce.
- Liveability: the ease of relocation, lifestyle and ability for families of talents to adjust easily.



READY FOR HOME-WORKING?

Around 70% of professionals work remotely – a phenomenon known as telecommuting – at least one day a week. Some 53% work remotely for at least half of the week. These figures, drawn from a survey of 18,000 business professionals across 96 international companies by Switzerland-based serviced office provider IWG, demonstrate an interesting shift in workplace attitudes.

The idea that coming into the office day after day is somehow beneficial to all parties seems to be losing its grip on a workforce that is ready and able to be somewhere else.

The notion of flexibility is supported by another recent survey, this time by US business advisory service, Fundera. It indicates that two-thirds of managers who offer telecommuting flexibility say employees who work from home are overall more productive. It noted too that 86% of employees claim that they're most productive when they work alone, being able to avoid distractions like unproductive meetings, office gossip and loud office spaces.

Home-working statistics in the US also show that 82% of telecommuters report lower stress levels. The positive effect is to everyone's benefit – a Stanford University study highlighting that employers offering a work from home option saw staff turnover rates fall by over 50%.

Companies that do not favour a shift to employee flexibility should be wary: 68% of millennial job seekers say a work from home option would greatly influence their interest in working for a company.

Advantages

For Dr Mark Winwood, Clinical Director for Psychological Health at AXA PP Healthcare's Health Services division, enabling employees to work flexibly is advantageous in many ways. Writing on the UK private medical insurer's website, he says that remote working can decrease overheads and the need for office space, positively affecting operating costs.

"Perhaps more importantly, flexible arrangements can help retain valuable staff, who otherwise might be forced to leave for practical reasons, as well as attracting a wider talent pool of people who may not have considered working for the company otherwise."

Where flexible working patterns are in place, Winwood adds that businesses are better positioned to operate outside conventional office hours. In terms of hours worked, employees can choose to operate when they feel most productive. In a typical treasury, where there is a need to work across different time zones, that flexibility can help employees recover work-related sleep-loss, helping to preserve employee wellbeing.

"Employers offering flexible working arrangements are likely to see an increase in productivity, engagement and commitment from employees who are given more control of their working life and style of working," notes Winwood.

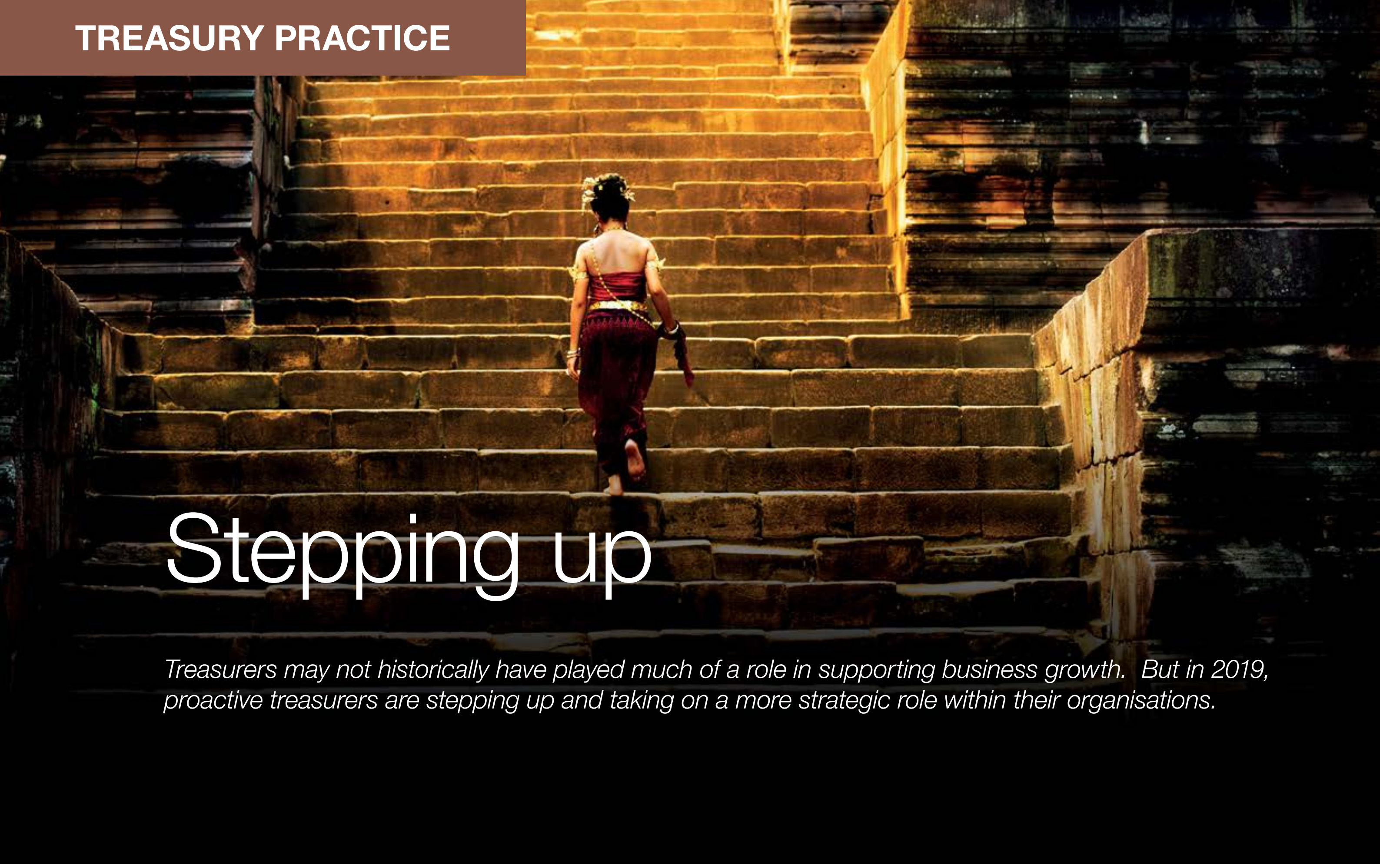
Disadvantages

However, there is a downside to home-working that must be managed, he warns. "Managers need to be mindful that flexible working could mean their staff do not stop working. Removing the need to physically leave the workplace at the end of the day can tempt workers into working overtime, which managers may not be aware of when their staff are working remotely."

There is also a risk of increasing 'presenteeism', where employees strive to do more hours than necessary, despite perhaps feeling tired or unwell. Winwood advises managers to monitor the time-keeping of employees who are working remotely, ensuring that suitable boundaries between working time and non-working time are put in place.

Working from home can be a lonely pursuit and can mean employees missing out on important interactions with colleagues. There is a risk of home-workers feeling more isolated in general and communicating less with their managers. As a consequence, managers may be less able to identify potential health and wellbeing issues.

"It is therefore important to invite them to company events and briefings and, if practicable, make provision to include them via remote media if it is not possible for them to attend," advises Winwood.



Stepping up

Treasurers may not historically have played much of a role in supporting business growth. But in 2019, proactive treasurers are stepping up and taking on a more strategic role within their organisations.

Business growth is a goal for many organisations – but companies have plenty of challenges to overcome when contemplating growth in the current market. The Gartner 2019 CEO and Business Executive Survey found that 53% of respondents mentioned growth as a top three business priority, up from 40% in the 2018 survey. But CEOs also referenced the challenges that can arise when expanding internationally, with 23% citing the impact of tariffs, quotas and other trade controls.

While treasurers may not be at the forefront of the company's growth strategy, they will nevertheless be affected by it. "Growth is driven by investor expectations around margin growth, and that obviously cascades to the CFO and ultimately finds its way – perhaps through a different set of key performance indicators – to the treasury," says Peter Cunningham, EMEA Head of Consumer & Healthcare Sector, Treasury and Trade Solutions at Citi. "But it's an ongoing challenge to pursue growth strategies while doing the day job. And that day job has become a bit more complicated in the current environment – it's certainly a more volatile outlook in light of factors like geopolitical pressures, trade wars and Brexit."

Treasury may traditionally have focused on bread-and-butter activities such as cash management, funding and investments. In today's environment, however, the role of the treasurer has taken on a much more strategic focus – at least for some companies. For example, the ACT's 2018 report, The Business of Treasury, found that 87% of respondents saw treasury as a strategic business partner in their organisations.

Evolving role of the treasurer

While treasurers have not historically played much of a role in identifying and harnessing opportunities for growth, this is now changing, says Deepali Pendse, head of South East Asia Corporate Sales, Global Transaction Services at Bank of America Merrill Lynch (BofAML).

Pendse outlines the traditional role of the treasurer as one which has "little autonomy" and is limited to asset liability management and liquidity. Under this model, Pendse says that treasurers tend to focus on activities such as ensuring optimal use of cash, managing financial risk and cash flow forecasting – adding that this role is overall "more operational centric".

Today, in contrast, Pendse notes that treasurers now have greater autonomy, coupled with local decision-making power. "They are involved in the impact of regulatory changes, implications of capital adequacy and risk management," she adds. "They are also required to collaborate with various units within the business and advise senior management – and they are heavily involved in capital allocation decisions."

Commercial treasury

Cunningham says that "the treasurer is not the first person you'd think of as enabling growth within the treasury" – but he also notes that the treasury's role in supporting growth is changing. "In the last five years I've seen the emergence of new roles and titles within treasury, such as 'treasury advisory' or 'commercial treasury'," he explains. "Effectively, the remit of these roles is to come out of the silo of treasury and engage with the business."

He adds this can also be achieved via senior secondments between different departments. "So a treasury person might sit and work in the procurement division or the credit control department for 12 months. While the focus of these exercises may not be specifically on growth, it's certainly about looking at what value-add treasury can generate for the business, and

Supporting growth at Wolters Kluwer

George Dessing is Senior Vice President Treasury & Risk at Wolters Kluwer, which provides professional information, software solutions and services for a number of sectors, including tax and accounting, risk and compliance, and legal and regulatory.

As Dessing explains, the treasury plays a business partner role when it comes to supporting the company's new 2019-2021 strategy, 'Accelerating Our Value'. He comments, "Treasurers need to support growth by freeing up business unit finance directors to move away from day-to-day cash management and banking related issues, and focus on their organic growth and driving the business."

He says that with increasing pressure to operate efficiently, it's critical for treasury to "identify opportunities that will drive operational and financial agility", therefore supporting more investment into innovation and product development. According to Dessing, treasury can do this in three ways: "Be the knowledge centre; be the enabler for cost saving; be the arranger for alignment of the finance terms and conditions."

Dessing says he supports business growth at Wolters Kluwer in a number of different ways. These include centralising and optimising cash management and treasury processes, as well as rationalising banks and banking fees. In addition, he says that treasury is playing a role in streamlining e-commerce by aligning and optimising the company's credit card programme and rolling out new cards in order to increase standardisation. Other practical measures include driving fraud prevention and being the 'go-to' department "for funding to execute the strategic plans supporting our growth."

what it can contribute to the company beyond risk mitigation and optimal funding models."

Why step up?

There are many reasons why treasurers might want to embrace a more strategic role within their organisations. Career progression is one compelling motivator. "What is the next role for the treasurer?" says David Stebbings, Director, Head of Treasury Advisory at PwC. "It's either another treasury role in another company, or to be CFO – or another financial management position with a wider remit. And if you want to be a CFO, you have to step up."

In other cases, external factors can facilitate a shift into a more strategic role. This can include market developments which underline the importance of the treasurer's expertise – such as the global financial crisis or, more recently, Brexit and the US-China trade war. The trajectory of an individual company can also demand greater input from the treasury.

"As companies become more global, foreign exchange becomes more important and banking arrangements can become more difficult – so the treasurer has a bigger role to play in all that," says Stebbings. "Of course, some don't want to. Some are quite happy to do the traditional treasurer role, and then potentially move into tax."

That said, Stebbings also observes that a traditional approach is more viable in some companies than in others. "It is much riskier now to be inward-looking and focused on technical treasury," he says. "In businesses that are growing internationally, you are more likely to succeed with a business-focused approach – but you still need to get the basic transactional and funding elements right as well."

How can treasurers support growth?

What does this mean in practice? Stebbings highlights a number of areas in which treasurers can support business growth: "The treasurer has a significant role to play when it comes to expanding the global footprint of the business," he explains. "Not just by setting up cash management arrangements, but also by understanding the foreign exchange." He argues that FX is as much a business issue as it is a treasury issue – and that treasurers increasingly need to get involved with issues such as the impact of FX risk on pricing contracts with contracts and suppliers.

Stebbings adds that treasurers can also support growth in other key areas, for example by negotiating arrangements for credit card receipts, or by supporting suppliers through the use of supply chain finance.

Working capital and beyond

Working capital management is another notable component of supporting business growth, as Daniel Jefferies, Group Treasurer at Equiniti Group, explains. "This includes asking what the working capital requirements are for the business – are you cash generative? Do you have highly cyclical cash flows? What is the best way to support that in the business?" he says.

In addition, Jefferies includes activities such as capital structure and funding under the heading of supporting growth. "It's also about taking risk out of the business, and allowing the business to do what it does best," he says, citing a role at another company where he had used hedging and risk management to take away risk and volatility from the company's products.

But while there are many ways in which treasury can support growth and take on a more strategic role, this doesn't mean that treasury can or should be leading the company in this area. As Jefferies remarks, "You are not there to set the organisational strategy, but you are there to support it."

Advising on e-commerce

Citi's Cunningham says another area of opportunity is the value that treasurers can provide when companies are developing their e-commerce strategies. While such strategies tend to be driven by the consumer payments team, with a focus on enabling the company to connect directly with consumers, Cunningham notes that there is much to be gained by looking at this topic through a treasury lens.

"When a consumer or FMCG company sells direct to the end consumer, there's theoretically more margin to capture because you are cutting out the middleman," says Cunningham. "But the big upside that isn't appreciated by many companies is that there's a huge working capital opportunity here."

He points out that FMCG companies may have a DSO of 50-60 days – "but when you collect at point of sale, that DSO becomes effectively zero. So there's a clear opportunity to be captured as you push more sales through that direct to consumer channel – but it also explodes the volumes of sales and collections you have, with the average transaction value coming down significantly."

As Cunningham explains, the higher volume of transactions can wreak havoc and create bottlenecks if processes are not fully automated "so there are some interesting opportunities and costs that need to be addressed. I feel that treasury should have a seat at the table here, but from the discussions I'm having, that's not really happening today."

Nevertheless, Cunningham says that there are some cases where treasury is becoming more engaged in this area. He cites the example of a company where the treasurer is working directly with web designers to incentivise desired consumer behaviour during the checkout process.

Leveraging evolving technology

Meanwhile, BofAML's Pendse notes the importance of leveraging technology to drive treasury process automation and "free up staff to focus on strategic, value-added work". She adds that obstacles to this may include a lack of budget for treasury infrastructure, or for transitioning from process-based treasury to a more strategic approach, noting that some changes in staff may be needed.

Likewise, Pendse says that treasurers can support business growth by leveraging evolving technologies such as AI and API. "The future is data, and how to manage and leverage it for better commercial outcomes," she says. "What developing stories can a treasurer see from harnessing the data within treasury? Better forecasting, more efficient hedging strategies, lower cost funding." Nevertheless, she also points out that the obstacles to leveraging these technologies can be considerable, such as having data in multiple systems and issues around the consistency of data.

Stepping up

Treasurers are busy people – and not everyone has the time or inclination to seek out a more active role in supporting business growth.

"It takes a certain type of treasurer who is able to reach out of his or her career domain and work with other business management for the benefit of the business," says Stebbings. "And this can be difficult to do – procurement might see supply chain finance as their area, for example. So you can get a certain amount of pushback when you are entering someone else's domain."

For treasurers who are looking to step up, Jefferies underlines the importance of taking a proactive approach. "You should definitely be prepared to offer your views to your line manager, or to the CFO, and ask, 'how do you see things progressing over time, and how best can I support you?'" he says. "This might involve asking questions about the capital structure and proposed future actions, and then saying, 'in that case, do you want me to think about options for funding or risk management?' Or on a more basic level, it might mean making sure you have the right structure in place to support future activities. I would always encourage having that conversation."

Dessing, meanwhile, warns that treasurers cannot support growth simply by sitting behind the PC. He adds that treasurers need to have certain characteristics in order to play the part of a strategic partner, including some of the following:

- **Be prompt.** Dessing says that treasurers need to stay ahead of the curve, rather than waiting for the moment that cash is actually needed.
- **Be proactive.** This includes connecting with internal and external groups, such as business units, tax, accounting, legal, communication, IR, advisors, auditors and banks.
- **Be a team player.** Being a strategic partner means being open and connected, as well as an effective communicator.
- **Be the 'guarder of cash'.** Dessing notes that in today's digital environment, treasurers should drive "awareness of fraud risk and the associated proper behaviour".
- **Be open minded.** Rather than focusing narrowly on bank account management and cash, Dessing says treasurers should have a holistic role with a wide range of responsibilities and covering areas such as financial and operational risks, pensions and real estate.
- **Be passionate.** Last but not least, Dessing advises treasurers need a "best in class mentality" so they can "deliver the value-add" – and he also emphasises the importance of being supportive of others' ideas.

Supporting high-growth companies

Supporting growth is one thing – but what challenges might treasurers face when supporting high-growth companies? Cunningham notes that in such cases, there can be a lot of pressure to be first to market and build sticky relationships – particularly if the company is offering a unique proposition.

"From a treasury and finance perspective, that focus on speed can trump safety and soundness – and there are a lot of areas that treasury would traditionally look at when the company enters a new market, such as currency controls, banking regulations and the due diligence that treasury would undertake in a slower life cycle," he says. "Then there's the need to choose the right cash management or treasury infrastructure to support the underlying business model in that market."

In a fast-growing company, Cunningham says that treasurers may not have the luxury of going through the same level of due diligence – and this may force treasurers to approach the exercise slightly differently. "So it might mean you don't establish local legal entities in that market, or a resident bank account, or a local currency account. Within the confines of local regulations, there may be easier, lighter ways to enter a market that might not be 100% optimised from a cost and risk management perspective – but they can enable you to plant that flag in the market very quickly, and potentially review the infrastructure at a later date."

Vasu Reddy
Treasury Leader, GE Africa

A healthy body and healthy mind. This is what keeps Vasu Reddy, Treasury Leader, Sub Saharan Africa, for GE Capital, in touch with his expansive 25-country territory. And with his fair share of challenging conditions to tackle, not least the growing trade between Africa and Asia, he needs to be ready with the right solutions for his colleagues in GE's Singapore hub and across the entire vast GE enterprise.

Reddy, willing and able

General Electric (GE) is a NYSE-listed American multinational conglomerate. Founded some 125 years ago, today the company operates through a diversified portfolio that includes aviation, healthcare, power, renewable energy, digital, additive manufacturing, venture capital and finance, lighting, transportation, and oil and gas. With revenues of US$122bn (2017) its operations employ around 295,000 people across 130 countries.

When your day-to-day activities are focused on a moving target, the levels of concentration needed are high. But for Vasu Reddy, Treasury Leader for Sub-Saharan Africa, part of GE Capital for GE based in South Africa, having some of the most challenging regulatory and commercial environments under his watch is part of what keeps it interesting.

GE's Africa business had previously been divided into the four finance hubs of Nigeria, South Africa, Angola and Kenya, with the latter harbouring the region's Centre of Excellence. Reporting into corporate treasury in Dublin, and the Africa CFO in Kenya, former accountant Reddy acts as the conduit between corporate treasury, the local businesses and the banks.

With a remit currently spanning 25 countries, his core responsibilities include cash management and funding, bank relationships and FX management. Of the latter, with 21 of the 25 countries subject to exchange control regulations, advising the businesses on hedging strategy, repatriation opportunities and optimal investments is a vital element of his day-to-day work. Of course, funding plays a major part here too, further advising, for example, on the suitability of capital injections and how best to optimise working capital for the businesses.

Reddy joined GE from multinational energy corporation, Chevron, where he was Senior Financial Manager – Treasury, covering South and Central Africa. Prior to that, he had spent a year in banking, and six years in various finance functions at South African multinational retailer, Woolworths. He started his career earning a Bachelor of Commerce (Accounting) and Honours degree in Financial Management from University of Cape Town, following on with a Postgraduate Diploma in Accounting from University of Kwazulu Natal, South Africa, also completing the Leadership Executive Programme from the Graduate School of Business, Cape Town.

With such an early emphasis on accounting, the transition to pure treasury has been progressive for Reddy but it is one that has increasingly fulfilled his professional interests. For him, the processes of accounting had become "mundane".

Treasury appeared to be a deeply specialised area at first look, but it also presented a more exciting opportunity for him, being both forward and outward looking. This, he explains, enables both exposure to market change and closer interactions with banks and other third parties. "Today, it is very much about combining my finance and market

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Gaining experience

Although a member of the Association of Corporate Treasurers, South Africa (ACTSA), formal training has not been a major feature of Reddy's career progression; this despite its specialist needs. "Treasury training can give you a solid grounding in the concepts but in this region, experience is more important," he explains. He adds that it's essential to know what the banks can do for treasuries. Indeed, whilst anyone can learn what a hedge is, knowing what can and can't be done to mitigate currency risk in Angola, for example, comes from close involvement with key players.

With a depth of finance and accounting knowledge upon which to draw, being immersed in the region means Reddy has been able to take a hands-on approach, seizing every opportunity to keep learning in his varied commercial and banking roles to date.

Banking work, in particular, he says, has positioned him well to manage the interactions between partners, the inside view giving him at least an equal footing in many conversations. The in-depth treasury knowledge he gained within Chevron has been further refined and taken to a more granular 'expert' level within GE. Here, Reddy has been able to gain a more profound understanding of treasury from his corporate colleagues on a global platform.

Having worked in retail, oil and gas, banking, and now a diversified industrial setting, Reddy is able to see that whilst the treasury principles are the same in most organisations, the way the different sectors operate generates nuances for each; these must be understood if the function is to add value.

Taking the challenge

Africa is a tough region in which to operate. "It is still an emerging market, so currency volatility is strong," comments Reddy. "Many of the local banks suffer from poor credit ratings, rendering them difficult to work with, from a risk perspective." What's more, he says, "the local banking environment is still generally unsophisticated". With a largely under-developed technology infrastructure, it seems that manual processes are rife. This contributes to generally "quite poor" service levels from many local players. The markets are highly commodity-dependent too and so not only is there a limited banking product set available, any market downturn immediately puts pressure on foreign currency flows and liquidity.

With relatively high banking costs with which to contend, treasurers may find this a difficult setting in which to operate. What's more, Reddy knows only too well that "the gate will not be automatically opened" by the authorities for everylarge corporate that enters the region. As such, strict rules are imposed, and documentary processes are demanding.

With multi-million dollar deals for equipment and services par for the course for GE in Africa, the challenge of navigating this different and changeable environment is outweighed by the opportunities. However, with deals of such magnitude at stake, bank finance is often required; herein exists one of Reddy's key obstacles.

Partner benefits

GE has a preferred-bank list based on global relationships, this being derived in part from mutual counterparty risk assessment. However, many of these banks do not have a presence in Africa. Subsequently, few are entirely comfortable with the risk presented by sizeable long-term deals in certain countries.

With a limited number of opportunities for the sale of gas turbine equipment, for example, the company is sometimes faced with the challenge of finding alternative sources of funding. "If you want to bid for local business, in many cases you must try and bid with a local bank," says Reddy. Indeed, in parts of Africa, he adds that there is "a focus on localisation", Ethiopia, for example, having closed its market to foreign banks.

Trapped cash

Risk management, it will be no surprise to learn, is a vital function of GE's Africa presence. Whenever a deal is sought, this team will carry out a detailed country analysis. This will define the maximum appetite for risk, taking into account the customer, the tenor and value of the deal, the likelihood of any guarantees being provided by the customer, and even the management team behind the deal.

There is little or no FX liquidity in the market and in recent times reliance on oil revenues has seen a country's foreign currency inflows hit by the downturn in global market prices of that commodity. As a result, the relevant central bank has taken control of the FX market. Last years' allocation was minimal.

Keeping up with the rules

With the possibility of regulatory and political change occurring quite quickly in some countries, the need to stay up to speed is essential. If, for example, an allocation of currency is made available by the central bank, the local team can

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respond if it is in the normal course of business; anything outside must be authorised by Global Treasury. For Reddy, this means 'ears to the ground' to ensure all opportunities are known and decisions are made in good time.

GE sees its African operations as part of a long-term plan, says Reddy. Regulation and compliance are complicated, but the firm consciously abides by the rules. It works closely with its banking partners and the central banks, following due process but at the same time seeking to manage its cash optimally.

Meetings with the central banks will typically highlight the depth of investment and commitment the company has made in-country. "Where possible we will work with the authorities to try to improve the market or open it up further for foreign corporates," says Reddy. Where a country is reliant upon FDI flows, its authorities are usually open to conversations with key global players. "We do understand that they are constrained if their reserves have been depleted so we are trying to push all buttons, looking for solutions to keep moving forward."

Driving technology

One of the driving forces of treasury in all GE operations is technology. With the aim of centralising as much as possible – where the tools and local skills enable it – "technology takes away most of the manual interventions and the risks this creates", says Reddy. "It's very important in terms of simplification, cost-containment and the creation of an efficient and structured organisation," he says.

There is only so far this can reach though. Although GE's FX trades are largely monitored and executed automatically from corporate treasury, FX is still necessarily a manual process in terms of booking trades locally. This is because Africa is still largely manual and has exchange controls, with the region's central banks taking a somewhat "diverse" approach to their management. For treasury, Nigeria offers a hedging choice of spots, forwards and NDFs but three different dollar rates; Angola offers spots only and the rate is managed by the central bank.

Despite these anomalies, technology has enabled GE's African operations to be included in the general roll-out of its standard processing models. A global banking administration team, for example, has as part of its remit the responsibility to execute all the necessary bank account opening processes, including those of its African operations. This desire for a worldwide system is driven in part by the quest for efficiency but, in this context, it is also a means of enabling corporate treasury to fully control bank account opening.

Finger on the pulse

Taking a view across so many diverse and sometimes extremely challenging country operations requires technical competence, strong communication skills and some very close allies. Whether researching for advice on local hedging execution, or for corporate transactions such as a loan or funding, "we must always be abreast of what is happening in each market," states Reddy.

For this to be possible, he says close banking relationships are vital. "We have bi-weekly calls with our banking partners to help us understand what's happening in each market, what's causing rates to move and where they are going," he says. Without this source of intelligence, treasury in Africa he feels, would be so much more difficult.

Reddy also holds regular meetings with the various treasury outposts, corporate treasury and its local partners and global support functions to help him understand any changes in the business. This enables him to meet the advisory and practical needs of functions throughout the business.

All good experience

Having built a career on a solid foundation of academia and experience, Reddy's advice to up-and-coming treasurers is to similarly establish a strong accounting and finance background. But he also believes everyone seeking a career in treasury would benefit from time spent in a relevant banking role, not least as it offers insight into how banks view and treat their corporate clients.

With his own moves from retail, to oil and gas, to banking, to a diversified industrial setting, he has had the opportunity to learn how different sectors apply the fundamentals of the profession, and how the different approaches to hedging, for example, are executed. "If you can get the proper exposure, then I suggest also spending time in different industries," he suggests.

Getting the job done well is about more than knowledge and experience though. Keeping up with the pace of change in Africa requires a keen eye and a healthy mind and body. Outside of treasury, Reddy is a sport and fitness enthusiast. He also harbours a penchant for stock market activity which, he says, offers him a "different perspective on life".

The demands of treasury and the need to travel for work are always going to be a challenge, he notes, but he is a firm believer that a healthy life and work balance are essential "to stay focused and calm so nothing falls through the gaps". Amidst the complexity and pace of change that running a successful African treasury encompasses, this is a simple lesson from which we all can learn.

Harnessing liquidity

Making the best use of liquidity is an important goal for treasurers – but Asia's complex landscape can present some significant challenges. From choosing suitable structures to leveraging the latest technology developments, how can treasurers optimise liquidity management across the region?

Liquidity management is a core activity for any treasurer: the more control treasurers have over their cash balances, the better use they can make of available funds – whether that means having a full and accurate view over the company's balances at a regional level, or sweeping cash to a header account to reduce borrowing costs.

For treasurers in Asia, managing liquidity effectively can be particularly challenging. The complexity of the region's disparate markets, currencies and regulators mean that gaining clear visibility over the company's cash – and using that cash to minimise funding costs or optimise interest yield – tends to be less than straightforward.

That said, there is much that treasurers can do to optimise liquidity management, from putting the right structure in place to taking advantage of developments in technology.

Liquidity management goals

Making the best use of liquidity is an important goal for the region's treasurers. "Liquidity management continues to be a key area of focus for corporate treasures in Asia with considerations ranging from the regulatory, legal and tax landscape to clearing system limitations and time zone difference vis-à-vis other regions," says Venkat ES, head of Asia Treasury Product, Global Transaction Services, Bank of America Merrill Lynch (BofAML).

According to Venkat, the three key priorities for treasurers in Asia are:

- **Visibility** – ie the ability to view a consolidated balance position across accounts and deposits held in multiple banks, currencies and jurisdictions.
- **Control and access** – ie automated consolidation of funds (either physical or notional) across currencies and jurisdictions into designated regional pool headers.
- **Returns** – ie yield optimisation through enhancing returns on credit balances and reducing cost on debit balances.

Kee Joo Wong, Regional Head of Global Liquidity and Cash Management at HSBC Asia Pacific, notes that the centralisation of funds and visibility of cash can help treasurers forecast what is coming and plan for the future effectively. "There are some quick wins and economical ways of getting visibility, and it all comes down to how information is relayed to treasurers," he says.

However, Adesh Sarup, Head of Transaction Banking, North Asia at ANZ Institutional, says that the existence of multiple countries and currencies – and differing yields across those currencies – makes it critical for treasurers to ensure they manage their liquidity risk and return appropriately.

To achieve this, Sarup says that "centralisation is the key" – especially when multiple legal entities and countries are involved – to streamlining systems across legal entities and banks. But he also points out that different companies will approach this differently: "While there is a bias towards centralisation, treasurers often stage their liquidity management goals based on the business model of their organisation," he says. "For example, a highly federated organisation with localised receivables and payables would plan their liquidity management models differently from an organisation that has adopted a regional re-invoicing model."

Restrictions and challenges

Having clear goals is one thing – but it's no secret that APAC presents a number of obstacles when it comes to effective liquidity management.

Venkat notes that the disparate jurisdictional landscape in Asia imposes a number of legal, regulatory and tax restrictions with respect to cross-entity, cross-border and cross-currency consolidation of funds. He explains: "These restrictions range from complete trapped cash in jurisdictions like India (where only physical domestic sweeps between same entity accounts in local currency are freely permitted) to less regulated markets like Singapore, Hong Kong and Australia where most liquidity structures can be automated."

Some countries in the region are more challenging than others. Vijay Shankar, Head of Transaction Banking, ASEAN, India and Regional Sales at ANZ Institutional, says that the greatest challenges can be found in the countries where business opportunities are high, but cross-border capital flow restrictions are in place. "One would count China, India, Indonesia and Vietnam on this list, primarily because liquidity tends to build up in these countries without the ability to seamlessly use this liquidity outside these countries – in other words, 'trapped cash'," he says.

Of course, regulation is not the only challenge. "The most obvious obstacles are differing regulations, restrictions and currencies," says Shankar. "However, we've noticed that over the years the more significant obstacles are the softer issues, such as ensuring that teams across countries collaborate to adhere to a higher degree of centralisation without losing flexibility."

Evolution and liberalisation

The region's disparate regulatory climate may prove challenging, but it is also something of a moving target – with changes in regulation presenting both challenges and opportunities. Venkat cites the example of the People's Bank

Q&A

Amit Baraskar

VP & Head of Treasury, Thomas Cook (India) Limited

Could you give us an overview of your liquidity management strategy?

Our long-standing approach towards conserving cash, minimising dependence on external borrowings, and creating enough liquidity backups has paid off well.

We have chosen to stay away from borrowings as far as possible by focusing on efficiencies. Over the last five or six years, we have been going aggressive on maximising financial efficiency within the entire system, in line with our parent company Fairfax's philosophy of Free Cash Flow (FCF) – one of the key criteria that Fairfax uses to measure performance of its group companies.

Our strategy includes the following:

- Efficiency improvement and free cash maximisation has enabled Thomas Cook (India) Limited to go almost debt free in 2018. We dip into the credit lines only occasionally due to temporary cash flow mismatches. Barring these exceptions, we continue to have a decent amount of surplus cash on the balance sheet, which fetches us some good returns.
- From a liquidity risk management perspective, we have been working on creating liquidity backups, not only in the form of cash reservoirs (invested in liquid schemes or bank deposits) but also in the form of undrawn bank lines.
- For the group companies, the strong position of the parent – ie Thomas Cook (India) Limited – acts as a backup support system. We have also been able to get credit lines at a group level, which are available to many of our group companies, as well as setting up unsecured credit lines for group companies across multiple geographies.

We are also working on cash pooling alternatives in various parts of the globe to improve financial efficiency, and we have initiated work with a few overseas subsidiaries on tracking currency movements, tracking exposures (if any), and providing hedging support.

What are your main goals where liquidity management is concerned?

Our key goals include creating liquidity backup for all debts at a group level, keeping external borrowings to a bare minimum, and having internal funding mechanisms in place as an alternative to external borrowings – both through structured and unstructured mechanisms.

Other goals include efficiency improvements which have a favourable impact on the working capital cycle, and giving visibility to management on our overall liquidity position using dashboards.

How do you see technology and innovation supporting liquidity management?

We are going aggressive on getting technological support. This includes:

- Expediting the realisation of monies/collections and tracking the same. This is done by using payment gateways to accept monies via multiple modes of payment, and using the Unified Payment Interface (UPI) mode of collections, including both 'push' and 'pull' mechanisms. We have virtual accounts for B2B collections and are working on operationalising the less widely used virtual accounts for B2C businesses. We also have Amex Business Travel Account (BTA) and Mastercard/Visa Central Travel Account (CTA) mechanisms in place, through which monies are collected and directly paid to airlines.
- We are using initiatives for payments like plastic (as well as virtual) credit cards, and an automated platform for the financing of domestic supplier payments to get financial efficiencies in place.
- We also have nostro accounts in place akin to those used by banks. For overseas payments through our nostro accounts, we have a multi-currency tool provided by Bank of America which enables us to make cross-currency payments in more than 100 currencies. We were highly commended in the Best SWIFT Solution category in Treasury Today Asia's 2017 Adam Smith Awards Asia for this.

of China allowing limited cross-border sweeps in CNY and USD in some cases. But he also notes that "the pace of evolution has been slow," meaning that restrictions are likely to continue in the foreseeable future.

ANZ's Sarup says that little has changed in terms of lifting the caps and controls on cross-border flows, which he notes is the main deterrent to the optimal use of liquidity.

"However, we have seen some tactical evolution – for example just recently, China's SAFE introduced new guidance and regulation with respect to cross-border cash management programmes," he says.

And market liberalisation is not limited to China, as HSBC's Wong points out. "Thailand continues to promote itself as one of the biggest international centres in Asia by hosting international businesses and allowing fund flow currencies to move in and out of Thailand (excluding Thai baht)," he says, adding that "Hong Kong and Singapore are engaged in healthy competition for the spot of top regional treasury centre in Asia."

Interest rate challenges

Interest rates are another significant factor when it comes to effective liquidity management. Wong says that while rates have increased over the last two years, "now we are likely to see them plateau."

He also notes that some countries are beginning to ease up interest rates based on inflation, with New Zealand, Malaysia and the Philippines all recently cutting rates by 25 basis points. "For treasurers, this means that the focus will shift from yield to efficiency, with the focus on making the collective cash more efficient," he says. "This is thus an opportune time to start looking at business expansion while cash deposits are at a high level."

ANZ's Sarrup argues that changes in interest rates "are a good test and proof point of the strength of a liquidity management model." He adds that the journey of a treasury model from decentralised to centralised to in-house bank "should ideally sustain interest rate change – whether these occur in local or benchmark rates."

Choosing the right structure

Against this backdrop, choosing the right liquidity management structure can be challenging – and the complexity of the region means that different companies will need different approaches.

As BofAML's Venkat says, "It is important for treasurers to look for solutions that provide them with the flexibility to automate a wide variety of structures." He says that these may include physical sweeps in single currency, multi-bank and multi-currency cross-border sweeps, and "more complex multi-currency notional pooling and pricing enhancement programmes across multiple legal entities."

And of course, the approaches favoured by corporate treasurers may vary in line with evolving market conditions. HSBC's Wong says the bank has partaken in many discussions on yield enhancement over the last 12 months, "with average return a key performance indicator." Meanwhile, clients are asking whether it is worth staggering their deposits and looking at their forecasts more closely. Wong observes, "The only way treasurers can get a better yield and optimisation of interest positions is to have clarity of when spend and receivables are coming in and how they can strategically deploy cash."

Shankar, meanwhile, says that there is no one-size-fits-all approach – and that organisations need a combination of solutions to address areas such as visibility, sweeping, notional pooling and interest optimisation in order to reduce borrowing costs and enhance yield. "We are seeing an increasing number of corporates preferring TMS platforms to have full visibility of cash flow forecasting rather than liquidity only," he says.

He also notes that with the rise of retail marketplace and tech businesses, there is a greater need for integrated cash management and FX settlement platforms that can link the entire ecosystem of suppliers, platform owners and end consumers.

Harnessing technology

The latest developments in technology have much to offer across the full range of treasury activities – and liquidity management is no exception.

As Wong explains, "Technology has played a large role in giving information to treasurers, and showing how we can make data into information that can provide valuable insights." He adds that HSBC offers a variety of products that can help treasurers achieve optimal efficiency in cash, "including Liquidity Investment Solutions which enable our clients to maintain daily liquidity for transactional purposes, while automatically investing their surplus cash on a daily, weekly or monthly basis."

Determining future liquidity positions

Shankar says there is "increasing demand from treasurers for tools that provide the ability to determine their cash flow and liquidity position at any given point in time" – a task that Shankar says can be done by identifying key data points that help anticipate incoming and outgoing deposits from supply chain systems and working with technology providers to obtain meaningful results. "You look at the sales pipeline and how long it takes to generate a receivable – and, eventually, for that receivable on balance to turn into cash," he explains. "By using historical data to establish behaviours, you can start to predict your liquidity position."

That's not to say achieving this is straightforward. Mark Evans, Managing Director, Transaction Banking, ANZ Institutional, says that with data often held in legacy systems, it can be difficult for treasurers to extract the data or draw insights that can determine cash flow and the company's future liquidity position. And the challenge can be even greater when cash is held across multiple countries and banks.

However, technology can help. "Today, technology allows you to aggregate and analyse the available data into meaningful insights by looking at existing and historic trends," says Evans. He notes that treasurers need to start considering technology that can enable mapping of these data points and support them in making better-informed decisions "using dashboards and predictive analytics."

Leveraging AI

Finally, where cutting edge technology is concerned, BofAML's Venkat says that treasurers "can look to their banking partners to leverage innovative technology solutions such as AI and robotics to forecast future customer flows based on past trends." He also notes that multi-currency virtual account solutions can enable treasurers to "significantly rationalise the number of physical accounts that they need to maintain globally."

As Venkat explains, treasurers can leverage these technology innovations to derive operational efficiencies and achieve "a truly global liquidity management structure which can be automated and customised to their unique requirements, and meet their key priorities of visibility, control and returns."

Do you need all this technology?

From AI to APIs, new technology is poised to transform treasury processes. But how can you decide which developments are really relevant for your organisation – and is there still an argument for a spreadsheet-based approach to treasury?

Choosing the right technology has long been part and parcel of the treasurer's job. But with the technologies available becoming increasingly sophisticated and diverse, some of the developments on the horizon may be more valuable than others. Given the pace of development, how can treasurers best identify which areas of innovation can provide real value for their organisations? And conversely, is there still scope for treasuries to operate effectively without embracing the adoption of sophisticated technology – or even by sticking with the humble spreadsheet?

Rise of technology

Thomas Stahr, Interim Treasurer and Managing Partner of Stahr GmbH – Treasury Consulting, notes that the landscape for treasury technology has evolved considerably in recent years. While the market for ERP is large, he says, "the market for treasury technology was dominated for many years by just a few market players, with solutions for large and very large corporates." Even today, Stahr says, "there are just about 50-60 vendors of professional treasury software – and just a handful of them are real market players with global distributed customers."

At the same time, treasurers themselves have become increasingly focused on technology. "Treasury as a whole is facing a revolution in terms of technology," says Leonardo Orlando, an executive in Accenture's Finance and Risk practice. He notes that while this applies to both the corporate world and to financial services, the two areas are moving at different speeds, not least because of the regulatory pressure applied to banks. "In the corporate world, the focus is more on how organisations can embed technology to become more efficient," he adds.

And Erik Åkerlund, Head of Sales at Treasury Systems, argues that there is a bigger emphasis than ever on the role of technology in treasury. "Technology is essentially solving the same kind of problems as 20 years ago, but it's much more autonomous and easy to use today," he says.

Areas of opportunity

So where are the most interesting areas of development? Research carried out last year by the Economist Intelligence Unit (EIU) on behalf of Deutsche Bank asked treasurers which technologies they believed would be most beneficial for their organisations moving forward. In first place was big data analytics systems (56%), followed by AI/ML systems (42%) and instant payments (34%). At the other end of the scale, blockchain and open APIs were cited by only 13% and 8% of respondents respectively.

That's not to say these developments lack promise. Nick Armstrong, CEO of Identitii, outlines some of the benefits arising from developments in blockchain and tokenisation. "The benefits of blockchain have been proven – unalterable, completely auditable and time-stamped," he says. "What treasurer wouldn't want a completely auditable record of all activities, payments and documents at the push of a button?"

Armstrong also says that tokenisation – in the form of "unique identifiers that can collect, connect, reconcile and report on payables and receivables" – offers numerous benefits, such as reconciling incoming payments more rapidly and simplifying reporting by providing regulators "with secure access to parts of those records on the blockchain."

Likewise, Armstrong notes the opportunities arising from open banking. "Platforms that enable settlement data to travel along with clearing, remittance and regulatory reporting data are now able to link into payment engines, banks and networks," he says, noting that this can "improve data integrity and create direct sharing of information between buyers, sellers, banks, regulators and payment networks."

What problem are you trying to solve?

Of course, any new technology has to have a purpose. Aurélien Viry, Global Head of Cash Management at Societe Generale, says that when seeking out new technology, treasurers typically focus on achieving specific business objectives. He adds, "Nobody embraces technology for technology's sake."

According to Viry, the goals that treasurers are focusing on have evolved considerably in recent years. "At a recent industry event, everyone was talking about change – and treasurers increasingly see change management as the centrepiece of their jobs," he says.

Consequently, he says that the goals treasurers are looking to meet with new technologies include addressing areas such as fraud and security, which might be tackled using developments in data analytics or biometrics. But he says treasurers are also looking to leverage developments like SWIFT gpi to gain more transparency over their international payments.

> The benefits of blockchain have been proven – unalterable, completely auditable and time-stamped. What treasurer wouldn't want a completely auditable record of all activities, payments and documents at the push of a button?
>
> Nick Armstrong, CEO, Identitii

Barriers to adoption

While the benefits can be attractive, treasurers aren't always in a position to embrace technology wholeheartedly. Åkerlund points out that the need to change routines and processes to fit a standard technology can lead to some resistance. He adds, "There is also a fear amongst the treasurer's team colleagues that technology is rationalising their job away, when in fact it should be appreciated as a better way of working and not necessarily taking jobs away."

Other barriers to adoption include cost – as Stahr notes, not every treasurer has the budget for a system that could range from €20,000 for implementing a small tool to over €1m for a comprehensive system. "Even treasurers have to show the return of every investment before they get the budget," he says. "Fortunately, it is easier for treasurers to calculate such a return than it is for other departments, such as accounting."

A further barrier that may need to be overcome is that of internal resistance from elsewhere in the organisation. "Treasurers have to convince and sell the technology investments in-house and are probably still facing a lot of resistance," says Åkerlund. "They may get push back, with people asking: 'Can't you do this routine in Excel?' or 'Can't we use existing tools to accomplish the same thing?'"

Sticking with spreadsheets?

Despite all these benefits, is there still an argument for a spreadsheet-based approach to treasury? "No," says Armstrong, explaining that "reporting requirements alone make this untenable." In addition, he says that spreadsheets inject too much operational risk in the form of human error or 'fat fingered' mistakes – and he notes that spreadsheets also lack automation, needing manual input "at almost every level."

Others may be less emphatic when ruling out the possibility of a spreadsheet-based treasury. But while Orlando says that a spreadsheet-based approach to treasury "is always an option", he also says the question is to what extent a treasurer can rely on their spreadsheets at a time when there is a growing need for real-time information.

"If you don't have any FX risk because you are just trading your own currency, and you don't have any interest rate risk because you don't have any variable interest rate debt or investments – do you really need to be at the very top end of technology?" says Orlando. "Maybe you really don't need that, and can still rely on your spreadsheets for cash management, or even outsource cash management to an external provider."

Nevertheless, Orlando also notes that this is an extreme example, adding that a purely spreadsheet-based approach is unlikely to be the best option. "The ultimate driver must be competitiveness – in other words, how competitive you can make your business," he says. "To be seen as an enabler of this, treasury needs to work in an efficient manner, and in a way that is optimal for the business."

What about smaller treasuries?

Åkerlund does say there might be room for a spreadsheet-based approach in really small corporate treasuries – but he adds that this is slowly diminishing. "Even though the operation is small, the risks aren't – and that calls for technology to manage the operational risks that come with using spreadsheets."

But that's not to say that spreadsheets are likely to die out any time soon. Stahr argues that spreadsheets are "still the number one tool in nearly all treasury departments", other than insurance companies and banks.

He notes that even companies with a dedicated treasury management system often use spreadsheets for reporting purposes: "In larger corporates with big databases it is still a kind of 'last mile', making information visible, for instance, with power pivots out of very large SQLs." He also says that adoption of a fully-fledged TMS is still rare in small and medium sized corporates, which still tend to use Excel as their "one and only database and calculating tool."

Making the most

While most would argue that technology has much more to offer than spreadsheets, it's also important to note that simply purchasing a new system may not be enough to achieve the intended benefits. Åkerlund says that new technology has to be easy to set up and use on a day-to-day basis – otherwise treasurers may find they end up with the same output as with older technology. "I would bet that there are so many corporates out there sitting on great existing technology today which may not be the latest – but they haven't bothered to investigate the possibilities and benefits of starting to use it," he adds.

And of course, the technologies available are becoming increasingly diverse. How, then, can treasurers weigh up the available options and choose the approach that is the best fit for their organisations? The experts have some suggestions to offer:

- **Identify business goals.** Pinning down the specific problems that need to be addressed is a prerequisite. "Treasurers first need to understand and prioritise their business goals – whether those relate to cost, fraud prevention, cash concentration or optimising payments," says Viry. "They can then look for the right technology and the right innovations that will best serve their priorities. This includes being able to identify which technologies can further their goals – and which ones are more of a diversion."

- **Consider best-of-breed solutions.** Likewise, Åkerlund recommends that treasurers should be open to the new API landscape and define exactly what kind of problems they need to solve. "Then look out for specific point solutions and their respective partners on what they can offer, since it will probably be the most cost-effective way to go. Basically I think you should consider best-of-breed over all-in-one."
- **Weigh up the benefits of the technology under consideration.** Stahr advises that treasury "should carefully qualify and then quantify the benefits of treasury technology." He adds that from a treasury perspective, these benefits may include having the various exposures and liquidity under control, reducing the risks of inaccurate reporting and reducing costs by introducing better efficiency.
- **Get buy-in.** Viry also notes the importance of getting buy-in from stakeholders and top management. "When I talk to treasurers, they always say this is an important task – and sometimes it's more challenging than the implementation itself. So getting everyone on board should be a priority."
- **Minimise the impact on existing systems.** Armstrong says that as well as focusing on the business benefit, companies also need to minimise the impact of new technology on existing systems. However, he notes that this isn't always easy, with existing systems often interlinked with multiple other systems. "There are technologies and companies out there that are working to enhance the systems already in place for treasurers," he says.

In conclusion, few would argue in favour of a spreadsheet-based approach to treasury. With many treasuries now having to get more done with fewer resources, technology has much to offer when it comes to efficiency and the ability to generate greater insights from data. And while the evolving technology landscape can be challenging to navigate, many treasurers will relish the opportunity. As Viry concludes, "I would tend to think that treasurers who are reluctant to embrace change will have long since made a career change."

Harnessing technology

Richard Shaw
Director, Treasury, Prudential Corporation Asia

PRUDENTIAL

When Richard Shaw joined Prudential Corporation Asia in 2014, the company's decentralised treasury operations were reliant on spreadsheets and manual processes, with a degree of inconsistency between the models used by different business units. The company has over 1,000 bank accounts – and as Shaw observes, keeping track of cash using spreadsheets was a complicated manual process.

In a project that was highly commended in the 2018 Adam Smith Awards Asia, Shaw led treasury through the adoption of a cloud-based solution provided by Reval. As a result, the company has been able to automate processes and standardise best practice controls across the region. While each business unit manages its own daily cash, the new tools optimise liquidity and automate the creation, approval and transmission of payments via SWIFT. The benefits of the project also included releasing material levels of liquidity to be invested in higher yielding assets and automating daily cash visibility across Asia.

Given these achievements, Shaw is a firm believer in the importance of technology to the treasurer's role. "When we were using spreadsheets, we only received high level data from our business units once a month. In contrast, the treasury now receives detailed data and on a daily basis. "Under the old operating model this would have been very difficult to achieve," Shaw says. "The only option would have been to apply more resource in our business units to produce and submit detailed daily reports, with central resource required to write and maintain macros to consolidate the information. This would not have been as cost-effective, robust or scalable as a systemised solution."

Given the benefits that treasury has already gleaned by harnessing technology, Shaw is keeping an eye on developments that could bring new opportunities in the coming years. For one thing, he's interested in the potential benefits of using robots to automate repetitive daily processes, although at this stage he argues this is not a cost-effective option for some treasuries. Other areas of interest include using APIs for bank connectivity, as well as the use of data visualisation tools for reporting purposes.

Shaw also notes the importance of taking the time to evaluate which technologies can really benefit treasury. "What we've done is really quite leading edge, but we're pretty measured in what we're doing," he says. "We're aware of these new developments, and it's in our plan to consider them – however at the same time, you need to make sure that what you're adopting will add tangible value to your operations and has longevity. The world is rapidly changing, so you need a good sense that you're going to get a sufficient return on your investment before adopting new technology."

How the impact of digitisation cuts across industries

If there is one element that unites most companies across sectors and regions it is the innate desire to improve operational efficiency. This series with Bank of America Merrill Lynch looks at how different sectors are using technology to achieve their goals. It reveals how lessons can be drawn from across the sectors, and how, by bringing together data and expertise, banking partnerships are adding more value for corporate clients.

Chris Jameson

head of Financial Institutions Sales, GTS EMEA

Bank of America Merrill Lynch

Financial institutions: different needs, same goals

The financial institutions (FI) sector, formed of banks and non-banks, is characterised by an extensive subset of sectors, including banks, insurers, asset managers, aircraft leasing companies, card schemes, central counterparties and governmental agencies.

Whilst it may appear difficult to pinpoint a consistent need across this broad sectoral remit, it does in fact harbour many shared elements, says Chris Jameson, head of Financial Institutions Sales, GTS EMEA, Bank of America Merrill Lynch.

Indeed, there are common challenges and opportunities across the FI space – and technology can be the unifying factor. Principal amongst opportunities, he notes, is the real-time sharing of rich data. Where speed and efficiency may not always have been part of FI payment flows, technology can deliver impressive results for bank and non-bank FIs alike.

Keeping it real-time

With around 28 countries having implemented the necessary infrastructure, real-time payments are becoming the de facto norm. For FI players seeking greater process efficiencies, Jameson believes that connectivity into these mechanisms is essential. And with SWIFT gpi uptake gathering momentum, the richness of data shared in the bank space is taking a major step forward too, as participants begin leveraging a real-time, end-to-end view of payment status.

Another opportunity for FIs is around KYC streamlining. In banking, KYC has long been a challenge from a regulatory compliance, legal and technical perspective. However, notes Jameson, the results of The Wolfsberg Correspondent Banking Due Diligence Questionnaire (a 2018 revision of its 2004 Anti Money Laundering Questionnaire for Correspondent Banks) demonstrates how the sector is cooperating to achieve KYC process standardisation and simplification.

This collaborative stance is strongly supported by technology, with a number of central KYC repositories facilitating inter-usability of KYC records across the sector. Again, SWIFT, which has the broadest reach of all providers, is becoming the leading service provider.

With this clear willingness to cooperate and standardise, the next step is to digitise KYC documentation, says Jameson. E-signatures and document exchange via web portals is something that Bank of America Merrill Lynch is already offering clients in the US, he explains. "There are still challenges around the legal acceptance of digital signatures in some jurisdictions but extending their use across the banking landscape is an important part of simplifying and enhancing the KYC process."

One of the main threats in a digitised FI world – and indeed most others – is that of cybercrime. Jameson cites SWIFT's Customer Security Programme (CSP) as a significant step forwards in the reinforcement of global banking system security. By strengthening the links in that system, and helping the weakest links to protect against incursion, it reinforces the message that the sector is working as one in the face of pernicious cybercriminals.

Treasury to the fore

At the highest level, the FI sector is making bold strides towards efficiency. The role of the treasurer in facilitating positive change is extensive, says Jameson. At this level, the treasurer often acts as the crucial interface between operational teams, business unit owners and client relationships. But in the last decade, the scope and responsibility of treasury has grown even more in importance, he notes. "It has become an area for significant efficiency gains, cost reduction and innovation."

This evolution has seen the need for treasury to be at the forefront of available technology, including the emergence of innovations from the fintech community and banking sector, increasingly in partnership. Being at the cutting edge is potentially a means of enabling success, not just for treasury but for their business as a whole, notes Jameson. "Efficiencies delivered by the right tools can have a positive knock-on effect, right across the business lines that treasury is supporting."

Virtual success

Success stories are often found where a well-resourced treasury has secured senior executive buy-in for efficiency-focused projects. Where industrial sectors have made huge leaps forward in this respect, a transaction-heavy sector such as insurance is only now beginning to leverage technology towards this end, notes Jameson.

In this setting, a solution such as virtual cards uses traditional card payment rails but diverts those payments through an alternate channel to gain advantage. The structure enables companies to extend payments terms, as before, but then improve business processes and exert tighter control over their payments. Indeed, it is the richness of data now made available that affords them far greater transactional transparency and understanding, explains Jameson.

A case in point is Amazon Business which is partnering with Mastercard and Bank of America Merrill Lynch to enable procurement teams to acquire invoice-level data about their purchases through the bank's online portal. In this context, treasury will often be the bridge to the bank, further heightening the importance of the role.

Continuing the virtual theme, Bank of America Merrill Lynch virtual accounts have been facilitating improved collections and reconciliations for longer than most providers. "We have a strong understanding of how to structure and generate benefit from virtual accounts," says Jameson.

Virtual accounts are beginning to progress from manufacturing into the non-bank FI space. Here, the ability to match receivables based on a unique virtual account number that each client is given "makes the reconciliation process so much more efficient".

In a non-FI context, virtual accounts are often deployed in an in-house bank armed with a 'payment of behalf of' structure. However, Jameson notes, in the FI space, for major consumer-based players such as insurers, it is likely to be reconciliations of receipts where the virtual format "really comes into its own".

Cutting edge

Whilst many non-bank FIs may not have had the time nor capacity to focus on innovative solutions, Jameson notes that as their core systems – ERPs or TMSs – are upgraded, the technological platform from which they can build out new efficiencies emerges. It is then the role of the relationship bank to understand the challenges of the client, introducing innovation where it is an appropriate means of solving each pain point.

There is a persistent conversation around AI, robotics and blockchain in the FI context. Blockchain is still some way off, he believes, but AI is "very real". There is an opportunity here for banks such as Bank of America Merrill Lynch to use AI as a way of simplifying and improving its back office functions, with robotics already in place to support some of that activity.

As the technology extends to client-facing solutions, Bank of America Merrill Lynch, in partnership with a fintech, has created intelligent receivables (IR). This uses AI, machine learning and optical character recognition to match incoming payments with disparate remittance data.

IR identifies payers, associating their payments with remittances that are received separately. It then scans the remittance email inbox for information, enabling it to match payments to open receivables using the enriched remittance data. IR can read free-formatted emails, attachments and even access web portals using its Web Crawler feature. Payments that are matched are posted to the ERP on a straight through basis; those that can't are shifted to an exception portal to be manually matched.

When an operative manually matches the payments and remittance information in the exception portal, the solution uses machine learning to analyse and follow the steps taken. Next time a payment is made, it will replicate those corrective steps, attempting to post it straight through, ultimately removing most of the manual reconciliations work.

Journey ahead

Clearly not all treasuries are using these innovative solutions but many are in a position to learn from the early adopters across the sectors. In the FI space, insurers are making encouraging noises in this respect; there may be a longer journey ahead than perhaps those in the consumer, retail and healthcare industries but, as Jameson has said, the banks have a responsibility to bring every client up to speed.

The banks themselves are constantly working on platform upgrades. Some have embraced the opportunity to partner with the fintech community (Bank of America Merrill Lynch's IR is a prime example). Arguably, the discovery of "viable and relevant" innovations via this route is necessary to meet the rapidly evolving needs of business. "We can then offer guidance to our FI clients on what we are doing, sharing the innovation process and exploring the build-versus-buy or partner pathways," says Jameson.

Every innovative project requires a strong set of drivers. Where efficiency is targeted, cost savings are often at the helm. In a sector such as transaction banking or insurance, the essence of success is partly defined by volumes processed. Improving processes supporting the volumes can deliver significant benefits. But using the right tools can deliver enhanced visibility too, empowering more timely decisions.

"In a world where market events can rapidly force industry change, access to real-time information and payment capabilities is giving treasurers the opportunity to be more agile on behalf of the lines of business they are supporting. Bank of America Merrill Lynch refers to this as Intelligent Treasury which is Powered by People, Driven by Technology," says Jameson.

Bank of America Merrill Lynch undertakes to help and support such clients, raising awareness of what it sees across the sectors, and discussing what it has achieved itself and with its partners. "In this sector, there is considerable difference between the requirements of a bank, an insurance company and an aircraft leasing firm, but all are looking for efficiency. As advocates for our clients, we are there to support their broader enterprise-wide goals."

Jay Norris

Global Transaction Services C&R Corporate Sales Executive

Bank of America Merrill Lynch

Consumer and retail: ensuring the customer is always right

Consumer and retail (C&R) is in the midst of a rapidly changing environment. For Jay Norris, Global Transaction Services C&R Corporate Sales Executive, Bank of America Merrill Lynch, this transformational period should be embraced by both corporate and bank stakeholders alike.

With a blend of common and specific impact points across C&R, where multiple sub-sectors are operating, the needs of all stakeholders harbour complexity and, given the speed of change across the board, urgency.

Bank of America Merrill Lynch, with its own vast direct retail experience, has first-hand experience of meeting the wants and needs of clients in this sector. On the premise that 'the customer is always right', delivering the most appropriate platforms and experience is essential to retain the competitive edge.

In the banking sector that serves both retail customers and corporates operating in the C&R sector, this necessarily translates into major platform migrations and integration work, notes Norris. It is an imperative equally true for many corporates in the C&R space.

The reason in both cases is simple. A typically disparate combination of core systems (ERPs and, for corporates, TMSs) often lacks useful connectivity. This lack can present a serious challenge to achieving visibility over data, and subsequently, the flexibility and optimal performance that this facilitates.

The issue is only amplified by the need for a rapid response created by the current pressured trading environment. The ability to facilitate true visibility in cash forecasting, in particular, is inhibited by disparate platforms. Leveraging data, market intelligence and innovative technology has become an essential part of securing visibility, process fluidity and agility, especially given the limited resources typically available to treasury, says Norris.

Digital drivers

But there is a strong external pressure on C&R sector treasuries to become more agile too. This is being driven by major changes in customer buying behaviour. Preferences are shifting in terms of the nature of preferred goods and services (with health and experience-based products, for example, on a steep upward curve). Digital touchpoints are also becoming the norm in most markets, with the prevalence of mobile devices and reliable infrastructure enabling e-commerce to flourish.

Indeed, the C&R sector has become a story characterised by digitisation. And just as financial institutions have had to repurpose, and in some cases reinvent, their organisational structures to meet these new demands, so traditional C&R players are also being drawn towards the advantages of digitisation. "In this rapidly evolving environment, there are new and disruptive entrants in the markets; existing players are seeing these as both a threat and an opportunity," says Norris.

He sees the perceptive traditional retailers analysing their marketplaces and expanding into e-commerce to combat the major online retailers. To be able to do this with sufficient speed, some traditional players have made strategic acquisitions, enabling them to build out their response to how customers want to shop now, and how and when they wish their purchases to be delivered.

Treasury to the rescue

If within the C&R sector, technology is both driver and enabler, its treasury functions are perfectly poised to make sense of these changes, says Norris. At the root of this is a fundamental change in approach to technology.

In many cases, the retail experience that has been made easier through online and mobile is beginning to influence how shoppers' expectations are being translated into their roles as employees. There is an increasing desire to be able to use devices in a professional setting that offer the same level of user experience that is often found in the domestic context: simplicity, clarity and fluidity.

This, he feels, is bringing treasurers and banking partners together in the quest to deliver that experience. In doing so, the advantages of optimisation through digitisation are beginning to infiltrate and reshape a host of corporate processes and channels, from payments and collections, to forecasting and risk management – and many points in between.

As partners in delivering the response to this changing environment, treasurers have earned a seat at the table – and a broader set of responsibilities – notes Norris. "They are now looking at how to support the growth of the company, not just deliver a solid back office function." Treasury is now so much more of a collaborative function with a common aim. Indeed, working with marketing teams and suppliers, treasurers are helping to analyse data and model customer behaviours with the aim of forming a targeted growth strategy.

Given that C&R customers have increasingly demanding expectations, any technological response will have to address their needs at an ever more localised level; for a far-reaching international business this can be challenging, says Norris. Solutions must also be future-proofed as far as possible, placing the emphasis on engaging with the right technology from the outset.

In this setting, he sees forward-looking treasurers in C&R "taking the lead in their organisations and helping other functions to realise their goals through appropriate solutions". With treasury being tasked to do 'more with less' – continuing to manage the fundamentals whilst keeping up with rapid change – it requires acceptance and understanding of new digital models.

The successful treasurer, in an equally successful organisation, will therefore have to be proactive in their approach. Undertaking research and pushing their banks and other partners to provide answers, and developing a consultative relationship, should now be par for the course. "The more informed the treasurer," notes Norris, "the more able they are to push their providers into developing their solutions in the ways that suit their business needs."

Sector solutions

In the C&R sector, the kind of products that Bank of America Merrill Lynch delivers have a strong focus on trade and supply chain finance (SCF), says Norris. "What's really important for this sector is to ensure there is no disruption in the supply chain; the right product in the right place at the right time is critical."

The current geopolitical environment featuring, for example, the trade relations between the US and China, and Brexit uncertainties, unsettles supply chain optimisation. Foresight and planning aid the ability to be proactive but businesses also need to be able to respond rapidly to challenges or opportunities as they arise.

With Bank of America Merrill Lynch continuing to develop its SCF programme, it has invested in the 'distribute' model, enabling sponsor and investment bank partners to widen the opportunity for clients to benefit from this form of funding. By leveraging the availability of capital outside of the traditional bank market, its distribution model of supply chain finance means businesses that otherwise might not have access to funding – particularly SMEs – now have that available to them.

SCF is seeing something of a resurgence in the current environment, notes Norris. With around 60% of Bank of America Merrill Lynch's major C&R clients having adopted some form of SCF programme, and many of the remainder in discussion, it has clearly benefitted from heighted market awareness.

SCF traditionally enables major buyers to improve their working capital metrics by extending DPO, yet still enhance relationships with smaller suppliers by providing them with earlier payment and lower cost of funds based on that buyer's stronger credit rating.

There is a technology play here too, says Norris. Bank of America Merrill Lynch is enhancing it SCF offering by leveraging Optical Character Recognition (OCR) and artificial intelligence (AI). This, he explains, helps clients reduce operational risk by enabling far greater visibility and deeper analytics around their trade-related data. Bank of America Merrill Lynch is a notable early adopter of blockchain and digitisation in this space too, facilitating Smart Document exchange to expedite the flow of goods.

The bank is also currently engaging with the concept of using supply chain financing to support inventory management, working with a large C&R client to investigate new ways of tracking inventory, controlling stock and streamlining relevant data. Furthermore, its export and agency finance unit is exploring ways of leveraging its work with the world's export credit agencies, aiming to give clients more opportunities to expand into new (and perhaps higher risk) markets, or perhaps provide bespoke short-term trade finance to mitigate exporter-client risk.

Shaping the future

These new tools could benefit many businesses in the C&R space, but some are still on the lower end of the adoption curve, notes Norris. The challenges of harnessing such technologies must be overcome before meaningful progress is made, he comments. "With multiple factors impacting development, it's going to take a holistic strategy to bring it all together."

Clearly not all current C&R players will be able to adjust to changing market conditions and the demands of the consumer. There have already been some notable casualties, where certain large corporates failed to recognise in time that they were under attack. Some have paid a heavy price. For those that remain alert to market change, Norris believes that the "continued buzz around harnessing technology" will steer the market to a point where many more are able to climb the curve and begin operating "in a more flexible and nimble way".

Those that are on the low end of the curve, who feel they are nonetheless achieving good results, can take an even more positive stance if they realise that, whilst they have a long journey ahead of them, they have considerable opportunity to grow their business into something far more powerful. "For treasurers, the ones that will be successful will be the ones who understand this and can articulate it within their organisation, to the point where they can influence buy-in from senior executives, helping to shape strategy."

Mark Sims

Managing Director

Bank of America Merrill Lynch

Lynn Wiatrowski

Executive Vice President

Bank of America Merrill Lynch

Healthcare: industry upheaval creates transformational opportunities for treasurers

The healthcare industry is undergoing massive changes presenting numerous challenges for the sectors treasurers. Experts from Bank of America Merrill Lynch explain how they can meet them successfully.

There aren't many sectors at present that are as complex and, at the same time, in the throes of as much upheaval as healthcare, with strong M&A activity across the space an accurate indicator of the profound transformation taking place across the industry.

Law firm Baker McKenzie, for instance, predicts that M&A volume in the healthcare sector will increase to US$331bn in 2019, up 7% on year, and mark a solid recovery from last year's 5% drop. The report predicts deal-making activity is likely to be the most intense in the US and Asia as companies look to respond to a fast-changing healthcare market.

It's certainly an outlook that chimes with what Mark Sims, Managing Director, Bank of America Merrill Lynch, is seeing: "There continues to be a high degree of M&A activity across the sector. It is against a backdrop of; patent expirations, growing political uncertainty, evolving consumer demands, and mounting regulatory pressures such as those centered around protecting patient data." As a result, he says, firms at the sharp end of the shakeout face numerous challenges including in cost containment; better management and forecasting of cash and liquidity; efficient integration of acquisitions; effective interaction with consumers; proliferating payment mechanisms; and making best use of new technology.

Sims adds: "Digitalisation is especially pervasive. It is not just associated with the different types of payment methods that are coming through. It's about how people, consumers, now basically want to use mobile devices to transact. Digitalisation is a great opportunity to drive efficiencies, remove manual processes, as well as get visibility, whether its account management or global liquidity."

Lynn Wiatrowski, Executive Vice President at Bank of America Merrill Lynch, echoes Sims, adding: "Innovation is disrupting the way payers and providers do business, but also creating new opportunities. There's now an intense focus on gaining market share with consumers and employer groups, not just via consolidation but through innovation focused on the patient experience. This innovation isn't just limited to the clinical experience – for example retail clinics or telemedicine. Innovation in the patient financial experience is occurring as well with improved price transparency, patient billing and collections processes, and new financial tools for consumers. We know that treasurers in our clients' firms are partnering with other internal stakeholders to improve the patient's or member's financial experience."

At the same time this shift to "consumerism" is occurring, efforts to move to "value-based" healthcare continue. In this delivery model providers, including hospitals and physicians, are paid based on patient health outcomes rather than procedures. "Payment models between providers, patients and their health plans are changing very significantly, often in ways that threaten fee for service revenue streams. Providers are challenged to make this transition while still maintaining financial health."

Changing roles

More broadly, with governments increasingly alarmed by the ever-increasing cost of healthcare, firms globally are under huge pressure to reduce costs and that is squeezing margins. For Wiatrowski this particular challenge demands that healthcare organisations redesign their processes and increase automation across back and front office functions: "The banking industry has undergone its own digital transformation and has a lot to offer providers and payers."

As transformation across the sector picks up pace, Sims has also noticed treasurers reviewing their role, with technology in particular provoking a change in their mindset: "In the past the treasurer's focus was very much on the basic requirements – looking at capital markets for debt issuance, looking at hedging tools and so on. Now the whole focus is on how they can create a digitalised platform to secure all those benefits."

Wiatrowski is equally emphatic about the need for healthcare treasurers to reinvent themselves: "They need to really think differently about their role and the value they bring to the organisation. The forward thinking treasurer is setting the example to inspire change and innovation. As a result of mergers and acquisitions, many find themselves running disparate, often antiquated systems. Often focused attention and investment is needed to redesign the operating approach and integrate or replace systems to become more efficient, create more centralised, digitalised, platform-driven models."

There are already successful examples of treasurers using technology to manage cash and control costs more effectively: "Our CashPro corporate treasury platform allows treasurers to access all of their banking information, even via mobile. And our clients are continuing to integrate their financial systems directly with our platform through traditional means as well as our APIs. As processes are increasingly automated, treasurers are freed up to focus on more strategic activities. Focusing on automation and working with like-minded partners helps healthcare organisations build more efficient front, middle, and back office operations."

Sims is sympathetic to the view that when it comes to digitalisation, treasurers are currently swamped with potential solutions and technologies like API's, blockchain, AI, robotics and big data. "It's all developing so rapidly and it's a lot to take on for many. Certainly, we are a great source of information for our clients about what's happening in the space so my recommendation to treasurers is leverage your bank relationships."

One area Wiatrowski believes banks are supremely well placed to help healthcare organisations is cyber-security. The sector has traditionally been very protective of its patient and member data, but the increasing pace of M&A, and changes in the relationship between provider and payer, and increases in third-party relationships are exacerbating cyber-security risks: "It's the number one priority across the sector. Healthcare firms are realising that their extensive third-party relationships are opening them up to more cyber risk. High profile breaches and ransomware attacks have made cyber-security top-of mind."

She strongly advises healthcare treasurers troubled by their organisation's exposure to cyber attack to seek advice and help from their bankers. "We for instance have an abundance of educational opportunities for clients focused on protection against various cyber threats, ways to organise their companies to be better protected. As a major global player defending against cyber attacks and fraud is mission critical for us."

Leveraging technology

Bank of America Merrill Lynch is also seeing a lot of demand from treasurers looking for solutions that enable consumer to business payments to be digitised. Wiatrowski says: "Payment models are amazingly complex in US healthcare, creating multiple impediments to upfront collections. Providers especially struggle to determine what a patient owes and collect at time of service. This and other factors drive a high volume of paper based payments in healthcare. And payers and providers both end up over-collecting and needing to issue refunds back to their patients or members."

While cheques are still the dominant form of payments from healthcare businesses to consumers – such as refunds and payments for participation in clinical trials – organisations do have a growing number of choices. "Patients can get a prepaid card, which isn't a digital transaction, but it's certainly more efficient than a paper check. Or they can receive digital disbursements whereby payments can be made electronically without the need for the consumer to provide their personal bank account information. And payers and providers are both rapidly adopting solutions to collect from consumers electronically. Patients and members increasingly have the option of paying online by card or direct bank account debit. In a consumer-centric health care environment, providing convenient payment options is critical to the patient or member experience."

Bank of America Merrill Lynch is also investing heavily in exploiting leading edge technology to develop solutions to help healthcare firms and their treasurers. Machine learning is currently a major focus for application in receivables processes and predictive analysis to the benefit of Bank of America Merrill Lynch's corporate treasury platform CashPro, while robotics is being implemented in its Lockbox solutions.

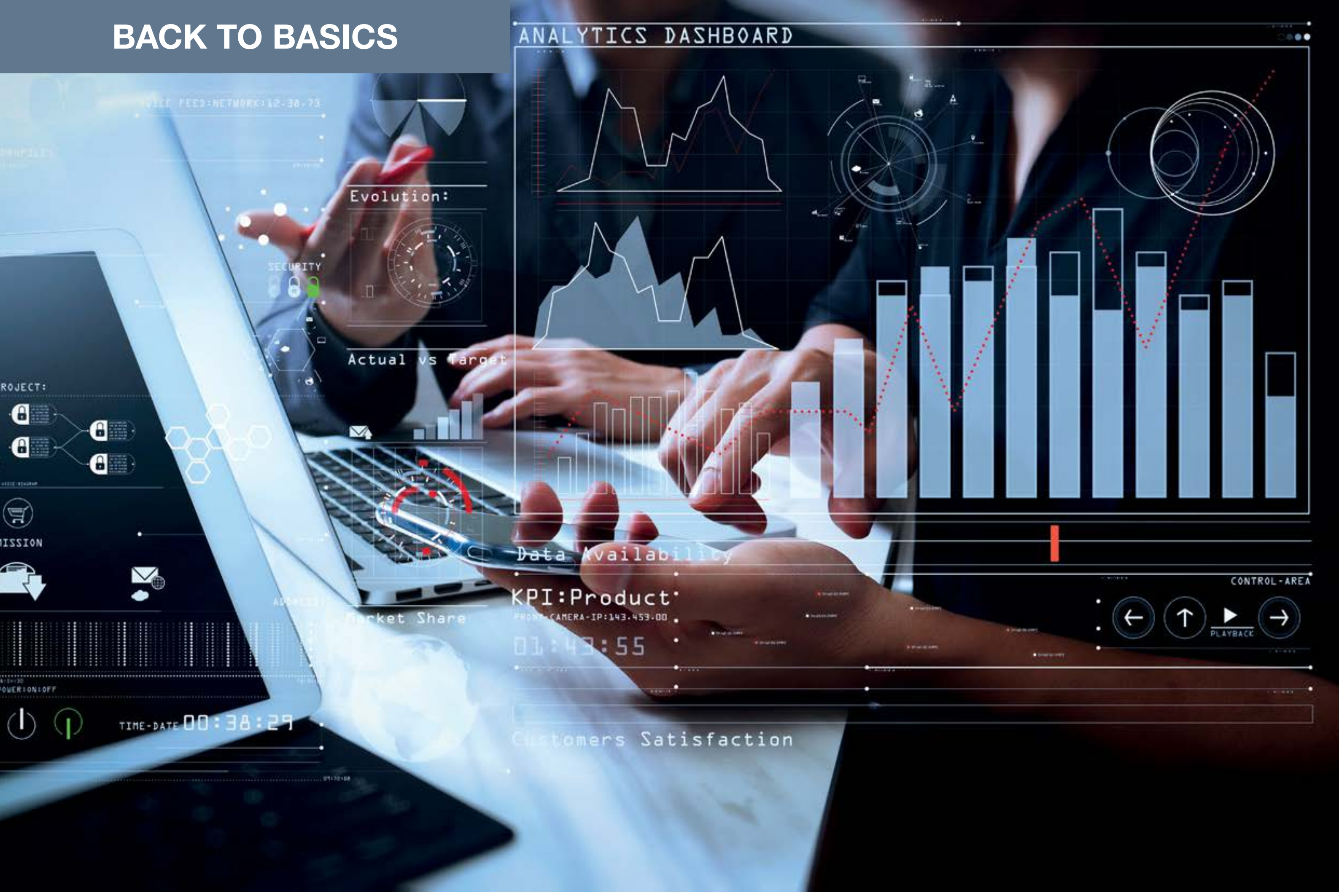
AI has found application in Bank of America Merrill Lynch's "Intelligent Receivables" product, a matching solution that helps to take the manual work out of reconciling receipts. Sims explains that by using AI and various web scanning techniques, IR scans all remittances for critical information and then enriches the payments with that data and matches them to open invoice files. It promises nearly 100% data capture and straight through reconciliation levels that may reach up to 90% or even more.

"Such technology helps to take people who were previously manually reconciling and better deploy them elsewhere for more value-added exercises. Everybody's talking about virtual accounts and virtual account management. That's great but what we are finding is that reconciliation is even more important. So, having virtual accounts and IR layered onto that is a real advantage."

More specifically focused on healthcare is Bank of America Merrill Lynch's HealthLogic platform which automates the historically paper-intensive flow of dollars and data from health plans to providers. "With very large health systems there could be hundreds of people involved in posting and reconciling payments, handling various correspondence from payers and consumers, and digitising documents," Wiatrowski explains. "By combining HealthLogic with our patented Lockbox process we have created a highly automated solution for collecting these paper-based payment volumes. We are able to automate the posting of the complicated remittance advices that accompany healthcare payments and manage the ever-growing volume of correspondence, allowing for the redeployment of personnel to higher value-added opportunities."

As healthcare organisations look to navigate the many challenges confronting them, Wiatrowski believes it more important than ever they look to examples of success across the sector: "What we're seeing in the industry is that there are more "shiny objects" being offered to the healthcare industry than you could possibly imagine. What the most successful healthcare companies are finding is that partnering with someone who can be an end-to-end partner versus a bolt on here, a bolt on there, is a more successful strategy whether it's to address cyber-security, or broader organisational and treasury digitalisation. It's a more streamlined strategy, a more efficient way to deal with partners, and it doesn't open up as many potential windows for cyber-attack or fraud.

"And I do think we're seeing organisations taking that long view, and being very thoughtful and strategic about the partnerships they create. It is a lot of effort. It's one of the reasons we created a consulting team whose role is to go into an organisation and help treasurers identify key opportunities for changes, begin prioritising and implementing them."



Making the most of performance metrics

The evolution of treasury over recent decades has been accompanied by the rise of key performance indicators as vital measures of effectiveness not only in treasurers' own terms but, increasingly, in terms of their contribution to the wider business and its strategy. As such, KPIs are destined to become ever more important.

Over the last few decades corporate treasury has matured considerably, with advances in IT notably supporting increased standardisation of operations and processing which, in turn, has led to greater integration of treasury practice with the core operations of the organisation.

Greater integration has meant greater awareness and appreciation of just how important the remit of corporate treasury is, not least among the C-suite, and has led to development for key performance indicators (KPIs) to measure and manage its operations from the group perspective. These KPIs have become increasingly sophisticated over time. Nowadays, good corporate practice demands that treasurers use a wide range of metrics and KPIs to measure key areas of treasury, from capital structure to risk management. But a company's needs can evolve over time – so it's important to review those metrics on a regular basis and make sure they continue to support the overall business strategy.

But you can't manage what you don't measure, as the old management adage goes. And in the world of corporate treasury there is always much to measure. Indeed, research by KPMG found that almost two thirds (63%) of treasurers use a set of KPIs to measure the performance of their various treasury activities.

But while treasurers commonly use metrics and KPIs to assess the performance of treasury, there are different ways of approaching this task. Not all metrics will be applicable to every treasury – so it's important to make sure that the measures looked at are the ones that are most relevant to the company and its strategic direction.

Likewise, treasurers will sometimes need to review the metrics they use to make sure they continue to reflect the company's evolving strategy and remain fit for purpose. Fred Schacknies, Senior Vice President and Treasurer at global hospitality group Hilton, says that in doing so it's important for treasurers to remind themselves that KPIs should serve to focus attention at the highest levels of the organisation and drive results on what matters most: "to that end, KPIs need to increase visibility over the state of affairs with operations and accountability as to who is ultimately responsible for driving what. In most cases in finance, there may not be such a thing as an optimal or normal number as there is, for example, for human vision, blood pressure or temperature; there may only be a direction indicated, more or less. In such cases, setting targets may be arbitrary but that still helps to set a goal against which progress can be measured and motivated."

Implement and communicate

If over recent decades IT played a critical role in helping with the development of the modern, integrated treasury and rise of KPIs, then new technology more broadly is helping to sustain that trend. Schacknies says new technology is not only driving the generation and proliferation of data but can also facilitate with its exploitation by organisations. Automation in particular, he says, offers a number of benefits to treasury, not least helping to ensure the timeliness of data processing and the visualisation of data analysis for generating key performance metrics: "when that is done right, it gets the message across the organisation much faster and more clearly. In practice, therefore, KPIs should be getting easier and faster to produce and understand for firms".

Schacknies cautions, however, that there is a growing risk of firms struggling to cope with the volume of data that can be derived using technology nowadays: "Under such circumstances the bottleneck in the process of producing and analysing data becomes the end users themselves. Despite advances in automation and visualisation, we as managers can only concentrate on so many things at one time. So, in my view, the real benefit of technology will be the application of machine learning to identify drivers and optimisation paths for KPIs faster and across wider and more diverse sets of data than is possible by humans alone. Once KPIs are optimised, I imagine the next step will be to apply artificial intelligence to figure out which organisational KPIs should be optimised in order to maximise value drivers at the enterprise level."

In considering his top tips for treasurers looking to implement KPI policies, Schacknies advises:

Start with why: avoid the temptation to define KPIs based on what data is currently available or easy to produce. Imagine what questions you would want to be able to answer, in order to be the most effective treasurer possible for the CFO, if there was perfect access to all data, at all times. Define KPIs according to those questions, even if it means data can only be observed infrequently, informally or approximately at first. Then identify the gaps between that vision and the current state and create a plan to get there.

Stay prioritised: KPIs should inform treasurers' communications upward and outward within the organisation and should be the basis to motivate changes in behaviour within their team. There may be much more data that must be monitored (management metrics) or reported to outside parties (compliance metrics) and available just in case (FYIs) but this shouldn't be confused with KPIs.

Be consistent: follow through with the production and assessment of KPIs to ensure their importance is understood, even if the production processes are still informal and the data still approximate.

Be flexible: KPIs should be tied to the long-term goals of the organisation, but even those goals may change. Furthermore, treasury understanding of how to best achieve those organisational goals may evolve over time. Hence, it must be prepared to adapt KPIs to change with the evolution of the organisation.

Ultimately, however, the impact of a KPI policy and process will be determined by how successfully the information gathered is communicated to the rest of the business. "It really does come down to making sure your message is level-appropriate for the intended audience," says Schacknies. "My own goal is to make sure that my boss – the CFO – and everyone else above him knows what they need to know, which is anything impacting those strategic KPIs. Everything else that happens operationally in support of that is part of the ordinary course of business and need not dilute the communication with senior leadership."

Schacknies says the same applies when his peers across the organisation have demands for information from treasury: "It's very much on a need to know basis – it's about respecting people's time and ability to process information, and giving them information that's most useful for them."

He adds: "KPIs are a useful tool in any application of management, but shouldn't be confused with purpose. Even for those working in finance and in corporate treasuries, there is more to our work than optimising a set of numbers. The success of any organisation, large or small, stems from the ability of people and teams to work together effectively. That means knowing how to communicate one's needs, to understand those of others, to build networks of supportive business partners and to lead change."

Demonstrating value

Research on treasury KPIs by Nordic bank Nordea certainly paints a generally positive picture of how treasurers themselves feel about KPIs today. There is good news: the vast majority of the more than 160 large corporates surveyed for the study have a formal treasury policy, and about three quarters say they have an established set of KPIs. Around two thirds are satisfied that these KPIs are contributing to treasury effectiveness, and many expect their use of KPIs to grow.

Even better, says lead report author Johan Trocmé, is the finding that treasury performance is getting visibility at the highest levels of the business: for many corporates, the CEO and the board are directly involved in deciding treasury KPIs and monitoring outcomes. Thirty-eight percent of treasuries surveyed say that the board ultimately decides on their KPIs.

Trocmé says: "For treasurers that are looking to take a seat at the top table and demonstrate their potential to add value as a strategic adviser to the business, this is an unmissable opportunity. The select handful of KPIs should demonstrate, in no uncertain terms, that the treasury function is supporting the business in ways that really matter. On that particular score, most treasuries' KPIs are not achieving that goal yet."

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>
> Fred Schacknies, Senior Vice President and Treasurer, Hilton

Just 21% of corporates say their KPIs are "directly derived" from strategic company goals. Only 17% share KPIs with other business departments – despite the fact that important objectives, such as improving working capital management, must involve departments like sales and procurement.

In considering the steps corporate treasurers should take to become more closely aligned and supportive of the wider organisation, Trocmé first points out that more than nine out of ten treasuries have a written treasury policy. "The treasurers we spoke to are certain what their mission is, and are clear about their operational responsibilities. And these responsibilities – like optimising liquidity, ensuring the availability of funding, and protecting against financial risk – are undoubtedly critical to keeping the business afloat.

"But if you're to build your profile and win recognition for your contributions, it's not enough to be keeping the treasury engine running smoothly. You need to show the rest of the organisation, and senior leadership, that you are supporting their priorities, and have bought in to their goals."

And the clearest way to do that, says Trocmé is to derive treasury objectives and associated KPIs directly from the corporate mission. "It's not always easy to make the connection between what the treasury does on a daily basis and the CEO's vision of innovation, market growth and profit – but the connection is there, and it's certainly worth digging for."

Another approach to ensure closer alignment with wider business is to forge closer relationships with other departments and mutually agree shared KPIs that all recognise are important: "For instance, it's impossible to optimise working capital measures like DSO and DPO without support from other departments, such as local finance teams, sales and procurement. Yet only 17% of treasurers today have shared KPIs."

Number one metric

Treasurers also need to make stakeholder satisfaction their "number-one metric," says Trocmé. During his research for the KPI report, he says many of the treasurers were puzzled when it was suggested to them that they should be measuring other departments' attitude to the treasury. "The general view is that the business expects the treasury, as a support function, to just get on with things in the background. That's why only 40% of treasuries make any effort to measure stakeholder satisfaction. Even for those that do, only a few stakeholders are involved – only 30% talk to the board, and only 9% to procurement – and measurement is overwhelmingly ad hoc."

Trocme, however, is clear that measuring stakeholder satisfaction is important, pointing out that as a support function, and moving into advisory, proving customer satisfaction is key to demonstrating the treasury's value to the board. "All that advice treasurers offer about currency risk, about project finance, about contract terms, about bank choices – shine a light on it. Show that you're doing more than keeping the engine running."

"The simple act by treasurers of conducting satisfaction surveys will also raise their profile not just with the CFO but around the business – opening dialogues that can help them all do a better job, identify good ideas, and show that treasury is committed to supporting the whole company. In fact, we believe that if you make stakeholder satisfaction a real priority, month after month, it'll change the way you and all your team approach your role, encouraging you to be even more flexible and get different perspectives on the issues you're working on."

Lastly, Trocmé highlights the importance of focusing on team performance. He explains that although treasury's traditional tasks have great potential to be automated or simplified through technology, much of the real value treasurers add today and in the future actually relates to people: "It's about relationships, advice and complex decisions. This makes the team you run of critical importance. Our research has found that the average treasury is only around seven people, and that means every person counts. They need to be managed effectively.

"Yet only 44% of treasuries use KPIs to evaluate team performance, and only 8% benchmark against other treasuries. This is a missed opportunity: KPIs provide a vital input to guide training, development, recruitment and other aspects of people management, and peer benchmarks give you a real-world measure for comparisons."

Interestingly, he says, almost 60% of treasuries surveyed by Nordea say that KPI outcomes "never" or "rarely" affect their team bonuses. "If treasurers are confident that their team is performing well, and that their KPIs are aligned to the right objectives, then that should be built into their compensation packages – to encourage the right behaviour across the team."

Above all, says Trocmé, treasurers should always bear in mind that KPIs are "a great opportunity". He adds: "Most treasurers believe that KPIs are already making a difference to their performance. But we've identified an untapped opportunity to use KPIs to accelerate your evolution into a strategic advisory function.

"But there's one more way that you can use KPIs to generate value for your team and your business: incorporate them into your briefings to your banking group. Your KPIs reveal what matters most to you, and that insight can help your banks suggest new approaches to helping you achieve your goals."

Keeping up with a fast-moving regulatory environment

Constantly changing regulations across the larger Asian markets present a big challenge for APAC treasurers. How can corporate treasurers manage to keep up to date with them consistently?

Rocky Mui

Partner

Clifford Chance

Regulations are paramount. Regardless of your seniority or experience, if you are not up to date with the relevant regulations, you are at risk of providing incorrect advice to your clients (internal or external). This principle rings particularly true in the corporate treasury and banking space in Asia Pacific, where there are constant regulatory updates.

Indeed, the frequency of regulatory change across Asia is so high, and variation in rulebooks between countries so marked, that as a region it presents treasurers with special challenges versus other geographies. How can APAC-focused treasurers ensure that their regulatory knowledge is consistently topped up so that they are able to assess the impact of changes on their organisations and develop appropriate responses?

Subscribing to circulars from regulators is a must. Regulators provide frequent updates and are the most reliable source. Signing up for news and circular alerts from the relevant regulators vie email is simple and effective and an essential first step in ensuring a solid platform for dealing with ever changing rulebooks.

Materials and online services from law firms can be very valuable. Various law firms often provide useful regulatory intelligence in the form of alerts, newsletters, client briefings or host talks that summarise and interpret the updated regulatory position covering various jurisdictions. Their interpretations are often informed by their own participation in consultations with their respective local regulators, industry groups or clients. These materials and talks provide an inside view into developments in local regulations.

International firms, such as Clifford Chance, also operate comprehensive online portals which provide access to thought leadership publications on a cross jurisdictional basis, reflecting timely insight and views on various regulatory topics.

Keeping all the circulars and materials in one place is highly advisable. A practical tip on this front would be to keep a depositary of all the circulars, published materials and updates (by topic) you receive from regulators and law firms. We all know how cluttered an email inbox can get, and keeping a centralised database containing all these updates will make your life much easier when you need to revisit these materials.

Engagement with industry bodies can be very fruitful. We advise treasurers to try to get involved with the various bodies that are active in the industry, whether this be in a formal, consultative process or in a more informal, social context. Either way, you will get valuable insights into what these bodies (including peers within these bodies) think about the current regulatory landscape and upcoming regulated changes.

Lastly, always try and make time for regulatory consultations as they are issued. Looking out for and then engaging with regulatory consultations will really help you anticipate any regulatory changes and prevents you from being wrong-footed by any new regulations that may be in the pipeline.

These are the main tried-and-true methods to keep one consistently updated of, and prepared for, the ever-changing regulatory landscape of Asia Pacific and beyond.

Anton Abraham

Treasury Advisory Executive, Global Transaction Services

Bank of America Merrill Lynch

New currency rules in Thailand, extended cut-off times for India, and amended reporting requirements in China; such diverse regulatory changes are all in a day's work for treasurers operating across Asia Pacific.

This region consists of both free and highly regulated markets, some countries are opening up and reducing regulatory barriers while others are tightening or continually changing. The region's regulatory flux presents treasurers with numerous challenges and they need to be equipped to keep abreast of these changes and prioritise those that may have an immediate impact on day to day operations.

Once identified, it is important to evaluate several methods to manage the regulatory change and select an approach that will minimise disruption and maximise benefits. For example, changes previously put on cash pools limiting liquidity outflows from China led to challenges in managing daily cash pooling of funds cross border into regional pools. This amendment required treasurers to think of alternative liquidity and funding solutions to ensure they were able to fund the business effectively.

Regulatory changes can affect multiple areas of a company's treasury operations, including financial reporting, liquidity management, commodity risk management and foreign exchange hedging programmes. There are several methods that treasurers can employ to understand the impact of regulations on their business operations.

For countries such as India and China, often the preferred approach is to have local treasury staff on the ground to engage with local regulators and banks and understanding the requirements with respect to completing or filing documentation associated with transaction activity. These local experts are also well positioned to better understand implications and requirements if changes are unclear, which can often be the case in Asia.

Another approach is to ensure treasury nominates a point person to work closely with legal and other operational areas of the business to understand and analyse changes to regulations and how these changes may impact operations. This person would then work with any local business, IT, treasury or finance staff on potential process, technology or reporting changes that may need to be implemented.

Tax advisors, banks, lawyers and big four consultants are also a good source of information. But the challenge then for many treasurers is interpreting the information and how it relates to changes they may need to make to ensure compliance.

Managing regulations is all part of the challenge for treasurers across Asia and the best way to keep up to date is to ensure continuous engagement with banks, advisors and local treasury associations or peer groups to understand the implication of these changes and how they may impact your business.

Lawrence Tsi

Head of Accounting and Tax (APAC)
TMF Group

Kenneth Lee

Director, Head of Corporate Secretarial Services, Hong Kong, TMF Group

In today's ever-changing regulatory environment across APAC, coping with changes requires a two-step approach. Firstly, treasurers will need to monitor and identify all the relevant current and prospective regulatory changes. Secondly, they need to work with stakeholders to assess how all the relevant changes will affect the organisations' business model and compliance framework, and thereafter, prioritise the relevant requirements based on the extent of impact and timeline.

To execute the steps above, treasurers should regularly engage with financial institutions and consultants. In many countries within APAC, regulatory changes are often implemented quickly with nil to limited guidance immediately available and varied significantly across different regions and jurisdictions. To navigate through the complexity of these changes, seeking regular compliance updates through first-hand interaction with banks and accredited consultants (and through subscription to their regulatory updates/ newsletters) will be important, as regulatory authorities would typically consult or engage these parties in formulating and interpreting these regulations.

Treasurers should also look to form a multi-disciplinary focus group or taskforce within their organisation that monitors and manages regulatory changes holistically. Identifying regulatory changes is not the sole responsibility of the treasurer, instead, it requires collaboration with the other functions within the organisation, including compliance, finance, legal departments, and the management team in the relevant jurisdictions.

Moreover, many of the major regulatory changes in the last 12 to 24 months (such as GDPR, AML/KYC regulations and IFRS 9) have had a pervasive impact on organisations and their effects were not only clearly felt by treasury, with significant impact on many other functions within the organisation. It is therefore critical for treasury to work closely with other functions to ensure that regulatory updates from a broad range of disciplines are appropriately identified and assessed so that all material and relevant changes to the organisation are identified on a timely basis and the organisation is addressing such changes with a comprehensive approach (not siloed).

Treasurers should stay close to the latest regulatory developments and seek best practice from other corporates by attending the most relevant gatherings. Hundreds of business conferences are held each year and attending some can help provide the perfect platform for industry participants to not only obtain technical information but also share information regarding best practice and lessons learnt from addressing these regulatory changes. In addition, speakers at these events can sometimes be members of the regulatory authority, meaning there is an opportunity for treasurers to provide first-hand feedback to the authorities.

Do not underestimate the impact technologies can play in compliance. As noted previously, coping with regulatory changes is a two-step process. Technology plays an important role in the second step by enabling an organisation's data to be collated and reported in an informative manner that helps assess its compliance readiness and quality of compliance reporting. Whilst it is understandable that treasurers focus on the "nuts and bolts" of the regulatory updates, they should work with their focus group to evaluate whether the organisation's technology and controls are fit for purpose as regulatory reporting is only as good as the data assembled.

Next question:

"How should treasurers go about deciding on a fintech or a bank as a service provider?"

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

Innovation and exploration

Companies are urged to innovate or die, to be agile and exploratory… and at the same time to deliver consistent cash flow. Managing this dialectic is tricky to say the least.

Descobrimentos

Contrary to many Anglo-Saxon myths, it was the Portuguese who "discovered" most of the world. There is evidence the Portuguese may have sailed the Pacific coast of South America well before Columbus' crossing in 1492. It also seems likely that the Portuguese sailed to Australia more than two centuries before James Cook.

Portuguese maritime innovation and exploration may have been enough to assure their independence in the face of much larger and aggressive neighbours like Spain and France. Eventually, however, they somehow lost the first mover advantage over the centuries.

Portugal epitomises the need to explore and some of the risks thereof.

Innovator's dilemma

Companies trying to innovate face many challenges. One problem is that shareholders value stability. But innovation and exploration are inherently destabilising, and since businesses have a duty to shareholders, this may slow them down. On the other hand, if businesses do not innovate, they risk getting left behind by others who are bolder.

Ferdinand Magellan made it round the world but countless, nameless sailors died at sea beforehand. Similarly, we tend to have a success bias when looking at innovation because we only hear about the successes. We don't consider the huge numbers of innovations that fail to take hold in the marketplace.

From incumbents' position, this is exacerbated in current market conditions by cheap funding and low yield expectations afforded by investors to start-ups that are perceived to be innovative.

From the perspective of an established bank, innovative new virtual banks are frightening less because of their agility than for their ability to attract new funding without making any profits.

Incumbents are not given this licence to innovate by investors – they are expected to maintain profit growth.

Stagnation risk

On the other hand, if you are not advancing you are falling behind. Kodak famously developed digital cameras well ahead of the market but did not know what to do with the technology; others tried stuff out, and by the time digital cameras were established, it was too late for Kodak to enter the market that wiped them out.

Execution also plays a role. Xerox PARC developed much of the basis of modern computing then let others profit from the new concepts. Commercial history is littered with innovators who were out-competed by copy cats.

Benefits of heft

A key aspect of innovation is having the resources to fail until you succeed. Start-ups get this from their patient investors. Others can get it from their own cash flow. Google for example seems to spend large amounts of money on big innovation and they can afford failures.

A current and topical case for treasurers is Facebook's Libra. After initial excitement about the world changing implications of bitcoin, people realised that even if the blockchain is secure, its periphery may not be – guzzling more electricity than Ireland for anonymous payments is hardly very green; and ten minutes per transfer is not fast.

Plenty of start-ups with more or less funding have tried to come up with better versions, while scamsters flooded the world with initial coin offerings and other innovative ways to fleece people.

In the calm following the storm, large banks have started to get interested on their own terms. J.P. Morgan, for instance, will launch a stable coin called JPM Coin which they call "a digital coin representing a fiat currency".

Facebook Libra

Facebook launched Libra as a blockchain-based stable coin underpinned by fiat reserves, proclaiming its mission "is to enable a simple global currency and financial infrastructure that empowers billions of people".

Facebook, which like J.P. Morgan also has plenty of cash to innovate with, is bringing a different kind of heft to this space. Three billion users dwarf any bank's access. This brings a degree of plausibility to Libra – merchants and service providers are much more likely to accept a stable coin with an accessible market of three billion people.

JPM Coin is targeted at corporate payments with goals like making payment netting unnecessary. Facebook Libra targets the global financial ecosystem and wants to bring in the 1.7 billion unbanked along the way. The increment in Libra is its ambition level.

I recently heard a fintech claim that "payments is a problem rooted in code". Presumably Facebook has the coding nous to make Libra work. But I think payments is a problem rooted in trust, and trust engenders regulation. Assuming the technology works and the ecosystem is effective, Facebook still has to win regulatory approval and popular trust.

Financial innovation

Unlike market innovations like securitisation and high frequency trading which benefit only the financial markets themselves, innovations in the payment space like Libra, may be beneficial for society and for the real economy. Libra (or something like it) could be as real an innovation as the ATM.

Some banks and some software providers seem to be working towards this kind of innovation in aid of the real economy. DBS in Singapore thankfully changed its motto from "making banking joyful" to the much more useful "making banking invisible". Banks and ERPs are increasingly working together to make payments and collections – and eventually invoicing and reconciliation – invisible to the business. Call it "finance as a service".

To achieve finance as a service will require heft and also a different mindset. Peter Drucker emphasised the distinction between efficiency and effectiveness: "Efficiency is doing things right; effectiveness is doing the right things." Maybe incumbent banks are too focused on efficiency ("joyful") and not enough on effectiveness ("invisible").

New players without attachment to current banking practices can take a more holistic view of commerce and look at making finance invisible – ie everything after purchase order and acceptance of delivery is invisible. This kind of STP for commerce can be achieved for example with smart contracts.

Agile

Management consultants are having a field day promoting agile as their new mantra. I am a huge fan of agile, and it is certainly a much more fun way to work. But incumbents struggle with its apparent unpredictability.

Delivery risk management is traditionally based on having clarity about the destination, and a detailed map of how to get there. The Portuguese knew the overland route to Asia – it was long and expensive, and full of unpredictable "taxes" along the way. Sounds like 20th century payments!

The exploratory mindset requires a different kind of risk management – less long-range planning and more quick responses to short-term threats. It is also a mindset that accepts losses.

Doing agile right requires an exploratory mindset – both in the sense of wondering what might be out there and in the sense of managing risks in the face of uncertainty. The sense of wonder and curiosity is hard to nurture when you have hundreds of years of experience that reinforce the status quo.

Conclusion

Treasurers are generally risk averse and change resistant, and for good reason. A treasurer's mandate is normally to minimise financial risk so that maximum capital can be allocated to the core business. The world is changing, and treasurers who still do things on paper risk being catastrophically ineffective, not to mention inefficient, within a decade.

Adopting an exploratory mindset feels almost counter cultural to the profession's risk aversion. Even after overcoming built in conservatism, exploration carries real risks. These risks have to be owned and accepted by and for the company as a whole.

Competition will likely force incumbents to become more efficient, but new entrants will be looking for effectiveness and potentially changing the ground rules. Treasurers may have to look outside their well-established bank relationships for their future path.

Exploration is no guarantee of success. But stagnation does guarantee irrelevance.

David Blair, Managing Director

Twenty-five years of management and treasury experience in global companies. David 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.

Clients located all over the world rely on the advice and expertise of Acarate to help improve corporate treasury performance. Acarate offers consultancy on all aspects of treasury from policy and practice to cash, risk and liquidity, and technology management. The company also provides leadership and team coaching as well as treasury training to make your organisation stronger and better performance oriented.

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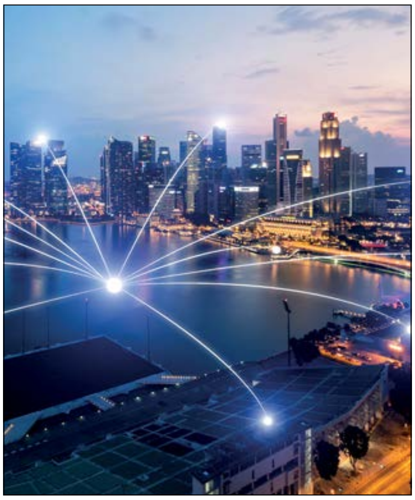


INSIGHT & ANALYSIS

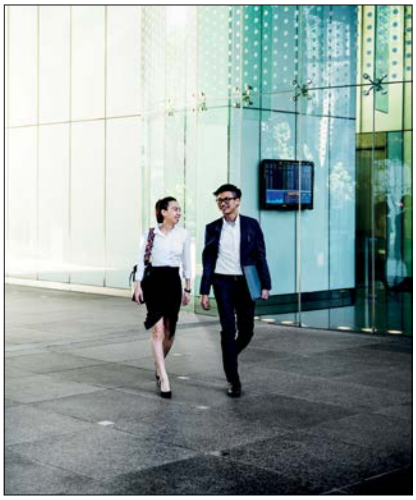
Hubs and spokes: treasury centres in APAC

Think treasury hub in APAC and it's Hong Kong and Singapore that instantly spring to mind. We explore the benefits of setting up in these two jurisdictions before casting the net further afield and uncovering other potential treasury opportunities in the region.

INVESTING

Expanding short-term investment strategies

Bank deposits and money markets are not the only short-term homes for corporate cash. For those seeking liquid opportunities, what are the options, the risks and the rewards of going slightly off-piste?



CHINA PRACTICE

Principles of China business culture

For overseas investors and companies hoping to do well in China, there are certain rules of engagement that must be acknowledged before business can even commence. We put the principles of Chinese business culture under the microscope, helping treasurers to make the most of their commercial and social opportunity in the country.

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

Thomas Halpin, Global Head of Payments Products, Global Liquidity and Cash Management, HSBC; Nicholas Soo, Regional Head of Payments Products, Asia-Pacific, Global Liquidity and Cash Management, HSBC; Jonas Falk, Managing Director, SKF Treasury Centre Asia & Pacific; Tan Bin Eng, ASEAN Business Incentives Advisory Leader, Partner, Ernst & Young Solutions LLP; Dr Mark Winwood, Clinical Director for Psychological Health, AXA PP; Catherine Yu, VP Regional Controller APAC & China, Herbalife Nutrition; Lay Perk Toh, Corporate Treasurer, Kulicke & Soffa; Yeng Butler, Senior Managing Director and Global Head of Cash Business, State Street Global Advisors; Jason Horn, Head of the Asia Pacific Cash & Short Duration Liquidity Business, BlackRock; Chris Jameson, head of Financial Institutions Sales, GTS EMEA, Bank of America Merrill Lynch; Jay Norris, Global Transaction Services C&R Corporate Sales Executive, Bank of America Merrill Lynch; Deepali Pendse, head of South East Asia Corporate Sales, Global Transaction Services, Bank of America Merrill Lynch; Peter Cunningham, EMEA Head of Consumer & Healthcare Sector, Treasury and Trade Solutions, Citi; David Stebbings, Director, Head of Treasury Advisory, PwC; Daniel Jefferies, Group Treasurer, Equiniti Group; Vasu Reddy, Treasury Leader, GE Africa; Adesh Sarup, Head of Transaction Banking, North Asia, ANZ Institutional; Vijay Shankar, Head of Transaction Banking, ASEAN, India and Regional Sales, ANZ Institutional; Venkat ES, head of Asia Treasury Product, Global Transaction Services, Bank of America Merrill Lynch; Kee Joo Wong, Regional Head of Global Liquidity and Cash Management, HSBC Asia Pacific; Amit Baraskar, VP & Head of Treasury, Thomas Cook (India) Limited; Ernesto Pittaluga, Asia Pacific Sales Head, Treasury and Trade Solutions, Citi; Sandip Patil, Asia Pacific Head of Liquidity Management Services and Financial Institutions Group, Treasury and Trade Solutions, Citi; Morgan McKenney, Head of Core Cash Management for Asia Pacific, Treasury & Trade Solutions, Citi; Thomas Stahr, Interim Treasurer and Managing Partner, Stahr GmbH; Leonardo Orlando, Finance and Risk Senior Manager, Accenture UK; Erik Åkerlund, Head of Sales, Treasury Systems; Nick Armstrong, CEO, Identitii; Aurélien Viry, Global Head of Cash Management, Societe Generale; Richard Shaw, Director, Treasury, Prudential Corporation Asia; Manu Taneja, Executive – Cash Management and Treasury Services (APAC), GE; Andrea Vanara, Director, Head of Treasury Advisory Group – Asia Pacific Treasury & Trade Solutions, Citi; Fred Schacknies, Senior Vice-President and Treasurer, Hilton; Johan Trocmé, Director, Thematics, Nordea Research; Rocky Mui, Partner, Clifford Chance; Anton Abraham, Treasury Advisory Executive, Global Transaction Services, Bank of America Merrill Lynch; Lawrence Tsi, Head of Accounting and Tax (APAC), TMF Group; Kenneth Lee, Director, Head of Corporate Secretarial Services, Hong Kong, TMF Group; David Blair, Managing Director, Acarate.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