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March/April 2025

# The year of tariffs, RTCs and AI

The ongoing impact of trade wars and tariffs and the embrace of AI in Asia Pacific.

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Group Treasury Manager

**Motus Holdings**

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**Colleen Ostrowski**

Senior Vice President, Global Treasurer

**Visa**

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# Navigating risk

Geopolitical uncertainty continues to dominate the news cycle as our latest edition goes to press. A steady hand on the tiller from corporate treasury, positioned at the heart of companies' risk function, is more important than ever.

Cyber risk is also on a rampage. Our cyber security feature comes with a warning that corporates should expect a leap in cyberattacks from nation states leveraging AI technology. With insight from two leading cyber security experts, we lay out strategies to hit back. A firm understanding of the company's key dependences, board buy-in and ownership and collaboration with other companies are vital.

As firms navigate trade policy uncertainty, we get the low down on the impact of tariffs from an embattled treasury community all too familiar with fettered trade. Adeyinka Ogunnubi, President of the Association of Corporate Treasurers of Nigeria, explains that tariffs might protect local industries, but they also lead to higher costs, reduced consumer choice and potential trade conflicts. Elsewhere in our Question Answered feature, Finnish crane group Konecranes says it is keeping a wary eye on its long supply chain.

Our exploration of digital bond issuance finds the bond market is proving remarkably resistant to innovation despite the best efforts of corporates to get on board with digital issuance. Elsewhere, industry experts share their views on how sustainable finance is faring in Europe against the backdrop of the rising anti-ESG movement in America. Read on to find out how treasury professionals can support their companies' ESG goals in the current environment.

Last – but definitely not least – Visa's Colleen Ostrowski talks family, purpose and the importance of being part of a team in a lively and inspiring endorsement of a career in treasury. In our Corporate View, Shakira Pillay, Group Treasury Manager at Motus Holdings shares how she learnt the ropes in treasury following a demerger and in the midst of a global pandemic.

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Richard Parkinson

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

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## Treasury recruitment: communication skills pay in an employers' market

Treasury recruitment specialists say a shortage of roles is resulting in treasury professionals jumping ship to private equity. Communication skills and the ability to persuade and think strategically are more prized than ever, while in Australia, Worley Group's Treasurer David Rowe reflects on his recent recruitment priorities.

# The year of tariffs, RTCs and AI

*A hybrid model of centralised and regional treasury hubs sits alongside the continuing developments of trade wars and tariffs and the embrace of AI for automation in Asia Pacific.*

The current global environment is still dealing with post-Covid inflation, encroaching isolationism from several countries, most notably the US, as well as civil unrest and instability. That doesn't even include the ongoing work of digital transformation in the sector and the fast-growing influence of artificial intelligence and automation tools. As a response, the treasury and finance functions within corporations are growing in strategic influence and playing a significant part in shaping the long-term direction of businesses worldwide.

While these trends are universal, the impact is acute in Asia Pacific. The region is a unique mix of developed and emerging markets, fragmented regulatory environment, as well as playing a central role in the current trade war drama involving tariffs imposed by the US government. Asia Pacific is serving as a microcosm for treasury and finance strategies globally.

According to a survey released last year by **DBS Bank in Singapore and FT Longitude**, the old world order of hyper-globalisation is ending, while a new era of globalisation is now emerging. That era will be heavily influenced by Asian markets, with three-quarters of those in the survey citing expansion in Asia as a strategic priority for their business, specifically the Association of Southeast Asian Nations (ASEAN), India and Mainland China.

The research, **Pivotal: How treasury and finance enable the new era of globalisation**, was based on a survey of 570 senior leaders in nine sectors and 15 markets, as well as in-depth discussions with 12 experts in the field.

The DBS survey expects the new globalisation era to be powered by digital innovation, data-enabled business models, and manufacturing and shipping. While this era "is centred on Asia" it is "reliant on a multi-polar economic system, and it is more sensitive to sustainability and net zero than earlier forms of globalisation", according to the report.

According to Ankur Kanwar, Global Head of structured Solutions Development, Head of Transaction Banking, and Head of Cash Management in Singapore and ASEAN at Standard Chartered Bank, "Asian markets are much more complex and fragmented than in the Americas or Europe, each has its own regulatory requirements on trade, foreign exchange (FX), and related party transactions."

Asia Pacific is also broken up between "developed" economies such as Japan, Singapore and Australia, and emerging markets such as Malaysia and Vietnam, according to several benchmarks, including analysis from the International Monetary Fund. While global powerhouses such as China and India often run the gamut between "developed" and "emerging" depending on which economic factors are being measured.

## Central, regional and hybrid

This fragmentation can be complex to navigate. However, around 60% of the needs of each nation are similar, says Kanwar. Those common needs include running a business with a minimum amount of "operating cash" (typically below 5% of revenue), centralising the management

of liquidity risk, FX risk, and payment at regional treasury centres (RTC) to achieve best execution, risk control and efficiency.

"The differences lie in the challenges that these treasuries face – corporate treasuries in emerging markets have to navigate idle cash issues, higher currency fluctuation and geo-political risks," says Kanwar.

While centralised global hubs are a broad trend for treasury departments at multinationals, in Asia a hybrid model is emerging as more companies are setting up RTCs, "designed to serve a different cluster of markets", says Kanwar.

For example, "Payments-on-behalf-of (POBO) can be done in Singapore, Hong Kong, Japan and Australia but not in many other markets where Payments-in-the-name-of (PINO) is implemented instead," he adds.

"These RTCs are data-driven, real-time connected with global treasury enterprise resource planning and treasury management systems, forming a new matrix of liquidity, payment and FX structure unseen in the last three decades," he says.

Three factors have shaped the RTC landscape post-Covid, according to Kanwar. The first is re-globalisation, with foreign direct investment companies shifting to India and ASEAN. "The new supply chain clusters mean more intra-regional trade and more complex cross-border payment flows," he says.

Second is the availability of new and more robust technology that accelerated treasuries' transformation. For example, he adds that a "remote RTC" can be structured as a bank-sponsored account to support cash pooling, payments and FX.

Third are the new international tax rules (Base Erosion and Profit Shifting or BEPS 1.0 and BEPS 2.0) that RTCs are helping companies navigate due to their proximity to the markets.

However, Inga Kudzmaite, Treasury and Tax Director, Asia at the Carlsberg Group, says the dichotomy between developed and emerging markets can be more pronounced.

"The needs are very different," she says. "Quite commonly, a large degree of centralisation – either domestic or cross-border can be achieved in developed markets, while solutions in developing markets are largely localised to their unique set of issues."

Sriram Ananthakrishnan, Director, Asia Trade at ELCY Ltd, says centralising global treasury hubs has gained momentum due to technological advancements, cost efficiency and the desire for better control over liquidity and financial risks. However, he agrees that centralisation presents challenges in meeting the complex needs of the various Asian regions and fragmented regulatory and legal environment.

"For example, countries like China, Korea and Taiwan have strict exchange controls, making it difficult to centralise liquidity and repatriate funds," he says.

Cultural and operational nuances involving language or business and payment systems and technology limitations where local systems fail to integrate with global networks also present challenges.

Despite these challenges, Ananthakrishnan agrees with Kanwar that centralised hubs can adapt by adopting various strategies. Those strategies include establishing RTCs, leveraging local talent and partnerships with banks that understand regional nuances, and taking advantage of advanced technologies like application programming interfaces (APIs) and blockchain to enhance cross-border transparency and efficiency.

"Singapore is a preferred location for regional treasury centres due to its tax incentives, political stability and advanced fintech infrastructure. It ranks as the third-largest foreign exchange trading hub globally," adds Ananthakrishnan. He also lists Japan as a preferred location for RTCs, but points to challenges like an ageing population and slower growth compared to emerging markets.

However, while India and China both have rapidly growing financial sectors, they face regulatory hurdles and infrastructure gaps, says Ananthakrishnan, in the form of China's strict capital controls and India's complex tax systems, which can complicate treasury operations. Despite the allure of those country's large consumer markets and manufacturing capabilities their regulatory environments require tailored treasury solutions, he adds.

## Technology is central

According to Sugandha Singhal, Senior Vice President and Head of Treasury at SRF Ltd, there aren't many differences between treasury departments in Asia Pacific outside the compliance requirements. However, centralisation is a trend driven by AI, robotic process automation (RPA), and the related savings realised by those technologies.

"We centralise only activities that result in manpower reduction," she says. "Otherwise we set policies and boundaries."

Kanwar agrees that the most strategic technology is AI, which is expected to aid treasury, improve cash forecasting, aid business continuity planning for stress test scenarios and mitigate risk types such as liquidity and FX risk.

Kanwar also points to "just-in-time" funding capabilities that many banks offer that help companies automate the sweeping of funds from the pool to secure the debit balance position of sub-accounts held for each subsidiary. Using host-to-host bank connectivity, and increasingly APIs, will shorten the turnaround time for transactions to be executed and for records to be booked in the ledger, he adds.

As an example, RPA can automate the consolidation of bank information for non-standard (MT940) bank statements. AI-enabled FX platforms can automate the FX price discovery, trade execution, booking of trade and settlement. While in-house banking (IHB) within TMSs help automate the dual ledger requirements for inter-company transactions, he adds. Standard Chartered's own FX platform offering is called SC PrismFX.

The business requirements are pushing partnering banks to better connect to corporate strategies in order "to design a solution and translate that solution to an operating structure", says Kanwar.

"In offering liquidity management solutions, banks can offer single currency cash physical pooling and multi-currency notional pooling (MCNP)," he adds. "As more corporates adopt the IHB model, banks are offering virtual accounts and sub-account structures to segregate inter-company transactions."

The adoption of digital currencies and blockchain technology is also gaining popularity with corporations, says Kanwar. Driven by this sector, many banks are on the lookout for payments-focused distributed ledger settlement networks to offer real-time, cross-border payment vs payments (PvP) or payment vs delivery (PvD) structures.

The technology provider ecosystem, where banks cooperate with fintech companies in Asia is "unique" and "creative", says Kudzmaite.

"Often good solutions get adopted very quickly by the market, which is hungry for digital and efficiencies," she says.

Ananthakrishnan agrees that digital expansion, especially with supply chain finance, "is no longer a luxury but a necessity for sustainable practices, ensuring compliance and driving cost reduction in this rapidly changing global trade paradigm".

However, despite the presence of "know-how" and experience with emerging technologies in Europe, in comparison to Asia, it "moves very slowly," with several markets still running old legacy systems, "which are cumbersome to implement and/or doesn't result in efficiencies", adds Kudzmaite.

## Tariffs and tax

At the start of this year, **Deutsche Bank Research**, in their Asia Corporate Newsletter Q1 2025: Welcome Year of the Snake, predicted that Asia markets will mainly be driven by preparing for the impact of tariffs from the new government in the US.

According to Deutsche Bank, Asia is more exposed to a protectionist US trade policy than other regions because several countries in the region have significant bilateral trade surpluses with the US; their economies are closely interlinked with China; and tariffs are expected to strengthen the US dollar, and many Asian countries have low real rate buffers to deal with a stronger dollar and higher core rates.

The Deutsche Bank Research also points to 2025 as pivotal for Vietnam. In the case of Vietnam, imports from China doubled from 2017 to 2023 – an addition of US$50bn – and its exports to the United States increased by US$60bn.

According to the data from the bank, Vietnam benefitted significantly after 2017 from the first round of tariffs introduced between the US and China – particularly in the electronics and consumer markets. China now accounts for roughly 30% of Vietnam's FDI inflow, and approximately 40% of all ASEAN exports to North America originate in Vietnam, according to the report.

In the Asia Corporate Newsletter, Perry Kojodjojo, Asia macro strategist, Deutsche Bank Research says: "Given Vietnam's trade surplus with the US is the third largest, it is more vulnerable to the threat of possible tariffs from the incoming US administration.

Ultimately, Deutsche Bank researchers predict that "Policy makers, as well as corporates, will have tough decisions to make for limiting the impact of tariffs on GDP, trade and FX."

Writing in a post on LinkedIn, Ananthakrishnan warns that countries targeted by the US tariffs "are likely to retaliate with their own tariffs, escalating into a full-blown trade war. Such a scenario would disrupt global supply chains, stifle economic growth, and further fuel inflation".

He adds that the potential for supply chain disruption "is particularly worrisome". As businesses grapple with increased costs and uncertainty, this disruption could force companies to relocate production, leading to significant upheaval and long-term shifts in global trade patterns.

"This could undermine the very industries the tariffs are intended to protect," says Ananthakrishnan.

Despite viewing the US's current tariff policy as a "high-stakes gamble", Ananthakrishnan says there could be some potential upsides.

"If implemented judiciously and for a limited time, tariffs could incentivise domestic production and create jobs," he says. "They might also prompt trading partners to address unfair trade practices and level the playing field for businesses. However, these potential benefits are contingent on a delicate balance and a measured approach, which seems unlikely given the current trajectory."

He recommends that companies adopt alternative strategies. Such as collaborating with like-minded countries to address shared trade challenges and promote "a more balanced and equitable global trading system".

Some of these strategies were started several years before the complexities of the currency economic environment. Kanwar points to India's Gujarat International Finance Tec-City (GIFT City) project, launched in 2007, as a "a game changer, making it easier for FDI investors to unlock their idle cash while arranging tax-efficient funding to help fund growth in India".

"In comparison with Singapore and Japan, GIFT is expected to offer comparable RTC solutions with the added advantage of a ten-year tax holiday," he adds.

India's GIFT City is a project to develop a smart city that would host an International Financial Services Centre (IFSC) to provide a comprehensive platform for various financial activities, such as banking, insurance, capital markets, asset and wealth management, FinTech and access to global markets and currencies.

While China started deregulating RTCs deregulation, allowing both pan-China cash pooling and two-way cross-border sweeping a decade ago, says Kanwar. This promotes FDIs and advances the internationalisation of the renminbi through the creation of the Chinese yuan for onshore and offshore markets, the CNY and CNH, respectively.

# DON’T BANK ON YOUR BUSINESS VISA

*UK companies looking to attract overseas customers should not take the availability of business visitor visas for granted.*

Tensor has several key export markets for its range of solutions in the security, law enforcement and intelligence sectors. One of the major issues it has encountered recently is the ability of senior delegates from overseas countries to visit its factory in the UK.

Customers – particularly new customers – want to visit a new supplier’s premises to ensure that a full on-site audit is conducted and to ascertain that the supplier is actually a manufacturer, explains Group Chief Executive, Ashley Smith. “Over the past 18 months, we have increasingly been frustrated by decisions made by the UK Visa & Immigration service (UKVI) where business visitor visas applications have been rejected, resulting in entire delegation visits from potential new customers and existing customers being cancelled,” he says.

This has led to situations where either Tensor has not gained the order or the order has been significantly delayed. This has also added to costs as the company has had to send teams of people to either mutual countries or the country where the customer is based to conduct in-depth workshops.

Irfan Ali and Nick Gore, Partners at Carter Thomas Solicitors observe that it usually takes the Home Office around three weeks to process a visitor visa application from the date of the biometric appointment and that it can take up to two weeks to secure a biometric appointment from the date of submission.

Shradha Virji, Managing Associate at Freeths (London) notes there are priority and super priority servicing options dependant on where the application is being made. “These services reduce processing time to five working days and one working day (at a cost of £500 and £1,000) respectively,” she says. “However, it is advisable to apply several months in advance to account for any potential delays.”

Reasons for rejecting an application include business activities deemed to be considered work, lack of and/or missing documents, issues with the individual’s personal immigration history and doubts around connections in the applicant’s home country. “Although the government has expanded the business visitor route, it is still very restrictive for a lot of companies,” says Ali.

Virji adds that factors such as political relations, security concerns and the applicant’s country of origin can influence the scrutiny and processing time of visa applications – meaning visitors from some countries may face longer wait times and more stringent documentation requirements.

“Applicants from most visa-national jurisdictions face significant challenges when applying for a UK visit visa but these difficulties are particularly pronounced for individuals from Pakistan, Bangladesh, Nigeria and other countries classified as high risk jurisdictions,” says Jay Moghal, Partner at Rove Legal.

The starting assumption for such applications is often that the applicant does not have genuine intentions to visit the UK unless strong evidence suggests otherwise.

“The majority of non-visa nationals are also now required to apply for an electronic travel authorisation or ETA, which is quite straightforward but can lead to having to apply for a visit visa formally if they have previously had convictions,” adds Moghal.

Smith says the problem has been particularly acute where Tensor has been dealing with new customers from East and West Africa. He suggests the government needs to align new trade deals with the UKVI to make it easier for business visitor visas to the UK to be issued from these countries.

A recent example is that of Nigeria where the UK government announced closer working with that country in late 2024. “However, we still expect the issuance of business visas to the UK for Nigerians to be difficult,” adds Smith. ■

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# Shakira Pillay

## Group Treasury Manager

Motus is South Africa's leading automotive group and a multinational provider of automotive mobility solutions, and vehicle products and services. Its footprint includes the UK and Australia, South East Asia and East Africa.

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*Learning the ropes in treasury following a demerger and in the midst of a global pandemic is not an easy feat, but Shakira Pillay, Group Treasury Manager at Motus Holdings, was well up for the challenge.*

Like many treasury professionals, Shakira Pillay, Group Treasury Manager at South African automotive group Motus Holdings, started her career elsewhere in finance and pivoted towards treasury when the opportunity presented itself.

Pillay is a qualified chartered accountant (CA) by profession. She joined RSM as a trainee accountant in 2005 and went down the "old-fashioned route" of auditing. Following a secondment in the US, Pillay returned home in 2009 and took up a role in corporate reporting for Imperial Holdings, a multinational industrial services and retail group, where she stayed for almost a decade.

In mid-2018, Imperial unbundled its logistics business (Imperial Logistics) from its automotive business (Motus Holdings), which gave Pillay a chance to change roles.

"I wanted to do something different and get more involved in operations, as I no longer felt challenged in reporting," she says. "However, at that time I didn't intend to move into treasury."

Following the demerger, Motus listed on the Johannesburg Stock Exchange (JSE) in November 2018. Today, 65% of its operations are based in South Africa, while its international businesses are based mainly in the UK, Australia and South-East Asia.

A few weeks before moving to the newly listed company, Pillay was asked to join the treasury team to help set up the function from scratch. Her decade-long working relationship with the incoming treasurer, Russell Mumford, meant that she trusted him to take a leap of faith.

## A blank canvas

The original two-person treasury team's main job was to look after bank financing and legal requirements for Motus. The company's cash management activities were outsourced to an external provider.

Just over a year later, the team had arranged Motus's debut international revolving credit facility (RCF). The company secured a £120m three-year RCF with a consortium of seven banks in January 2020, which was a sustainability-linked loan (SLL) aimed at reducing the company's fuel and water consumption.

"It was a steep learning curve for me, as I had to work with lawyers and bankers to ensure everything was in place. But it was also exciting and challenging, which is what I wanted and why I decided to stay in treasury," says Pillay. She remarks on the wide variety in the day-to-day work. "No day in treasury is the same, which means that every day I'm learning something new," she adds.

As Motus treasury has a multi-bank structure, Pillay had to learn to navigate the different structures of each bank and adapt to their ways of working. She is also learning how to manage cash and working capital requirements, as well as getting into the weeds of the different businesses' operations.

According to Pillay, she has had to change her mindset to work in treasury. She explains: "As an accountant, I used to analyse the results of past events, but now I am helping to shape what the results will be. Instead of thinking like an accountant, I need to think like an operations person." In addition, her skill set has continued to expand, particularly following the group's decision to bring cash management in-house. The size of the team was doubled and two new treasury analysts were hired.

On a daily basis, Pillay is mainly focused on the domestic operations' cash requirements, where most of the funding is required, but she also has some involvement in the international businesses. She is directly engaged with debt refinancing discussions. "It is challenging to go through the refinancing process with the bankers and lawyers to ensure both sides are in agreement," she says. She is also part of the asset-liability committee and compiles the quarterly company reports.

Motus's funding is multi-faceted, including bank funding, asset-based floor plan financing, letters of credit (LC) and credit lines. For example, as an importer in the automotive sector, it uses LC funding for shipments. The retail businesses, on the other hand, use floor plan funding from the original equipment manufacturer (OEM). The car rental businesses also have floor plan funding. For its fleet businesses, Motus uses asset-based funding.

While supply chain finance is not currently a large source of funding for Motus, the group is beginning to look into it for the China businesses. "We are exploring if there's a need but, thus far, there isn't a driver to indicate that it's something worthwhile for us to pursue," Pillay says.

## Banking relationships

While Motus has been multi-banked since the demerger, it has expanded the number of banks over the past six years. From a domestic perspective, the company engaged mainly with three large South African banks at the outset, but has since developed strong relationships with small and medium-sized institutions as their interest in Motus grew.

"Domestic banks have seen the value we've generated following the unbundling," Pillay says. "They see the company as good credit and, therefore, are interested in investing in Motus."

Building robust relationships has meant that the South African institutions have been willing to be part of international syndicates, which was not the case at the time of the inaugural international RCF in 2020.

Motus has also cultivated banking relationships internationally to support its operations abroad. In July 2024, for example, it secured a £150m refinance of its multi-currency facility collectively with South African and international banks for its international businesses.

Its major bank in the UK is Barclays, which has been "very supportive" in recent years, according to Pillay. "Barclays likes to get involved with the international funding, but also wants to be involved in-country," she says.

However, establishing and maintaining strong international relationships has been negatively impacted by forces outside treasury's control. While Motus had many foreign banks showing interest when it listed on the JSE, the Covid-19 pandemic followed by the greylisting of South Africa by global financial crime watchdog Financial Action Task Force in February 2023 – and the country's subsequent downgrade – saw several foreign banks exit the country.

Importantly, other international institutions have stepped in after Motus launched ancillary businesses in their home countries. "While some banks exited because of the country view, others have stayed and have offered more as evidenced in our international refinance," says Pillay. "These banks see Motus as being good quality credit, with a stable management team, so they have given us a lot of support."

## The Covid effect

As a diversified (non-manufacturing) business in the automotive sector, Motus has been able to generate cash. Even when it was part of Imperial, the automotive business was the cash-generating engine, supporting the logistics business, according to Pillay.

However, not long after Motus's RCF, South Africa went into a 'hard lockdown' in late March 2020 due to the Covid-19 pandemic. "We couldn't sell cars, which is our main business, but of course there were still costs to pay. It was very stressful for all companies in the country because of the uncertainty around when they were going to get cash in and what the banks would do," explains Pillay. "So, we held many meetings with our banks to ensure they would support us – which, fortunately for us, they did and even extended the support that was needed." Knowing that the South African banks were supportive allowed her to sleep at night during the pandemic, she adds.

The global pandemic had a significant impact on the automotive sector and its supply chain, particularly importers and OEMs. First, there was a semiconductor chip shortage, so vehicles couldn't be produced. The shipments were on back order and then suddenly arrived, which created a

challenge as to where to park the vehicles and how to move the stock, according to Pillay.

As Covid-related pressures began to ease, South Africa's monetary policymakers started raising rates in November 2021, which impacted consumer demand. "Customers' wallets were squeezed and credit applications weren't going through, which stopped the cars from flying off the lot like they used to and left us with a lot of stock," she says.

While stock are still moving slower than pre-pandemic, Pillay reports rising positivity in the past couple of months as interest rates started to come down. In addition, South Africans are now able to access a portion of their retirement savings under the newly implemented two-pot retirement system, effective as of September 2024.

"We have seen vehicle sales pick up in the past month or so, which has been good for us and we hope that will continue," she says. "However, market sentiment indicates that interest rates will stay higher for longer, so we'll see how that plays out. In addition, the influx of cheaper Chinese car brands coming into the country is an emerging challenge." Motus sells Chinese brands in its retail business, but doesn't import them.

## Cash concentration

The fallout from the pandemic also revealed inefficient cash management in the international operations resulting in the uneven distribution of cash within Motus, with some businesses being cash poor while others sit on idle cash. "The impact of Covid highlighted the need to bring everything together, so we could use cash more efficiently," says Pillay. "We initiated discussions with our banks to look at how best to do cross-border cash management."

Following these discussions, Motus set up an innovative London-based cash pool with J.P. Morgan, for which it won Best in Class Treasury Solution in Africa at the 2023 Adam Smith Awards. It was one of the first South African corporates to create such a structure because of the stringent local exchange control regulations put in place by the South African Reserve Bank (SARB). In addition, setting up a cash pool required the central bank's approval.

The solution included Motus using its domestic treasury management company (DTMC), which serves as a holding company for foreign assets. SARB allows Motus's DTMC to move currency outside of the country up to a limit without seeking approval each time. "We use the DTMC in the cash pool, which also includes the UK businesses for the moment, as well as a small business in Africa. These businesses deposit their cash into the pool, so we can use it across the group as required," Pillay explains.

However, implementing the cash pool was difficult at the start because many businesses didn't want to lose control over their cash. "It took time and effort to make them comfortable with centralising cash, but we managed to get them over the line by showing the advantages from an interest perspective," she says. "Today, there is more willingness to send cash up to head office to manage it for them."

## Digital transformation

The team uses a treasury management system (TMS), which has a cash forecasting model to manage the daily funding requirements for the domestic businesses. However, like many other treasuries, the team doesn't use all the functions available in the TMS. "In this age, treasury teams are still grappling with going digital. Most are more comfortable using Excel spreadsheets – we still use them on a day-to-day basis," Pillay admits. However, she is working on making treasury processes more efficient and eliminating repetitive work, which includes using the TMS as efficiently as possible, as well as removing paper from processes.

Motus uses an outsource provider for its TMS and pays a license fee. As such, the treasury team is not fully engaged in developing the system. However, Pillay says that the current provider has young teams who are interested in introducing AI technology and robotic process automation. The South African banks have also invested in going digital, Pillay reports. "There has been much improvement in their capabilities, but there's still a lot more that can be done," she says.

She is engaging with the banks to explore how they can better distribute information to Motus. "We are getting banks to send us information via a robot or application programming interface," she explains. "On most days it works wonderfully, but some days there are glitches and then people start losing hope."

## Career challenge

Recently, Pillay has been focused on completing her Association of Corporate Treasurers (ACT) qualifications. Although she receives exemptions as a CA, she decided to take the long route because she was new to treasury. She has completed the module needed for the certificate, as well as two modules for the diploma. "The challenge was to be disciplined in studying after a long time, but I managed it," she says. "I found the ACT's curriculum to be both practical and relevant. It's given me a different outlook on treasury and helped to change my mindset. I now walk around and evaluate how the business operates."

Another challenge she has faced in the past five years has been the difficulty, particularly in South Africa, to find individuals interested in treasury, she reports, as it's not as accessible as other careers. "South Africa needs to take treasury a bit more seriously," she says. "Treasury is considered a real career in other countries, but we haven't yet reached that level of maturity here."

Diversity in treasury is also an issue in the country. While there is some efforts to move women into more senior corporate roles, Pillay believes that treasury is not being promoted as a career for women. Instead, the preferred route for most is going into finance and becoming a CFO.

In 2025, Pillay is looking forward to achieving the ACT diploma. She also wants to move from performing daily cash management activities to more strategic elements of the business. "The next step in my career journey is to be more involved in the strategic planning, funding structures and sources, effectively putting into practice the knowledge that I've gained from the ACT courses," she says. "It's exciting to learn and read the case studies, but it is a different thing to actually do it. Funding structures is exciting, interesting, challenging and potentially quite stressful, but this is what I want to explore this year."

# Pushing the boundaries of bonds

*The bond market is proving remarkably resistant to innovation despite the efforts of corporates to lead the way in terms of digital and social issuances.*

A recent research note from BNP Paribas recognised that digital bond liquidity remains limited as investors ponder a fragmented market with multiple tokenisation platforms and an evolving regulatory framework.

The benefits of issuing a security in electronic form as a centrally registered security are limited compared to issuing a bond evidenced by a (traditional) global note explains Thomas Jost, Head of Corporate Debt Capital Markets D/A/CH at Deutsche Bank.

"It precludes obtaining higher visibility on the investor base and at the same time does not significantly accelerate the documentation and settlement process," he adds.

In accordance with the EU Listing Act, supplements of issuance programmes cannot be used to introduce new types of securities for which the necessary information has not been included in the base prospectus.

"It is possible that the introduction of a digital bond to an existing programme can be categorised as such," says Valérie Ghesquière, Head of Corporate Debt Capital Markets EMEA at ING. "Therefore, creation of new documentation might be needed, which can be expensive and cumbersome."

Despite these challenges, some forward-thinking corporates have taken the plunge. The highest profile digital bond issuer is German multinational technology conglomerate Siemens, which in September 2024 issued a second digital bond in accordance with Germany's Electronic Securities Act.

The bond had a volume of €300m and a maturity of one year and the securities transaction was settled via the private

> Last year's €60m digital bond issuance required a two-day settlement period. As a result, this time the settlement risk was almost fully eliminated for all parties involved.
>
> Peter Rathgeb, Group Treasurer, Siemens

permissioned blockchain of German fintech SWIAT and the Trigger Solution provided by the Bundesbank, making it possible to settle the bond within minutes and in central bank money.

When asked whether there are any aspects of the digital bond issuance process that are particularly challenging, Siemens refers to the need for harmonisation of national and European regulation. It also notes that digital bonds issued in a decentralised cryptosecurity register cannot be listed on a stock exchange as this would require a central securities depositary as per the EU Regulation on Central Securities Depositories.

"Automated processing within a few minutes shows the enormous potential of this new technology," says Peter Rathgeb, Siemens Group Treasurer. "Last year's €60m digital bond issuance required a two-day settlement period. As a result, this time the settlement risk was almost fully eliminated for all parties involved."

On the question of whether there is sufficient availability of advisors with knowledge of this type of bond issuance, Rathgeb says he expects an increase in advisory services as the scale of digital bond issuance increases.

Proponents of social bonds refer to their potential to fund projects with positive social outcomes. However, Shubha Samalia, ESG Macro Strategist and Alvaro Vivanco, Head of ESG Macro Strategy at NatWest, note that issuance volumes have broadly stagnated since the first quarter of 2021.

They refer to a shortage of investment products, concerns about diversification and fears of 'social washing' as the main barriers to greater issuance.

"In most cases, social bonds are used to finance projects in the areas of education, healthcare, affordable housing and basic infrastructure," says Mirko Gerhold, Head of Corporate Bond Origination & Solutions at Commerzbank. "Given that these social areas are usually financed by the public sector and in some cases by banks, we only rarely see social bond issuance by corporates."

Challenges facing corporates looking to issue social bonds include defining eligibility criteria and quantifying social impact at the issuer level suggests Hayley Basterfield, Global Head of Bond Syndicate & Liability Management at Lloyds Banking Group.

"Social bond frameworks show variety in eligible activities and associated metrics, covering themes such as job creation, affordable housing or healthcare access," she says. "Greater understanding of social eligibility criteria and impact measurement, regulatory support and strong investor demand will help support more corporate participation."

With the typical transaction size being at least €500m, the limited supply of corporate social bonds is also a matter of feasibility. Classifying this amount of expenditure to address social inequities suffered by a specific population is a challenge for most companies – apart from those active in healthcare and social housing.

Ghesquière explains that any issue size smaller than €500m has an impact on liquidity in the secondary market and hence investors are less willing to put their money to work for these sub-benchmark trades. In addition, very few investors have dedicated strategies focused on social bonds.

"Another consideration is that expectations by investors concerning eligible categories and expenditures are still less standardised compared to green expenditures," says Boris Kopp, Head of Capital & ESG Solutions EMEA at Deutsche Bank.

But there are signs that European companies in particular are warming to social bonds. For example, Finnish learning and media company, Sanoma Corporation, issued its first social bond in September 2024, raising €150m.

"The bond helps us to emphasise the positive impact our learning business has on society, which is otherwise difficult to measure or quantify," explains SVP Group Treasurer, Sirpa Louhevirta. "The social element in the bond also attracted investors that might otherwise not have invested in our unrated bond, improving the order book and tightening the pricing somewhat."

When Sanoma started to plan the issuance it held discussions with a small number of banks to understand the potential options available in the market.

"During the discussions, the unique option of the social bond became evident," says Louhevirta. "As it was introduced and strongly recommended to us by Swedbank, they were an easy choice for the advisor role for the framework and acted as joint lead manager – with Nordea Bank – in the issuance. We also spoke to several second party opinion providers, of which ISS had the widest experience in similar type of frameworks."

In April 2024, German residential real estate company Vonovia issued a ten-year unsecured social bond with a total volume of €850m, which was almost five times oversubscribed.

"This bond is proof that we can combine our social responsibility with our excellent access to the capital market," explains CFO, Philip Grosse. "We took advantage of the very strong market environment opportunistically with the only euro bond on the market."

The proceeds of the bond – the second social bond issued by the company following a similar issuance in 2022 – will be used for occupancy-based apartments for low income households, affordable housing and apartments with minimal entry requirements.

Vonovia believes social bonds help transfer socially responsible behaviour to the capital market and that they have achieved a similar level of acceptance to green bonds and can keep up in terms of price.

Itaú BBA's Head of Debt Capital Markets, Luiza de Vasconcellos, refers to growing interest in blue bonds (a debt instrument that raises funds for projects that benefit the ocean and climate). "In Brazil, one of the sectors that has a natural social vocation is sanitation, so we have seen a number of blue issuances, many of which have social components," she says.

The mood music around green bonds from an investor perspective is largely positive. Matthew Toole, Director of Deals Intelligence at LSEG Data & Analytics recently observed that the first three quarters of 2024 had been the strongest nine month period for green bond issuance since records began in 2015 despite headwinds from political uncertainty and regulatory change.

Since 2021, the value of green corporate bonds has been more than that of carbon-intensive corporate bonds in nearly every calendar quarter until Q324. This makes Italian sustainable energy company A2A's placement of the first European Green Bond by a European corporate issuer in January particularly significant.

The €500m bond with a ten-year tenor was more than four times oversubscribed.

A company spokesperson explains that the bonds are subject to specific reporting and transparency requirements, ensuring that the funds are being used for the intended environmental purposes and envisaging the annual reporting of the environmental impacts.

"One of the biggest challenges is clearly defining what qualifies as 'green'," she says. "There is no universally accepted standard for what constitutes a green project or investment. The development of the EU Taxonomy is a step forward in clarifying what is considered environmentally sustainable though."

She also acknowledges that the issuance of green bonds may involve additional costs for legal, structuring and certification services. Issuers need to demonstrate that the projects align with green objectives, which often requires detailed documentation, analysis and external opinions to gain investor confidence.

Investors in green bonds typically expect ongoing transparency regarding the environmental impact of the funded projects. Issuers therefore need to provide clear, credible reporting on how funds are used and the environmental outcomes achieved, and this can require significant additional effort, time and resources to track and report performance and also involve a third party verification provider.

"There is increasing availability of knowledgeable advisors, represented currently mainly by ESG advisory teams of the major banks," adds the A2A spokesperson. "The advisory landscape is rapidly evolving, so the supply of skilled advisors will likely continue to grow as the sustainable finance sector matures."

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>
> Sirpa Louhevirta, SVP Group Treasurer, Sanoma

One step companies can take to make their green bonds more appealing to investors is to target investors with specific mandates.

"The more demand we have for these instruments, the more appealing they can be to the issuer from a pricing perspective," says de Vasconcellos. "ESG investors tend to have a buy and hold profile, which tends to also be positive for issuers and support the issuer's bond secondary levels during periods of volatility."

Gerhold observes that although a growing number of corporates have adopted climate transition plans, some choose not to issue in sustainable format but rather to take a holistic approach to sustainability in general.

Gender-focused sustainable bonds have been described as useful instruments to finance projects to support gender equity, encompassing issues related to female empowerment, advancement and equality.

But this is another area where corporates lag sovereigns, supranational and agencies in terms of issuance. According to Amundi, companies account for only 14% of gender bond issuances as the market grapples with a lack of clear guidance around issuance of (and investment in) gender-focused fixed income instruments.

Ghesquière adds minimum volumes to the list of challenges. "Sustainability-linked could be a nice option, but ultimately investors still expect and will focus on climate and green KPIs for these instruments," she says. "It is generally much easier for financial institutions and sovereigns, supranational and agencies to address the social topic and thematic topics within the social universe, including gender."

Itaú BBA is not aware of any institutional investor with a clear gender mandate for use of proceeds bonds, observes de Vasconcellos.

"The cases we have had in Brazil relating to gender were mostly in the sustainability-linked bond format using gender targets, which is different from having a gender use of proceeds," she says. "Demand for use of proceeds gender bonds normally come from development financial institutions and multilaterals, in line with their strategic goals."

Generally, this market has been nascent with development banks playing a role in the past, concludes Kopp. "We haven't seen this market growing substantially over recent years."

# Cyber risk: how board buy-in and understanding key dependencies can beat the criminals

*Security experts warn cyberattacks are set to quadruple off the back of GenAI. Corporates can hit back against the criminals by collaborating with others, ensuring board ownership of the problem and thinking like their adversaries. Meanwhile although most companies tend to pay ransomware, rarely does this bring a full recovery.*

Corporates should expect more cyberattacks from nation states leveraging AI technology to craft smarter scams, automate attacks and find security gaps. But the democratisation of new, easy to use technology like GenAI means more nation states will deploy cyberattacks as well as criminal enterprises that seek to profit from cybercrime.

"Between 25-40 nation states currently leverage cyber as part of their national security operation. We expect to see this triple or quadruple, making cybercrime more complex and more sophisticated," warns Sean Joyce, PwC's Global & US Leader on Cybersecurity, Privacy and Regulatory Risk who consults in some of the most prolific cyber breaches and who also served as the Deputy Director with the FBI. "These tools are available for everyone, and very ineffective guardrails exist right now," he tells Treasury Today.

It's a similar message from Rusty Clark, Head of Cybersecurity Intelligence at J.P. Morgan Chase & Co. "Gone are the days of poorly worded phishing emails. AI has significantly raised the bar for threat actors in general, enabling even relatively unsophisticated bad actors to craft convincing content that can be difficult to detect, even by well-trained eyes."

It's a salutary warning for firms already aware of the risk of ransomware that can paralyse computer systems unless a payment is made, deepfake scams and the constantly changing nature of cyber risk. In Asia, breakneck digitisation but often poorly defended banks and companies means the region is experiencing the sharpest increase in cyberattacks in the world and an area where cyber criminals experiment with their latest ransomware before targeting richer countries that have more sophisticated security methods.

## What should companies do?

The speed of a company's ability to recover from a cyberattack is directly linked to knowledge around key dependencies in the company. Or, to put another way, how the company makes money. From this, firms can trace back to the software applications that support how it makes money (a website or customer service operation, for example), the data behind those applications, and where it resides. "It is about understanding where those critical dependencies are and having the ability to back up so you can recover quickly," says Joyce.

Another way to view risk is to understand the element of the market that is most dependent on the goods or services the company sells. This may not align with what the organisation thinks is most important internally, warns Simon Viney, Cyber Security Critical National Infrastructure Lead at BAE Systems Digital Intelligence, responsible for cyber security across the UK's critical national infrastructure spanning telecoms to financial services.

"Something that is not financially material to an organisation is often fundamental to a wider supply chain or individual consumers," he explains. "A company may be able to 'last a week,' but that doesn't include the huge disruption to the market as a whole. Firms need to think outside the box and understand how they ensure they take a big picture approach if an attack happens. For example, it could mean passing some of the work to a competitor."

Companies also need to quantify the risk of a cyberattack. Many firms still adopt a qualitative, woolly approach that defines cyber risk as high or low. Instead, they should understand the potential impact from a range of estimates – and show how the risk budget is being effectively used. "It can be challenging for an organisation to regularly demonstrate its value, especially when a significant part of its mission involves taking preventative measures to avert potential incidents," says Clark.

Viney counsels on the importance of testing security controls in a structured manner that is consistently challenging. It involves adopting a mindset whereby the company acts like a threat group itself, working through barriers in a systematic process to achieve the same objective as the criminals.

"Companies should think like their adversaries. Think, we know how our systems work. If we were going to disrupt it, what would we do? Continue testing through the process so even when internal security processes manage to prevent a breach of one barrier, carry on," he says.

It is an approach championed by the Bank of England's CBEST scheme [Critical National Infrastructure Banking Supervision and Evaluation Testing] and has provided such valuable insights many banks have adopted it internally. "This approach gives real world insights that teams can take to their board. They can say, 'we tried this, and we know this can happen; this is how easy it was. How happy are we about that?'" says Viney.

Companies require perimeter controls and walls, but they also need a fallback plan because some attacks will always get through. It involves striking a balance between prevention as much as possible alongside robust recovery plans and resilience to forms of disruption. "It is about minimising both the time it takes to resolve an attack and the disruption to customers," says Viney. "Think through which risks you are prepared to live with. Companies should set barriers according to their values and around the things they are most concerned about."

Another element to consider is the people, adds Clark. "The most successful threat analysts tend to have two key intangibles: curiosity and a constant desire to grow. As leaders, it is our job to identify those analysts and ensure they have the right opportunities for long-term growth."

## Collaboration

Treasury Today interviewees call for more collaboration between companies. Communication can flag suspicious traffic or unusual behaviours and act as an early tip off for others. It also helps companies tailor their approach to tools and technologies that have worked. But it is an aspect of mitigation that many firms find challenging because they are competitors. In many jurisdictions, companies are reluctant to share threat intelligence because of legal issues and collaboration also requires board approval. Organisations that champion and showcase the benefits of cooperation include the UK's National Cyber Security Centre, NCSC, part of GCHQ. Elsewhere Singapore has created a dedicated task force focused on cybersecurity that seeks to coordinate efforts, share best practices and develop comprehensive strategies to combat cybercrime effectively. But cooperation is nowhere close to where it needs to be. "We have no international norms or regulations established that we can leverage. We are still operating in a 20th Century mindset when it comes to understanding cyber risk yet in the 21st Century, digital information moves at machine speed and the threat changes very quickly," says Joyce.

BAE Systems' Viney is encouraged by the emergence of informal relationships between cyber teams based on personal relationships at different companies. But he agrees wider cooperation can be poor. "It does come down to individuals," he says. "In my experience of informal working groups, many people join, but few contribute." It leads the conversation back to their first point: no company operates in a vacuum and cyberattacks target the whole ecosystem. Large banks might be able to withstand a breach because they have the budget, but SMEs with small cyber budgets are still part of the ecosystem. "No one operates by themselves. All companies are part of a broader ecosystem and how do we protect that ecosystem," says Viney. "A business can have one of the best cyber defence postures and still lose essential services or have sensitive data exposed due to a third-party compromise," says Clark.

## Board involvement

Corporate boards play a central role in navigating cyber risk. A good board is across the risk exposure, and the company's risk appetite. "If a breach happens, what is the recovery time and how does the board feel about that. What is the culture around cyber risk and who owns it?" questions Joyce. Executive managers are key stakeholders and should lean in as part of the solution and initiate training, he continues.

Yet often his conversations with boards begin with requests for how their cyber framework and response compares to industry peers. "This is not the best question because every company is unique," says Joyce.

In another worrying trend, the treasury function is not always involved in cyber risk as a primary stakeholder. Yet the treasury function is an obvious focus for thieves. For example, cyber teams should be across the social media presence of key members in the finance team (a rich hunting ground for bad actors to scrape personal information to fashion deep fake voices and video) and close gaps in training following staff rotation. A recent missive from the World Economic Forum called on firms in APAC to make cyber security leadership and governance a priority by appointing qualified professionals with expertise in cybersecurity to executive positions and boards of directors to create "an intelligence led prevention first cybersecurity approach to combat the new frontier of cyber battlefields."

## Paying up?

PwC's Joyce estimates that between 40-60% of corporates pay ransomware because they can't sustain the financial loss from the business interruption and can't reestablish normal operations quickly enough. Worryingly, even when companies do pay up, they don't always get a full recovery. "When they get the keys back, the data doesn't unlock cleanly because it has lots of bugs. It's not as simple as people think," he says.

Insurance policies can bring financial redress, but don't minimise disruption or the impact of diverted staff attention. And companies can't rely on law enforcement. "It's very difficult to find perpetrators, particularly when it is driven by nation states," says Viney.

Joyce notes that "naming and shaming" doesn't put the criminals off. One of the only ways they are held accountable is if they travel outside their country – which they rarely do. "The consequences haven't been at a level that has changed behaviour," he says. The experience of MGM Resorts International is instructive. Following a breech in 2023 the company didn't pay its attackers but the incident cost hundreds of millions in earnings and consulting, legal and technology fees. In its 2023 annual report, the casino operator said it anticipated further costs from class action lawsuits and federal investigations relating to the attack.

## Can technology help?

All Treasury Today interviewees agree that throwing more money at the problem is not the solution: the best way to beat the criminals is to understand those key dependencies. Nor is technology the silver bullet to fighting cybercrime. Organisations are building AI into the cyber security, fraud and anti-financial crime operations and AI has lots of positives. It is being used to test models, and spot rogue behaviour patterns and deep fakes, for example. "AI is better at spotting AI than we are," says Jessica Cath Partner at Thistles Initiative. But AI still requires a human guiding and overseeing the technology. Elsewhere, new technologies like behavioural biometrics might offer a more robust biometric screening because they are harder to clone and make it easier to identify when someone else has taken over your device. But Cath says biometrics shouldn't replace human checks. "Have checks that are proportionate to the size and value of money moved," she concludes.

# This much I know

## Colleen Ostrowski

Senior Vice President, Global Treasurer

*Visa's Colleen Ostrowski talks family, purpose and the importance of being part of a team.*

### Describe your typical workday

My day begins with a quick check of the markets as soon as I wake up. There's always something happening in the world, and I like to stay informed. On my train ride to the office, I catch up on emails, check if anyone is issuing and sometimes glance at my calendar. Admittedly, I'm a "just in time" reviewer of my calendar, which has its downfalls!

Once I arrive at the office, my day often feels like a whirlwind of back-to-back meetings. Despite the busy schedule, I make it a point to carve out "work time" and roam the office to check in with my team. Our open floor plan makes it easier to connect with everyone and stay engaged.

In essence, my workday is a dynamic blend of market analysis, email correspondence, meetings and team interactions. It's this variety and the constant flow of new challenges that keep me energised and motivated every day.

### Describe your style of leadership?

I strive to create a culture where everyone feels valued and empowered to do their best work and to show up as their authentic selves. One of the key aspects of my leadership is being approachable and available for my team. I make it a point to be present and engaged, offering support and guidance whenever needed.

### What are the key ingredients of career success?

For me, one of the main key ingredients to my success is my family. In the list of ingredients, they come first. I also believe that having a strong sense of self and purpose is crucial. If you are working solely for more pay or a bigger title, success can be elusive. However, if you are driven by a desire to make an impact and support others, success tends to come more naturally and quickly.

It's important to be willing to put in the effort and roll up your sleeves to do what is needed. This includes being open to taking lateral moves and learning new areas outside of your comfort zone. Embracing these challenges can lead to personal and professional growth.

I don't think there is a one-size-fits-all set of ingredients for everyone or for every career. However, I believe that having strong values, being your authentic self, and consistently showing up for your team are three key elements that likely stand the test of time and are relevant across any career. These principles not only help in achieving career success but also in building meaningful and lasting relationships in the workplace.

> "I make it a point to carve out 'work time' and roam the office to check in with my team. Our open floor plan makes it easier to connect with everyone and stay engaged."

**ONLINE**

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

### What gets you up in the morning?

I'm a morning person, so it doesn't take much to get me up in the morning! Plus, I have two kids, two dogs and two cats, so someone is always making sure I'm up. But beyond the early morning chaos, what truly gets me up in the morning is the excitement and energy I feel for my job.

I have been in treasury for many, many years, and it never gets old or boring. Each day brings new challenges and opportunities, and I love the thrill of making progress against a to-do list. Whether it's positioning my company's balance sheet for the best market environment, answering the never-ending FX questions, or meeting with banks, rating agencies, insurance brokers or underwriters, I am constantly engaged and motivated.

One of the things that really energises me is the sense of accomplishment I get from helping my company achieve its growth ambitions. I take pride in knowing that my work has a direct impact on our success, and that drives me to give my best every day. I also find great satisfaction in solving complex problems and finding innovative solutions that benefit our team and the company as a whole.

In summary, what gets me up in the morning is a combination of my passion for my job, the sense of accomplishment I get from helping my company succeed, the inspiration I draw from my team, and the love and support of my family. Each day is a new opportunity to make a difference, and that is what keeps me going.

> “ I strive to create a culture where everyone feels valued and empowered to do their best work and to show up as their authentic selves.

### What inspires you and how do you inspire others? What advice do you have for those seeking to advance their careers?

I am truly inspired by my team. Their dedication, creativity and hard work motivate me every day. I strive to inspire others by being open and transparent in my leadership. I believe that honesty and clear communication are essential in building trust and fostering a positive work environment. I hold myself accountable for my actions and decisions, and I always have my team's back. By supporting them and standing by their side, I aim to create a culture of mutual respect and collaboration. This approach not only helps in achieving our goals but also in building a strong and cohesive team. By being there for each other, we can overcome any challenge and achieve great things together.

In addition to my professional responsibilities, I am also deeply committed to my family. They are my biggest supporters and my greatest source of joy. Balancing my career and family life can be challenging, but it is also incredibly rewarding. Knowing that I am setting a positive example for my children and providing for my family motivates me to keep pushing forward, even on the toughest days.

Advancing your career is a journey that requires dedication, a positive mindset, and a willingness to go above and beyond. One of the most important aspects is to consistently put in the effort and show that you are reliable and capable. This means not shying away from any task, no matter how small or challenging it may seem. By demonstrating your readiness to tackle any job, you build a reputation as someone who is dependable and proactive.

Another key element is maintaining a positive attitude. Approaching your work with enthusiasm and a can-do spirit can make a significant difference. It not only boosts your own morale but also positively influences those around you. People are naturally drawn to individuals who exude positivity and are willing to take on challenges with a smile.

Equally important is having strong values and integrity. Upholding ethical standards and treating others with respect and kindness will earn you the trust and admiration of your colleagues and superiors. This trust is invaluable as it forms the foundation of strong professional relationships and opens doors to new opportunities.

### Profile

Colleen is responsible for Visa's Global Treasury Function including Global Cash Management, Capital Markets, Insurance, Financial Risk Management, Global FX Solutions and Settlement Operations. She is co-lead of Diversity & Inclusion for Finance and a member of Visa's woman's network and on the steering committee of Women in Finance. Her previous roles include SVP, Treasurer, and Head of Investor Relations at Mylan (now Viatris) and an 11-year career at Pfizer where she worked in various treasury roles. Colleen received her MBA from Pennsylvania State University and B.S. in International Business from Juniata College.

# TAKING THE RISK OUT OF RISK MANAGEMENT

*Vendors may not agree on how much banks could save through better use of technology in risk and compliance functions, but there is consensus on the ability of treasury systems to improve controls and reduce complexity.*

A report published by Nasdaq and Boston Consulting Group in late January suggested that targeted enhancements in banks' risk and compliance functions could reduce risk and compliance expenditure by up to 20%. According to Leo Gil, VP of Product Management for treasury at Bottomline, that could be a conservative estimate if operational costs related to employees, system maintenance, efficiency improvements and regulatory compliance – along with the potential missed opportunities from poor customer experiences, missed competitive plays, data security risks and lost revenue – are taken into account.

"Our experience with existing and prospective customers is that for the majority of banks, risk and compliance services are still provided via a scattered and loosely integrated infrastructure," says Thomas Lederer, Senior Manager Solution Consulting Europe, Treasury & Capital Markets at Finastra. "By moving away from disparate tools and spreadsheets towards a robust solution that enables automation, banks can benefit from reduced manual interventions and operational risk." Through microservices architecture and modern APIs, institutions can further increase their agility with the ability to quickly onboard new services in response to market, regulatory or business demands.

Neil Katkov, Director Risk at Celent is a little more guarded, noting that although technology can improve analytics and help automate processes, it is very difficult to reduce costs. "Deep learning (an advanced machine learning technology) can increase the accuracy of suspicious activity detection systems by up to 50% and generative AI can improve on this by 15% or more, which means that anti-financial crime analysts at banks would have to decision fewer alerts," he acknowledges. "However, a backlog of compliance-related activities such as investigations, reconciliation, look-backs and yesterday's alerts will keep analyst teams busy."

Moreover, new regulations and more strictly applied regulation is constant and requires additional technological and operational capabilities. The Nasdaq/Boston Consulting Group report found that financial institutions are turning toward strategic technology partners that offer holistic solutions to their biggest risk and compliance challenges.

Adam Gable, Senior Product Director at Temenos observes that many banks still use inefficient legacy systems which lack proper interfaces and have limited or siloed datasets with different systems required for risk and regulatory monitoring and reporting. "Industry leaders are increasingly adopting more tightly integrated solutions to modernise their risk and compliance function," he says. "These solutions enable real-time data tracking, workflow automation, the use of AI/machine learning tools for driving efficiency and adoption of agile frameworks to quickly adapt to regulatory shifts."

As the regulatory landscape and compliance demands continue to evolve, macroeconomic risks become more difficult to navigate. Another challenge is that as banks grow, knowledge often becomes scattered across various departments and there can be a lack of joint ownership over similar risk functions. "By implementing an end-to-end, best of breed and cloud-based treasury system, banks can streamline their risk and compliance functions while having the agility to evolve with new demands," adds Lederer.

Reducing complexity for treasury teams rests on prioritising automation and auditability, whether operationally or around regulatory mandates. Banks have strict credit and lending obligations, including regulations regarding the volume and value of deposits, explains Gil. "These deposits are often spread across disparate systems such as asset and liability management systems, payment systems, legacy systems and even spreadsheets," he says. "Treasurers often face the onerous burden of manually collating this data, leading to inaccurate forecasts and unnecessary risk for the bank. Factor in fraud prevention measures and sanctions compliance and it is clear just how critical automation in policies and workflows has become."

Top-down consolidation of risk and compliance systems and processes is a huge change project and banks seldom take this path. Fortunately, there are some technology approaches that can help reduce complexity and improve analytic outcomes relatively quickly. "For example, KYC requirements are handled through a patchwork of systems and processes that have evolved over time including identity verification, sanctions screening and entity risk assessment and for business customers, entity classification, corporate documentation and beneficial owner analysis," concludes Katkov. "These elements need to be monitored and updated on a periodic basis." ■

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# Treasury recruitment: communication skills pay in an employers' market

*Treasury recruitment specialists say the shortage of roles is resulting in treasury professionals jumping ship to private equity. Communication skills and the ability to persuade and think strategically are more prized than ever, while in Australia, Worley Group's David Rowe reflects on his recent recruitment priorities.*

The recruitment pendulum remains firmly in favour of employers and there is not much movement in senior treasury talent in Europe or the US today.

In marked contrast to the post-Covid employees' market, treasury recruitment specialists reflect that talented, senior treasury professionals are finding it harder to take the next step up the career ladder in the current market, especially given the number of large corporates with international treasury roles is finite.

"We are seeing a shortage of roles not a shortage of talent," says Rachael Crocker, Managing Director, Europe at Brewer Morris. "It's nice for companies because we see excellent senior talent and are spoilt for choice. There is a long list of people I can pick up the phone to."

> Emotional intelligence is important. Recruiters can delve into the real and personal, unearth motivations and encourage people to be open rather than have applicants say what they think others want to hear.
>
> Marios Georgiou, Business Director specialising in treasury recruitment, Hays

Positively, treasury tends to be recession proof – the role of managing risk and liquidity becomes even more essential in a downturn. Moreover, treasury is also a specialist occupation and businesses that hire non-treasury people to the function often struggle.

Crocker says treasury salaries as stagnant although they have levelled up compared to other compensation in corporate finance like tax. In another trend, she says team structures have changed so that treasurers increasingly report to the CFO.

Treasurers are also finding new opportunities even if the way ahead is congested. For example, treasury's plug into different parts of the business and the profession's coveted forecasting and modelling skills, means people are moving into financial planning and analysis roles, corporate finance, M&A or working across hedging and derivatives in roles that require a strategic and analytical mindset.

In another trend, treasury professionals are jumping ship to new opportunities in private equity spin-offs and SMEs that are setting up new treasury functions from scratch. "A move into private equity is one of the most common trends we see in the US," reflects Daniel Clark, based in Brewer Morris' Orlando office where he specialises in senior level accounting, finance and treasury searches.

He says those moving into private equity will find treasury **fast and furious** with a keen focus on cash management and forecasting. Treasury in private equity is usually more manual and with less complexity – the company may not have a TMS, for example – although the use of leverage usually makes debt scenarios more interesting and dynamic.

## The skill set remains the same

Recruitment specialists say employers are looking for street smart, old-school skills; people au fait with ensuring day-to-day processes have been implemented correctly just as much as data analytical skills.

Hard and soft skills in equal measure are as important as ever. Hard skills span the ability to read financial statements, cash analysis and risk management; technical prowess around TMS and, increasingly, regulatory compliance. "Businesses are having to adjust their reporting to ensure it adheres to regulations. The hard skills are a challenge," says Marios Georgiou, Business Director specialising in treasury recruitment at Hays.

Communication skills are also essential. Employers want people with the power to persuade others and think strategically. In many ways, it is these soft skills that distinguish the front office team from mid and back office and recruiters say they are harder to find. Moreover, the interpersonal piece has grown even more important because of technology: relationships can't be automated. "Everything is so automated that as long as treasury is running smoothly it often comes back to the interpersonal skills," reflects Clark.

"Emotional intelligence is important," adds Georgiou who measures candidates' people skills in interviews by role-playing how they would handle situations. "Recruiters can delve into the real and personal, unearth motivations and encourage people to be open rather than have applicants say what they think others want to hear," he says.

Communication and networking skills also equip treasury professionals to seek advice and find solutions to problems, adds Ifan Daniel, recently recruited into the CFO role at Towards, a pioneering mental health organisation following a six-year stint at Mann Group where he was Group Treasurer. "Different firms have different ways of drawing a line on risk factors," he says, reflecting how a conversation with a friend in banking or investment can offer a quick solution and valuable insights on, say, the technicalities of repo and reverse repo and bring comfort with new instruments.

The ability to think strategically is also cited as one reason why there is often a bottleneck bringing treasury professionals up through an organisation organically: it's one thing being able to execute processes, but another having the ability to think critically about what would work better; take responsibility across broader areas and fully grasp the role of treasury as a controls-oriented risk function. One way people can garner missing experience is to move around and expose themselves to new ways of doing things, he suggests. "I recommend more jostling to find the right next step over linear progression."

## Rise of the bots

Advances in technology have changed recruiting practices. Recruiters are inundated with applications making it difficult for candidates to stand out while candidates say they are at the whim of bots. But Treasury Today interviewees reflect that recruitment in treasury remains a people process. "Our generic registration process, getting to know applications and their aspirations, still lies at the heart of my job," says Georgiou. "With AI it's easy to think you've hired the best person, but it turns out you haven't."

Recruitment in treasury remains relationship focused, agree Crocker and Clark. They say their clients in Europe and the US depend on them having a relationship with candidates, understanding up-and-coming talent and the nuances of

different sectors. "There is usually a big gap between the quality of shortlists drawn from AI or LinkedIn-filtered CVs and a specialist recruiter. We have a candidate network and can identify the right people."

## Preparedness to train

According to a recent survey by Hays, employers are increasingly embracing skills-based hiring in junior finance and treasury roles, happy to employ people prepared to learn even if they lack qualifications or an academic background. "Employers are becoming more flexible in terms of the skill set they require and are increasingly viewing prospective staff for their potential," says Georgiou.

Still, Treasury Today interviewees also flag that providing training in treasury roles is getting harder. Many junior roles are now automated and in shared services. It means the traditional path littered with valuable learnings that saw juniors work up via roles in back office and payments has gone.

Entry level opportunities have become much more analytical, and people move into treasury at a later stage in their career. It is leaving a knowledge gap around back office basics – albeit replaced by an understanding of systems and what they can do.

Do people need to know the inner workings of back office and settlements to run a successful treasury? Brewer Morris' Crocker says the jury remains out. "Candidates don't have the same depth of knowledge or real nuts and bolts of back office because they don't come through the same route. The impact of this change remains to be seen," she reflects.

And despite firms' preparedness to train staff, recruiters say formal treasury qualifications shoot candidates straight to the top of the list. The **Certified Treasury Professional** (CTP) designation provides a solid foundation and a launchpad into other accounting or more analytical roles within banking or investment management, says Georgiou. "CTP designations are very desirable in the US too," says Clark.

In contrast, European treasury teams are less particular about exams, but Crocker does note that candidates wanting to tap the best opportunities in Europe must be prepared to travel. "People are really mobile and typically open to working in most European countries."

And she concludes that of course, the most senior roles don't come with training.

"A CFO doesn't have time to invest in training; they want someone who has been there and done that and is able to train up those below," she concludes.

**David Rowe, Group Treasurer at Worley, the Australian resources and energy group**

Over the last 18 months I have recruited two treasury roles, a Senior Treasury Analyst and Senior Director, Treasury. For both roles we saw a high level of candidacy with varying levels and range of industry experience. I'd say it is relatively easy to find candidates for treasury roles, however you need to be very specific about the role, its responsibilities and level of experience you seek. It seems many companies are going through an expansion of their treasury teams across Australia, making it very competitive. This is also having a flow-on effect to remuneration. Key factors I consider when assessing applicants are their experience in managing key stakeholders, how they build and maintain relationships and, importantly, how they will integrate into the team to build and improve performance.

It's important to be very specific around the skills and experience you are looking for and defining the role and its responsibilities. Some candidates in our recent recruitment didn't align to the skills and experience required for the role. The important thing is that there is a baseline level of skills and experience to match the role. Areas around communication, board reporting, relationship management and being more strategic are gaps I have seen across some candidates – these skills vary across organisations and often reflect the maturity of the organisation and its treasury function.

Our initial review of job applicants identifies those with the relevant experience. I then review all CVs of applicants who pass the initial stage. I am a little bit 'old school' and like to develop a preferred candidates list which then goes through further screening, typically involving a 30-minute conversation to learn more about the candidate, their alignment to the role, expectations and why they're interested. From here a shortlist is done, and I interview each candidate to determine the best and most suitable person for the role. My leadership team will then undertake the final interview with the preferred candidate before an offer is made. In short, outside the initial screening of CVs, most of the process I undertake for recruitment still focuses on interviews and getting to know the candidate throughout the process.

Development is important in any role, as is understanding team members' career ambitions and identifying key areas of development. We focus on these to ensure we provide development opportunities to staff, whether it be on-the-job training, job rotations, external courses, access to our global network or career advice.

Formal qualifications are important as they generally help provide a base level of knowledge and understanding in the discipline undertaken. But I think particularly for treasury, work and practical experience, together with exposure to the different aspects of treasury management, are significantly more valuable over time.

# Shifting sands

*As anti-ESG measures gather pace in the US, how is the sustainable finance landscape faring in Europe? And how should treasury professionals be supporting their companies' ESG goals in the current environment? Industry experts share their views.*

It's no secret that the ESG landscape is undergoing something of a shift. As Carine Smith Ihenacho, Chief Governance and Compliance Officer at Norges Bank, stated **at a recent press conference**: "We are in the middle of an ESG backlash: it impacts the market, it impacts companies, it impacts investors."

The evidence of this backlash is hard to ignore, particularly in the US. President Trump's second term has already featured a series of anti-ESG measures, including the announced withdrawal of the US from the Paris Agreement, as well as a series of executive orders scrapping DEI measures. The impact of this shift has already proved significant. In recent weeks, companies including Google, Accenture, Meta and Amazon have reportedly scaled back or scrapped their diversity programmes and recruitment targets. Meanwhile, a number or large US banks have recently withdrawn from the Net-Zero Banking Alliance (NZBA), a group of banks committed to aligning their lending, investment and capital markets activities with net-zero greenhouse gas emissions by 2050.

According to an **article by Bloomberg Law**, the Trump administration's recent actions are also contributing to a rise in 'greenhushing', whereby businesses play down their sustainability efforts due to concerns about political attention, shifting regulatory goalposts and accusations of greenwashing.

> Amidst a more polarised business environment, there is a growing reluctance to make strong statements on ESG topics by companies.
>
> Dr Arthur Krebbers, Managing Director, Head of Corporate Climate, ESG Capital Markets, NatWest Markets

## Polarised environment

The ESG climate in the US may be changing rapidly, but the picture in Europe is somewhat different. While there are numerous ESG-related legislative initiatives in the pipeline, **Mario Draghi's September 2024 report on the future of European competitiveness** highlighted the impact of Europe's regulatory burden on the competitiveness of companies in the EU.

"If Europe's ambitious climate targets are matched by a coherent plan to achieve them, decarbonisation will be an opportunity for Europe," the report states. "But if we fail to coordinate our policies, there is a risk that decarbonisation could run contrary to competitiveness and growth."

Given the recent developments in the US, companies that operate in both the US and Europe may face particular challenges as they seek to balance evolving guidance in the US with regulatory requirements in the EU. As **global law firm Freshfields outlines in a recent blog**, in one possible scenario, "a US company could be required to certify that its EU affiliates do not operate DEI programmes that would be unlawful in the US," leading to challenges regarding global compliance/sustainability programmes.

"Amidst a more polarised business environment, there is a growing reluctance to make strong statements on ESG topics by companies," observes Dr Arthur Krebbers, Managing Director, Head of Corporate Climate and ESG Capital Markets at NatWest Markets. "However, there is still a lot of work happening behind the scenes to integrate sustainability into corporate strategies."

Hannah Simons, Head of Sustainability, Markets, Lloyds Bank Corporate and Institutional, notes that treasurers have an important role to play in embedding sustainability into financial decision-making, "with multiple levers at their disposal." She adds that sustainable finance options, such as green bonds, sustainability-linked loans (SLLs), and sustainability-linked supply chain finance, can help align financial structures with corporate sustainability ambitions.

## Sustainable finance: a maturing market

Where sustainable finance is concerned, Kathrine Meloni, Special Adviser and Head of Treasury Insight at law firm Slaughter and May, argues that the idea of a backlash "is a bit overstated." She adds, "If you look at sustainable finance – by which I mean the labelled products overall – across the EMEA region, we're not seeing a contraction of issuance overall. What we're seeing is a market that's maturing because it's becoming better understood."

According to Meloni, the market for sustainable finance products is not shrinking, but is experiencing something of a rebalancing of the product mix, "with more focus on use-of-proceeds products, and a move away from sustainability-linked products."

She explains that many early movers in the sustainability-linked loan market were larger listed companies, which have subsequently developed sophisticated sustainability strategies and credentials. "So the role of the sustainability-linked instrument is just not needed anymore as a tool for amplifying your sustainability credentials for your financial investors."

That's not to say that these types of instruments no longer have a role to play. According to Meloni, work is underway to explore the creation of sustainability-linked loan products that might work for SMEs that might otherwise lack the capacity to align with sustainability-linked loan principles.

Meanwhile, Europe's sustainability landscape continues to evolve at pace, with Meloni highlighting the "huge amount of development and innovation" currently underway. "At a high level, there are 35 major initiatives coming to land in the UK and EU in the next 12 months across sustainability, regulation and policy generally," she notes.

## Focusing on long-term success

In the current market, Simons argues that understanding the importance and complexity of sustainability remains key to long-term business resilience and success. "Companies that embed ESG principles, that are part of a well-articulated long-term business strategy, into their operations and financing strategies are better positioned to manage risk, attract long-term investment, and drive competitive advantage," she says.

Simons adds that customers, employees and investors often look for companies that demonstrate progress on their sustainability credentials, while shareholders can seek greater transparency and action on climate transition plans.

As such, "Businesses that proactively integrate sustainability considerations into their strategy can help mitigate risks while better positioning themselves for future developments."

So what should companies be doing now? In the coming months, says Krebbers, "It will become more important for companies to explain what they mean when discussing sustainability objectives and drivers: how are they measured, reviewed and additive to the risk and/or commercial goals of the company? The latter linkage will help convert sustainability topics into the 'normal' language of treasurers."

And companies still have much to gain by pursuing ESG goals. Krebbers notes that integrating relevant sustainability factors into a business strategy "ensures you take into account all elements relevant to the success of your company as well as specific projects and products it is investing in.

It also ensures you maintain access to finance, as many of your investors and lenders are making these assessments." As such, Krebbers says treasurers should be focusing on how to integrate their companies' sustainability goals into relevant aspects of their treasury strategy, such as funding, risk management, liquidity or counterparty selection.

"All of these have potential sustainability consequences, meaning treasury teams can be catalysts of a company's sustainability strategy," he adds.

## Making an impact

George Dessing, Executive Vice President, Treasury & Risk at information services and solution provider Wolters Kluwer, explains that the company's Corporate Performance and ESG division is "the world's leading provider of integrated software solutions for EHS, Environmental, Social and Governance (ESG), and Governance, Risk and Compliance (GRC)."

In the current environment, says Dessing, organisations of all sizes are feeling an "increased sense of urgency to implement our technology to help them efficiently collect, report, analyse and assure the accuracy of their complex, often siloed ESG data – while deriving the same kind of insights they have come to expect from their financial reporting."

He adds, "While there are calls to slow down or rescope ESG reporting requirements in the US and Europe, we find our target market of large corporations continue to seek integrated solutions that can streamline processes and provide insights into the links between financial and non-financial data.

"In my experience as group treasurer, a company's ESG criteria also spells out essential guidance for companies looking to meet stakeholder and investor expectations and could give access to a larger investor base. In the end, it's an opportunity to make an impact where it matters most and gain a competitive edge."

## Plugging in

In recent years, treasury departments have had an increasingly important role to play in supporting their organisations' ESG goals. According to the 2024 Deloitte Global Treasury survey, for example, 64% of respondents cited ESG as a critical or important mandate from their CFO.

Meloni notes that the treasury team is in a "really unique place" as the main interface between the business and its financial counterparties. "It's treasury that needs to facilitate the flow of information on sustainability that the financial counterparties need," she says.

For treasurers, this means being plugged into the company's sustainability strategy – "not only so that they can harvest information from management and the ESG team, but also in order to understand what sort of information the company needs to provide to its financial counterparties."

Alongside sustainable finance, Simons notes that other key focus areas for treasurers include liquidity management, with many businesses exploring sustainability-aligned funds and green deposits to ensure cash strategies reflect their broader sustainability commitments.

"Beyond financing, treasurers can help drive sustainability improvements across supply chains by using financial incentives to encourage lower emissions, ethical sourcing and improved environmental practices," she says.

As Meloni points out, providers of financial services are part of the company's supply chain – "so in that sense, finance and treasury have a role to play in contributing to the company's sustainability objectives, and we're also seeing a greater focus on D&I considerations in terms of how treasurers interact with relationship banks."

Likewise, companies are looking at products such as sustainability-linked supply chain finance structures that can support the collection of Scope 3 emissions data from suppliers.

## Addressing the challenges

But as the ESG landscape continues to develop, treasury and finance professionals do need to be aware of a number of challenges when addressing these topics.

"Sustainability targets rely on scientific data and methodologies that may not be immediately intuitive for financial professionals," explains Simons. "Ensuring robust data collection, governance and verification processes is key in helping to maintain credibility."

Likewise, the evolving demands that come with this topic can present something of a burden for treasury teams. As Meloni observes, "If you get a room full of treasurers together at the moment, and you mention sustainable finance, that can prompt a bit of a sigh. There's an acceptance that it's part of life now, and it's not really going to go away."

Nevertheless, while sustainability reporting frameworks and disclosure requirements continue to evolve, Simons argues that treasurers "will be best placed to stay ahead of these shifts to ensure financial strategies are aligned with best practices."

# Companies prioritise digitisation and access to trade finance

*Describe the key trade trends you face?*

*Treasury teams are prioritising digitisation, trade finance and liquidity in today's uncertain trading environment. Finland's Konecranes – with a bird's eye view of global trade flows – is keeping a wary eye on the potential impact of tariffs and the vulnerability in its long supply chains while in Nigeria, companies are navigating a scarcity of trade finance and FX, and prioritising digitisation and already experience the impact of tariffs on costs.*

Adeyinka Ogunnubi
Group Treasury Manager, CFAO NIG LTD and President
Association of Corporate Treasurers of Nigeria

Here in Nigeria, one of our key concerns is access to trade finance. Geopolitical challenges post-COVID-19 and the Ukraine/Russia war, coupled with domestic issues like low crude oil production and lack of transparency in the FX market, have led to significant liquidity challenges. These challenges resulted in import loan obligations not being honoured on maturity due to FX scarcity.

Even forwards sold by the Central Bank were not honoured, impacting the country risk assessment of many correspondent banks. Consequently, access to trade lines for local banks was initially highly priced and later restricted, limiting these lines for corporates.

Forex scarcity is another issue. Access to FX liquidity is a major impediment to trade. The inability to pay suppliers on time or offset import loans, thereby extending open positions, hampers trade activities. We are also experiencing high volatility in the USD/NGN exchange rate which disrupts trade and impacts FX rate stability. Frequent fluctuations make planning difficult and necessitate constant price adjustments.

Treasurers are also concerned about the evolving regulatory landscape and its impact on corporate treasury operations. Ensuring compliance while managing liquidity and financial risks is challenging due to constant regulatory changes. Recent economic reforms and monetary policies by the Central Bank of Nigeria have also significantly impacted liquidity and borrowing costs.

The increase in the cash reserve ratio and the monetary policy rate has tightened liquidity, making it more challenging for businesses to access funds. High interest rates aimed at curbing inflation have increased the cost of borrowing, putting additional pressure on companies' financial health. Supply chain challenges and a lack of clarity in hedging solutions are also issues for treasurers.

Corporates are diversifying trade flows to explore internal sources and reduce dependence on FX or seek cheaper raw materials. There has been a reasonable increase in intra-African trade, possibly influenced by the African Continental Free Trade Area (AfCFTA). The rise of digital trade and e-commerce is reshaping trade patterns. Nigerian businesses are increasingly adopting digital platforms to reach global markets, streamline operations and reduce costs. Improvements in trade-related infrastructure, such as transportation and ICT, are facilitating smoother trade flows. Efficient infrastructure is critical for enhancing Nigeria's trade competitiveness.

Tariffs and trade barriers, while protecting local industries and generating government revenue, often lead to higher costs, reduced consumer choice and potential trade conflicts. Specifically in Nigeria, they have been used to generate government revenue. In 2023, the Nigerian Customs Services collected ₦3.2trn in revenue, with estimates exceeding ₦6trn in 2024. They are also used to help shield local industries from international competition.

We are seeing the increased adoption of digital platforms. E-commerce and digital marketplaces are becoming more popular, allowing businesses to reach a wider audience and streamline operations. The Nigerian government has launched several initiatives to promote digital trade. The National Digital Economy Policy and Strategy (2020-2030) aims to leverage digital technology to drive economic growth, including improving digital infrastructure, enhancing digital literacy and promoting digital services.

Nigeria's fintech sector is booming, with companies like Flutterwave and Paystack leading the way. These innovations make it easier for businesses to conduct transactions online, manage payments and access financial services. There is a strong focus on developing digital skills among the Nigerian workforce. Initiatives by both the government and private sector aim to equip individuals with the necessary skills to thrive in a digital economy.

### Jussi Kolehmainen

Director, Trade and Export Finance

Konecranes


We expect the demand environment within our industrial customers to remain healthy despite the macro-concerns around us like the rise of protectionism. Our sales funnels are on a high level and we keep receiving new sales opportunities.

Regarding our port customers, container throughput continues to be on a high level, and long-term prospects related to container handling remain good. Our port solutions sales pipeline includes a good mix of projects of all sizes. Despite the strong order intake in Q4, the market environment has not significantly changed compared to the previous quarters. Our aim is to continue our positive development in 2025, despite the macroeconomic concerns around us. No one wins if there is a trade war, and tariffs would impact many companies and sectors negatively. They could spur the relocation of production or change trade routes. As with tariffs, which are a form of geopolitical risk, there is the possibility of the relocation of production or the changing of trade routes. We review our supply chains and production footprint on a regular basis. In the last couple of years, it has become evident that dependency on a limited number of countries or subcontractors is risky, as long supply chains have demonstrated their vulnerabilities, for example during the COVID pandemic. There is a need for alternative supply chains, and we, as with many other companies, are studying different alternatives.

We don't see any major challenges in the ECA support at the moment. Konecranes is not the biggest user of ECA-guarantees or loans and works mainly with two ECAs – Finnvera in Finland and Euler Hermes in Germany. Regarding supply chain finance, Konecranes has a global programme available for its vendors and this works quite well. Digitisation of trade finance is high on the agenda of Konecranes, and at the moment the global multibank guarantee platform is under our onboarding process to all Konecranes countries. Digital documents like parent company guarantees and electronic bills of lading are already in use or in the test phase. Digitalisation clearly increases productivity, decreases the possibility of errors and enables safe communication even when working remotely between parties.

### Victoria Blake

Chief Product Officer

GTreasury


Global trade uncertainty is becoming the new normal. As tariff policies shift, supply chains realign and currency markets react, corporate treasury teams are at the center of the storm, tasked with ensuring liquidity stability, minimising FX exposure and optimising global payment workflows. This isn't just about risk mitigation. Treasury is now a critical strategic function in global trade, transforming financial uncertainty into opportunity and resilience.

Leading treasury teams are focusing on three essential areas of innovation. First, they're revolutionising liquidity visibility. Trade disruptions have immediate ripple effects, creating unexpected supplier costs, shifting payment cycles and fluctuating working capital needs.

Without a real-time view of liquidity, treasury teams risk making reactive decisions that strain cash flow and erode financial flexibility. The new best practice is implementing advanced forecasting tools that simulate multiple trade scenarios, factoring in tariff shifts, supply chain delays and FX swings.

By transitioning from static liquidity planning to real-time, predictive models, treasury teams can anticipate and mitigate disruptions before they impact operations. Companies leveraging dynamic liquidity forecasting are turning trade volatility into an advantage through careful scenario modelling and optimised cash reserves.

Trade uncertainty also fuels currency fluctuations, impacting cash positions, pricing strategies and profitability. Many companies still take a reactive approach to FX hedging, exposing them to unpredictable margin erosion. Forward-thinking treasury teams are integrating scenario-based FX risk analysis into cash flow models to proactively adjust hedging strategies based on trade-driven currency movements. By aligning hedging decisions with real-time cash forecasting and establishing structured exposure monitoring, treasury teams gain greater control rather than scrambling after volatility strikes.

With trade routes shifting and supplier terms evolving, cross-border payment efficiency is more critical than ever. Treasury teams must ensure that global payment workflows are optimised for cost, timing and compliance. This means centralising treasury operations for greater visibility and control, leveraging multi-currency accounts and optimised payment timing to reduce FX exposure, and utilising technology-driven payment automation and treasury solutions for seamless transactions.

Treasury teams have a once-in-a-generation opportunity to elevate their role in corporate strategy. The ability to navigate trade uncertainty, hedge against FX volatility and optimise liquidity planning isn't just a financial necessity – it's a competitive advantage. Companies that fail to modernise treasury operations risk falling behind, while those who embrace real-time forecasting, integrated FX risk management and agile global payments will thrive in this evolving trade environment.

**Next question:** "What is best practice when setting up an in-house bank?"

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

# The MAGA effect on US interest rates

*Considerable uncertainty has arisen in the US and around the world which could have a crippling effect on corporate investment. Elsewhere, this edition's Market View finds several forces at play that are exerting upward pressure on US interest rates.*

Trump II has taken Washington by storm and altered US foreign policy relations to a great extent. The number and speed of executive orders from Trump has been breathtaking, but the ones relevant for the economy can be grouped as follows:

- Trade policy (import tariffs).
- Cutbacks in government spending and bureaucracy.
- Migration policy.
- Deregulation.

## Economic implications

We are well aware that there are widely differing views on these topics. In any event, it is clear that they are fuelling uncertainty. For example, every business in the West will wonder if a trade war will still break out, and if so, how long it will last. And even if the damage remains limited to a modest number of import tariffs, there is no way to know if they will be expanded or quickly repealed. This is compounded by a great deal of other political uncertainty, such as whether Europe will fall apart or act more collectively and whether the US government will continue to function and how it will function in view of the DOGE operations, for example.

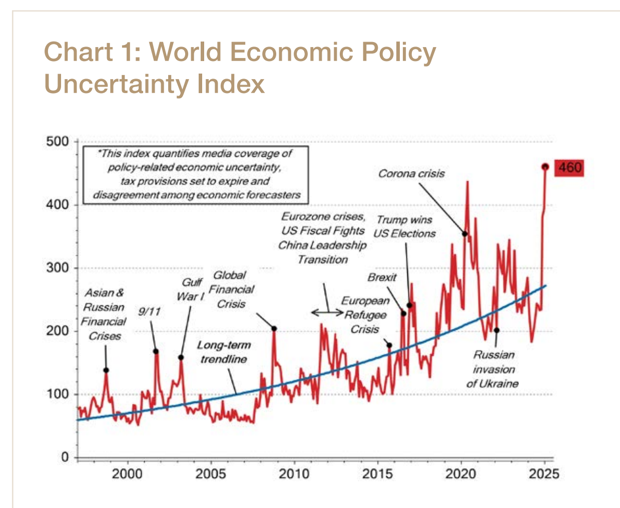



**Chart 1: World Economic Policy Uncertainty Index**

*Source: LSEG Datastream/ECR Research*

In short, considerable uncertainty has arisen in the US and around the world. We believe this has a crippling effect on corporate investment – our consulting arm also hears this from companies – and consumers.

This uncertainty, tax cuts that will not materialise for now and a Fed that is unable to cut interest rates aggressively (due to upward inflationary pressures owing to tighter migration policies and protectionism) are factors that will probably lead to a – possibly significant – scaling back of growth expectations for the US economy.

Prospects for the European economy do not seem great either, but Europe is coming under enormous pressure to ramp up defence spending at a very rapid pace. To finance this, European countries will have to significantly step up borrowing. It is therefore possible that current developments will lead to more co-operation and fiscal stimulus in Europe. To some extent, this could also offset the negative impact of any US tariffs on European imports.

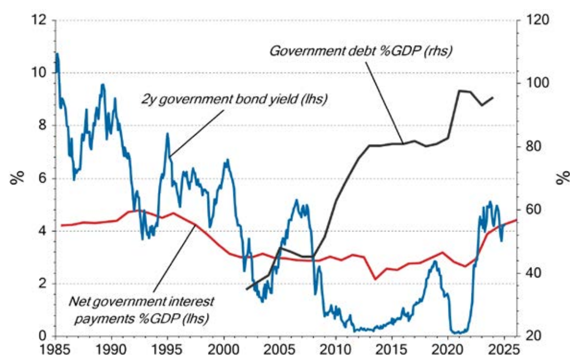
## A warning

If the US and European economies indeed slow down due to uncertainties, this may have far-reaching consequences.



ecr research

### Chart 2: The fast growing US debt pile could become unsustainable if bond yields remain at, or rise from current levels




*Source: LSEG Datastream/ECR Research*

As it looks now, the US public deficit-to-GDP ratio will not change much. This is assuming the economy continues to grow at about 2.5%. If this growth rate declines sharply, the deficit will shoot up further. This means that the so-called twin deficits – public sector and current account deficits – will become even larger. This, in turn, means the US will have to attract even more money from abroad to finance its deficits. However, it is highly doubtful whether this will succeed amid ongoing uncertainty and lower growth. This will result in a weaker dollar – which will further slow capital inflows into the US – and/or higher US longer-term interest rates (the latter despite the fact that the Fed will cut short-term interest rates in this case).

If US long-term interest rates rise, the markets will begin to price in an even larger and faster rising public deficit, causing interest rates to rise even higher and so on – until everything grinds to a halt. It will not come to this, however, as it is far more likely that the Fed will finance the deficits by creating more money, resulting in (sharply) rising inflation.

Another negative implication in this scenario is that European public finances will also start to deteriorate. This will make it even more challenging for Europe to quickly build a military force. Putin could take advantage of Europe's weakness in this case. Many experts warn that he will then seek to further weaken Europe, particularly through cyber war, fake news, etc. This could unite Europe, but it could also divide the continent.

We wish to explicitly emphasise that it is by no means certain that developments will head in this direction. However, we want to warn that there is a scenario with a negative outcome, and that the likelihood of this negative scenario is increasing. Next, we explain what this all means for US interest rates.

## US Interest rates

At this point, there are several forces at play that are exerting upward pressure on US interest rates:

- Import tariffs drive inflation higher.
- There are no indications that the public deficit will be curbed significantly. Musk is trying to cut government spending as far as possible. However, even if the revenue from import tariffs is included, this will not be enough to fully fund the tax cuts Trump wants to implement; especially if economic growth falls back due to the many uncertainties.
- The ease with which Trump has turned away from the Ukraine overnight is plain for all to see. In addition, Trump's import tariffs harm allies. Especially in the event of a trade war, Trump will probably not shy away from blocking or confiscating foreign assets. All this probably means that foreign countries will want to scale back investment in the US, resulting in less overseas demand for US bonds. This sentiment will be reinforced if it turns out that the rapprochement with Putin has nothing to do with a larger plan to weaken China.

It is possible that said upward forces on interest rates will be offset by a strong downward force: declining economic growth. If the latter is the case – a scenario we currently consider to be the most likely – the Fed will likely provide roughly four rate cuts of 0.25 percentage points this year and US long-term interest rates will decline further. If, on the other hand, growth shows only a modest decline, we expect a maximum of one rate cut of 0.25 percentage points by the end of this year, after which interest rates will likely be raised again in 2026. In this scenario, the ten-year US government bond yield will likely start an uptrend to 5% or higher.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**MAARTEN SPEK**

Senior Financial Markets Analyst
+31 (0)30 23208000
m.spek@ecrresearch.com

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