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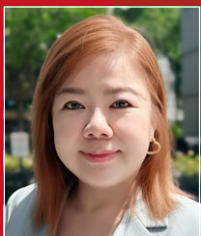
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ASIA



Tariffs: treasury responds

Corporate treasurers lean into working capital strategies and reflect on the long-term implications of the upheaval in trade.



The Corporate View
Brenda Leong



Women in Treasury
Samantha Chng
Group Treasurer
Singtel

Banking

Local flavours of success

Back to Basics

Beware of jumping into the pool

Risk Management

Getting to know all about you

Treasury Talent

Treasury remuneration bounces back, but staff look for more than just high salaries

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3Ts: trade, tariffs and... treasury (not Trump)

As the world heads into the second half of 2025, the uncertainty around tariffs and the future of global trade hasn't abated. Our main feature looks at how supply chains are shifting in response and the issues that this diversification has thrown up for treasurers. Many are reviewing their working capital strategies to have cash at the ready to deploy in a hurry. Treasury practitioners from Pelican Engineering, Senior plc and 3i explain how they are coping in this challenging environment.

In our Question Answered column, experts from Guinness Nigeria, J.P. Morgan and Coface give their opinion on whether tariffs have impacted demand for trade finance.

In the context of trade wars and heightened geopolitical instability, supply chain disruption and currency volatility, treasurers are looking to regional transaction banks can provide an on-the-ground perspective and specialised service offerings tailored to local markets, regulations and business culture. Importantly, regional players are upping their game and stepping into the void as global transaction banks shrink their operations.

In this month's Corporate View, Brenda Leong talks about the strategic positioning of treasury within the organisation, which means that the function can often spot industry shifts or new business opportunities. During her 15-year career, she has successfully implemented treasury management systems, designed hedging policies, led M&A support and set up overseas shared service centres.

In our Women in Treasury profile, Group Treasurer Samantha Chng highlights key moments in her career as Singtel expanded from a domestic telco player to one of Asia's leading communications and technology groups. Her takeaways are to prioritise the impact, keep things simple and keep calm under pressure.

KYC compliance is often cited as the biggest friction point in onboarding. For multinationals, even a modest reduction in onboarding lead time across jurisdictions can free up liquidity and operational capacity. Will emerging corporate digital identity frameworks put an end to interminable document resubmission cycles?

Plus, practitioners from Arnott's Group, CMOC, DSV, GE Vernova, Henkel, IHH Healthcare, Jabil, and Rotork share their expertise in cash pooling, and we explore leading trends in treasury recruitment.



Treasury rallies in response to tariffs

As tariff uncertainty rocks global trade, long-term themes have accelerated and begun to emerge. Corporates are diversifying their supply chains and sources of demand; treasury is prioritising cash management, trade finance and supply chain transparency, and exploring new platforms to sell products under leases or as a service.

BANKING

12



Local flavours of success

As global transaction banks shrink their operations, regional players are stepping into the void, investing in their capabilities and delivering a deep understanding of local markets, regulations and business culture.

WOMEN IN TREASURY

14



Samantha Chng

Group Treasurer



Singtel's Samantha Chng discusses some of the key moments in her treasury career and highlights the importance of keeping calm, speaking up and building strong relationships across the organisation.

TREASURY TALENT

18



Treasury remuneration spikes but money isn't the only thing staff care about

Treasury salaries have picked up since the pandemic, but recruiters note a demand pyramid impacting remuneration at the top. Elsewhere, companies are hunting specific data skills and tariffs and trade uncertainty are impacting company's appetite to recruit.



BACK TO BASICS

22

Conquering cash consolidation challenges

Asian regulatory diversity demands careful approach to cash pooling across multiple jurisdictions.



TREASURY ESSENTIALS

| | |
|-------------------|------------|
| Treasury Insights | 7, 11 & 17 |
| Question Answered | 24 |



8

The Corporate View

Brenda Leong

Experienced treasury professional Brenda Leong shares her journey from banking to corporate treasury and highlights the importance of effective communication with stakeholders.

RISK MANAGEMENT

20



Solving the KYC conundrum

KYC experts explain how the customer verification process could be made less painful.



Treasury rallies in response to tariffs

As tariff uncertainty continues to rock global trade, long-term themes have accelerated and begun to emerge. Corporates are diversifying their supply chains and sources of demand; treasury teams are prioritising cash management, trade finance and supply chain transparency and more are exploring migrating from traditional manufacturing to sell products under leases or as a service.

Many companies have adopted a wait and see approach to the ongoing uncertainty and unpredictability of the US administration's trade policies. But beneath the confusion, important long-term themes have accelerated and begun to emerge.

Treasury Today interviewees report an increasing expectation that tariffs on imports into the US will settle around a 10% baseline. It's a level that now applies to many countries, although some goods and countries are exempt and some countries have announced higher reciprocal tariffs. Furthermore, the Trump administration risks reigniting April's market turbulence if it hikes tariffs to previous levels;

Europe and China have pushed back, and Trump has switched his focus to doing deals.

Coalescence around this tariff baseline and a wider re-evaluation of global trade patterns has introduced new risk for companies dependent on one country for both their supply chain and source of demand. Treasury and trade experts predict more diversification with the emergence of new international trade routes supported by new bilateral trade agreements. For example, a recent **HSBC survey** found Asian firms are looking to trade more with South Asia, Europe and the Middle East while a quarter of respondent companies want to trade less with North America.

China/UK trade is one corridor that could benefit. Relations between China and the UK have cooled since former Tory chancellor George Osborne sought a “golden era” of bilateral relations a decade ago. Speaking at the Association of Corporate Treasurers annual conference in Wales, Richard Crump, Managing Director of bus group Pelican Engineering says his company would welcome stronger trade ties with China. Pelican began selling China-made buses in the UK in 2014. Now the company is the 2025 market leader in coach and bus sales off the back of demand for electric buses.

Elsewhere, the aerospace industry – renowned for variable customer demand and a slow supply chain – is also preparing for new trade corridors. Boeing recently said it is prepared to look for alternative buyers for its planes destined for Chinese airlines, for example. Down the supply chain, executives at companies like Senior plc, which manufactures components for the aerospace, defence and energy markets and draws on a global supply chain in 14 countries, says supply chain visibility has become essential. Speaking at the ACT conference, Director of Treasury, Tom Bindloss, explains tariffs are likely to hit the company’s operations in countries like Mexico and Canada, but around 50% of Senior’s production is based in the US, offering some protection from tariffs.

Senior’s supply chain has built up over decades and moving production from one location to another could take several years. Moreover, the company is partly protected from a spike in costs from higher tariffs because Senior’s contracts have an Incoterms clause where the company expects its customers to pay tariffs. However, Bindloss flagged potential bottlenecks coming down the track that he has less control over like the supply of magnets – essential in defence manufacturing but where supply is already limited by China widening export controls of rare earth minerals.

Vivek Ramachandran, Head of Global Trade Solutions at HSBC believes levels of supply chain diversification will depend on the industry because different sectors tend to have their own unique supply chains. “Companies have to figure out how to meet US demand without sourcing from high tariff countries, and re-shaping supply chains doesn’t happen overnight,” he told Treasury Today.

Natasha Condon, Global Head of Trade Sales at J.P. Morgan agreed, adding that analysing and stress testing where the impact of tariffs will hit companies with complex supply chains is challenging. “We had one client who was confident there was no impact, but analysis showed that three layers down their supply chain there was a tariff impact they hadn’t realised was there. It’s happening to a lot of people.”

Working capital, trade finance and strategic treasury come to the fore

So far interviewees don’t report a sudden spike in liquidity drawdowns, treasury tapping credit lines or dramatic new bond issuance. But the trade war has reinforced the importance of working capital strategies on hand to support challenges like financing the impact of moving prices, the need to cover more import duty or the cost of holding back deliveries and holding more inventory. In short, companies need working capital at the ready lest they need to quickly deploy cash in different regions and sectors.

“Whenever there is a shock in the world, the first thing a CFO will do is pick up the phone and call their Treasurer and ask ‘do we have enough cash’,” says Baris Kalay, head of Corporate Sales for Europe Middle East, and Africa (EMEA) at Bank of America. “The second question is, ‘can we access it’.

For example, Crump says Pelican Engineering aims to hold a cash buffer of around £15m to £20m. He reflects that it is possible the firm’s Chinese manufacturer could lower its prices to accommodate suddenly higher tariffs depending what the increases were. Still, Pelican ensures it has money on hand to navigate the significant tariff risk it holds in the six months between order and delivery of its buses from China.

Optimising working capital and extracting as much value as possible out of the working capital cycle is a complex equation. Strategies must ensure suppliers aren’t being squeezed too much on one hand or, on the other, treasury hasn’t extended payments terms to put too much buyer risk on books. In the current climate, treasurers are benchmarking their cash positions and leaning into structured programmes to manage working capital in strategies that ensure their ability to consolidate cash and get it out of local subsidiaries.

Trade finance has also become an essential tool to optimise working capital management. Supply chain finance products are being used to support difficult negotiations between suppliers and buyers on who pays the economic burden of tariffs. Supply chain finance products allow a buyer to offer their suppliers cheap financing using buyers credit lines and are being used to share the cost of tariffs, says Condon. She also believes old fashioned LCs will help corporates move into new markets allowing banks to step into the gap and cover the initial risk. “That is the purpose of the traditional letter of credit,” she reflects.

Banks are launching new tools to help. HSBC has just launched a financing product to help US clients facing an increase in upfront import duties whereby the bank will pay duties charged to US importers upfront, with customers granted flexibility on repayment terms depending on their working capital cycle. HSBC’s Ramachandran believes that in the current environment, working capital management is not just the remit of treasury. It is a strategic lever held at CEO and board level and essential for agile decision making.

Ian Cooper, Group Treasurer, 3i, the investment company specialising in private equity and infrastructure says that market conditions and the challenge of valuing companies in the current climate has led to a reduction in M&A activity at the investment group. Treasury strategies at the company have included bringing forward refinancing its RFC to boost its liquidity position and increasing the hedging position. He adds that the importance of working capital has elevated the role of treasury, saying “when the market is volatile there is an opportunity for treasury to speak in the boardroom and to the CFO. They come to treasury to hear what our view is and it’s an opportunity.”

Navigating FX risk

Treasury teams have also scrambled to secure their FX strategies. For example, leading up to April, corporates with material China exposures used FX options to hedge against a material depreciation of RMB, says James O’Donnell, Corporate FX Sales, Barclays. But he also says ongoing



When the market is volatile there is an opportunity for treasury to speak in the boardroom and to the CFO. They come to treasury to hear what our view is and it's an opportunity.

Ian Cooper, Group Treasurer, 3i

uncertainty has led many corporations to react differently depending on their hedging policy and confidence in their exposures. Some have paused hedging temporarily, while others have been able to opportunistically top-up. Others have been more focused on the funding side, deciding whether to pre-hedge future issuance or add to net investment hedges where budget rates can be achieved or bettered.

BofA's Kalay also speaks to the heightened FX risk ahead as economies begin to diverge on how they manage interest rate and inflation risk. "Growth and inflation rates vary for different countries which is impacting how they manage interest rates with an impact on FX rates. Managing FX risk will continue to be incredibly important." It means that companies that report in one currency but have large operations in another face new risks and are adjusting their hedging policies and day-to-day operational strategies.

Accelerating trends

Tariffs, and the upheaval in trade, have accelerated other trends too. For example, the current trade climate has highlighted the importance of supply chain transparency that typically falls under ESG. "Tariffs have forced companies to understand what is in their supply chain," says Ramachandran. "Visibility into supply chains is much more important in a world of tariffs because the import duty depends on where the value add has taken place. Companies really care who is in their supply chain."

The trade war could also push more companies into offering services. The service sector has not been subject to the same level of tariffs – although in a rare example China said it will restrict Hollywood imports in response to US tariffs.

Services, particularly digital services, are growing faster than the trade in goods and Ramachandran believes companies will increasingly alter their business models to incorporate services offering goods under subscriptions or usage-based models rather than a one-time sale. He suggests corporations will begin to monetise contracts and move to a billing system that taps into today's B2B e-commerce platforms that trade with anonymous customers. "Companies are starting to think about their business models and explore the potential of moving away from traditional manufacturing to selling products under leases and utilising as-a-service models."

It's a trend BoA's Kalay also notices, and which goes hand-in-hand with the evolution in real time payments, allowing companies to receive instant payments from clients in a cost efficient and secure environment. "We are having more and more e-commerce conversations with our

clients, discussing models like working on a subscription basis or using an intermediary to provide their services. It is something that we are watching very closely," he says.

Today, most trade with a non-US counterparty is conducted in dollars and treasurers don't see any sign of this changing in the short term, other than a few noting that more business is being done in RMB. However, companies are beginning to think about a world of non-dollar denominated trade and heightened dollar risk. Treasury teams have begun scenario planning how this could impact access to liquidity pools and funding, and how they should hedge that risk, for example.

"So far, any change in the use of the US dollar in global trade flows is more theory than practice. On a limited basis, we are doing more RMB trade finance than three years ago, but this is linked to our expansion in China. We are doing more in euros too, however the majority of trade flows remains in the US dollar. We will react to what our clients are looking for, but as a trend, we don't see it as a huge move yet," reflects Condon.

Risks ahead

Some Treasury Today interviewees warn tariffs and the upheaval in global trade could also cause corporate jeopardy. Companies are having to juggle a downward revision in GDP growth and uncertainties about consumer demand. Speaking at the ACT in Wales, Josef Pospisil, Deputy Head of Corporate Ratings EMEA, Fitch Ratings warned that sectors like the autos, already weighted down by the costly switch to EV, are particularly vulnerable. Companies with a higher cost of debt, insufficient hedging or restricted access to capital are at risk of downgrades, he says.

And the cost of debt and level of future interest rates is also uncertain because inflation may cause a delay to rate cuts. Corporates are also keeping a wary eye on market instability triggered by President Donald Trump's new tax bill. The legislation which seeks to cut taxes without cutting spending could add more than US\$3trn to the deficit over the next decade, putting investors on edge and spiking bond yields. It makes raising money in the capital markets more complicated as treasury and their banking partners try to judge the best window for issuance and optimum funding costs in yet another management distraction that is forcing companies to revise their carefully laid plans. ■



A HEALTHY APPROACH TO SUSTAINABLE FINANCE

A recent sustainability-linked loan deal was a first for both one of ASEAN's leading healthcare providers and one of the region's major commercial banks.

In April, integrated healthcare provider, IHH Healthcare, announced it had secured its first sustainability-linked loan. The S\$300m facility with UOB also represented the bank's first sustainability-linked loan for the healthcare sector.

The Malaysia-based company operates more than 140 healthcare facilities across ten countries – including in excess of 80 hospitals, clinics and ambulatory care centres – and employs over 70,000 people.

IHH Healthcare was recently included in the FTSE4Good index series, designed to measure the performance of companies demonstrating specific ESG practices. FTSE4Good indices can be used as tools in the creation of index tracking investments, financial instruments or fund products focused on sustainable investment.

IHH Healthcare's first sustainability-linked loan marks a key milestone in the company's ongoing commitment to embed sustainability across its multinational network says Dilip Kadambi, Group CFO.

"It provides flexible working capital that aligns our business growth financing with measurable sustainability targets," he says. "We see sustainability as an opportunity to create lasting impact and are committed to capping carbon growth by 2025 and achieving net-zero by 2050."

Across Malaysia, Singapore, Turkey and Hong Kong, IHH Healthcare has already achieved a more than 90% reduction in single use virgin plastics in non-clinical areas. It has also installed rooftop solar panels in its hospitals in Malaysia and Hong Kong.

"Looking ahead, we are operationalising a large-scale solar project in Turkey, which is expected to supply up to 80% of the energy needs of our hospitals there," says Kadambi. "Sustainable finance will be vital in scaling our impact and we look forward to leveraging more sustainable finance solutions."

The healthcare sector is increasingly recognising its role in climate change, with initiatives aiming to reduce its substantial carbon footprint. For example, the World Economic Forum has reported that climate change could lead to an additional US\$1.1trn in extra healthcare costs by 2050, emphasising the urgent need for sustainable practices within the sector.

UOB's sustainability-linked financing framework offers clients a structured, transparent and effective approach to integrating sustainability into their business strategies.

"Structured under our sustainability-linked financing framework, the loan incorporates pre-approved and externally validated key performance indicators and sustainability performance targets," explains Ang Moh Chuan, Managing Director, Group Corporate Banking at UOB. "This ensures measurable and trackable sustainability outcomes, reinforcing IHH Healthcare's commitment to integrating sustainable practices across its operations."

The bank had provided S\$16.6bn in sustainability-linked loans for clients across sectors including real estate, construction and infrastructure and industrials as of 31st December 2024.

"Sustainability-linked loans are designed to encourage companies to enhance their sustainability performance by tying loan terms to specific targets," adds UOB's managing director, group corporate banking. "In 2024 alone, we provided S\$58bn in sustainable financing, playing a leading role in advancing ASEAN's green economy." ■

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Connecting the dots

Brenda Leong

Experienced treasury professional Brenda Leong shares her journey from banking to corporate treasury, highlighting the importance of effective communication with stakeholders. She also explains how a love of travel has helped her to build cultural awareness and fuel curiosity which extend to the workplace to shape her success.



Treasury has much to give as a partner that can offer advice to help the company with its strategic planning.

Cash is the common thread that connects all the moving parts from operations to strategy. And for Brenda Leong, the most interesting aspect of treasury is the opportunity it presents to gain a holistic view of activity across the organisation – a front-row seat to the business.

“Cash is the main currency that drives all the business units within the organisation,” she says. “So, as treasurer, you have a clear bird’s eye view over all the activities on the cash inflows and outflows of what’s happening across the board.” For Brenda, such visibility means treasurers are often among the first to spot industry shifts or new business needs, and that naturally sharpens business sense.

She adds that treasury is one of the key parties within an organisation when it comes to hearing about developing industry trends or new business opportunities: “We’re closely connected to most of the functional units across the company.” She reveals that this unique vantage point allows treasury to anticipate needs early and puts treasurers in a unique position to anticipate business needs before they land and shape the responses.

By connecting all these dots, Brenda says treasurers are then in a strong and unique position to identify new business needs and anticipate the knock-on effect for treasury before it materialises. “In other words, I could go to IT and say that we need this tool because the business has this new requirement. When business change eventually flows into treasury, this is what I will need to make everything work,” she explains. “So that’s the interesting part of treasury – it’s effectively a conduit within the organisation.”

Making the leap: from banking to treasury

Brenda’s career began in the banking sector, where she held various middle and front-office roles for several financial institutions. In her first role, she worked with Citibank’s treasury team and supported the various trading desks. But after taking on a series of front office, middle and back office roles for different banks, she decided to move her career in a different direction.

“Until then, I had been working on the bank side,” she recalls, adding that over time, she felt drawn to the other side. “I wanted to take a look at the corporate side and find out what actually drives companies to approach banks for cash management or FX solutions.” That curiosity prompted a shift into treasury and led her to the corporate world.

Charting new paths in treasury: career moves

After making the move into corporate treasury, Brenda navigated treasury roles in diverse sectors. “So, for the last 15 years, I’ve moved across the trading industry,

shipping and technology sectors,” she says. Even though different industries have their own business models, she asserts that the skillset of a treasurer is readily transferable. During her career, she has successfully implemented treasury management systems, developed regional policies, led M&A support, and set up overseas shared service centres.

Her previous roles include Assistant Treasury Manager at Mitsubishi Corporation Finance & Consulting, where her responsibilities included treasury accounting for consolidated IFRS group reporting and hedging group funding, foreign currency and interest rate exposures. As Treasury Manager at IMC Industrial Group, Brenda subsequently designed a new treasury and hedging policy, managed vessel financing and led a treasury shared service team in overseeing the reconciliation of hundreds of bank accounts for group cash management.

More recently, as Senior Treasury Manager (APAC) at technology firm NCR Corporation, Brenda was responsible for setting up a new treasury team in Singapore to remotely manage treasury activities across Asia Pacific during the Covid-19 lockdown period. Her responsibilities in this post also included tackling challenges such as freeing up trapped cash from China and contributing to pre-deal and post-deal activities for M&A transactions.

In 2023, Brenda took up the role of APAC Treasurer at a newly formed brand for logistics and supply chain solutions, PSA BDP, where she manages the regional treasury operations post-acquisition. She is currently gearing up for her next global role in Dubai.

Human skill is the new power skill

For Brenda, an important aspect of treasury is the role it can play in helping the business on its roadmap towards growth. “Treasury has much to give as a partner that can offer advice to help the company with its strategic planning,” she says.

Her experience navigating APAC’s regulatory patchwork has taught her the value of clear, nuanced communication. “In APAC, for example, each country is a different animal, with disparate in-country regulations. You have to be able to guide the finance team and explain why solutions that work for one country in the region might not work for another.” While treasury may be rooted in systems and numbers, she finds this kind of advisory role is where treasury adds real value.

During her treasury career, Brenda has had to manage stakeholders across multiple regions and countries, in addition to assessing tasks and prioritising them based on their criticality. As such, she views the ability to work effectively with stakeholders as a key component of a treasury

skillset. While technical know-how is important, Brenda emphasises that it is the human side of the treasury role which makes the biggest difference – how one engages with people across the business.

In the past, she observes, treasurers often needed larger teams, with different people specialising in specific activities such as loan financing, hedging and cash management. “Today, you can outsource much of the technical works to banks,” she says. The key challenge is the delegation of relationship management – guiding stakeholders, influencing decisions, and adapting to different cultural and business contexts.

She believes that treasury is more than just managing cash flows – “it’s a strategic window into how a business truly operates.” Hence, it is critical to possess the ability to navigate complexity with clarity, empathy and foresight.

Likewise, Brenda highlights the importance of working proactively with other functions within the organisation, such as taking the initiative in vetting agreements before formal review by the legal team. “Over the years, I’ve acquired some knowledge in terms of how the legal wording should be drafted,” she notes. “That can be helpful in streamlining the amount of time and effort needed when the legal team needs to work on it.”

Banking on strong relationships

Brenda’s earlier career in banking has also shaped how she works with financial institutions, which has given her a deeper understanding of how to build constructive relationships with bankers. “We speak the same lingo, and when it comes to something like getting a credit facility, it helps to know which risk factors the banks are looking at,” she comments. “It means we can dive in and get things sorted out pretty quickly.”

And after eight years’ experience in the banking industry, Brenda has an in-depth understanding of different banks’ corporate cultures, and how they typically go about securing internal approvals. “For example, I might know from experience that it’s better to approach a particular bank from the top down – this type of nuance can really help to minimise the challenges.” Such insight helps her address business demands more efficiently by expediting the overall processes when challenges arise.

Brenda is also keenly focused on the importance of building strong relationships with banks – and if something can’t be done, she focuses on understanding the constraints, instead of relentlessly pushing forward. Long-term relationships mean knowing when to compromise. She adds, “It’s important to cultivate a long-term relationship with your banks, which sometimes means picking your battles and being prepared to give way on certain points. You can’t always have everything exactly the way you want it!” That fluency has helped her build long-standing, trust-based relationships with financial institutions.

Broader horizons: creativity, culture and collaboration

Outside work, Brenda enjoys the arts – theatre, music and travel – all of which help her approach problems with creativity and an open mind.

Brenda says she has a strong appreciation of cultural creativity, including musical performances and theatrical plays – an interest that she ties back to her approach to treasury. Staying creative helps her to stay flexible as she perceives that every new challenge needs a different lens.

“Treasury can sometimes be very structured and process-based, with a heavy focus on standard operating procedures (SOPs) and compliance frameworks,” she reflects. “But that doesn’t mean we can’t be nimble and agile whenever we face a new problem or a new challenge.”

As Brenda points out, treasury professionals often need to collaborate with people from different backgrounds and regions across the organisation, which makes it particularly important to collaborate in a way that is well-informed by an understanding of different cultures – something she sees as essential in a globally connected profession. Sometimes that means adjusting her tone; sometimes it’s about language. In her words, cultural sensitivity really matters.

“For example, I think about how to speak to a counterpart based in India in a manner that makes them comfortable engaging with me,” says Brenda. “That might be different to the approach I take when speaking to my counterpart in China, who might be absolutely fluent in English, but may still prefer to speak to me in their local language.” Given the connected nature of treasury, she says, “It’s so important to be culturally sensitive when you’re thinking about your communication strategy.”

Professional development: always evolving

Finally, where professional development is concerned, Brenda has earned a Certified Treasury Professional (CTP) designation, which sets the standard in the treasury profession. This provides her with instant access to peers within the global network of the Association for Financial Professionals (AFP). She is also a key member of the APAC Treasury Advisory Council, which enables her to share best practices and innovative initiatives with the corporate treasury practitioner community in the Asia Pacific region.

Adding to her treasury speciality combo toolkit, which enables her to identify red flags quickly during integrations – from hidden liabilities, cultural mismatches and regulatory traps to post-deal chaos – Brenda has expanded beyond treasury to obtain International Mergers and Acquisitions Expert (IM&A) and Post Merger Integration Expert (CPMI) certifications from the Institute for Mergers, Acquisitions and Alliances (IMAA).

Overall, Brenda’s approach to treasury blends strategic thinking with a deep respect for people, process, and culture – key qualities that have helped her lead through complexity and change. As such, she finds a career in treasury to be dynamic, meaningful and full of growth – both personally and professionally. ■



TRADE FINANCE DEMANDS DRIVE DIGITISATION

Asian corporates are increasingly making trade finance decisions based on a bank's digital capabilities.

A continuous economic and geopolitical 'poly-crisis' is creating a powerful incentive for companies around the world to invest in trade finance and supply chain management capabilities.

Data analytics, automation and emerging AI applications streamline operations, optimise inventory management and make supply chains more visible and efficient. For companies that integrate these technologies, the results include lower costs, improved transparency and a heightened ability to respond effectively to changing conditions and crises.

"These potential benefits are speeding up the digitisation of trade finance," explains Crisil Coalition Greenwich Banking Analyst, Toby Miarka. "The focus on digitisation is also driving selection criteria when looking for a banking partner."

Inga Kudzmaite, Treasury and Tax Director Asia at Carlsberg Group says it has become more important to be able to conduct at least some trade finance business through digital channels.

"We do not rely heavily on trade finance products as our business is largely localised," she explains. "However, where we use such products we have a strong preference to use digital channels for process efficiencies as well as mitigation of fraud and security risks."

More than one-third of the large corporates across the Asia region surveyed for the Coalition Greenwich 2024 global corporate trade finance study cited 'digital capabilities' as one of the key reasons for choosing a bank for transaction banking services.

According to Miarka, banks can help companies modernise trade finance and supply chain management by expanding and upgrading their digital offerings, ramping up marketing and education efforts that inform companies about solutions that are available and educating treasury staff on how to use them. "Broadly speaking, companies want a seamless digital journey with no manual intervention, fewer physical documents and submissions and user-friendly and intuitive processes, as well as more trade finance products available online, including documentary trade (letter of credit, bank guarantee), supply chain finance and integration with other systems such as cash and FX," he says.

Miarka suggests companies will not be looking to just digitise existing processes but also to experiment with digital tools to re-engineer trade finance and supply chain management, in the process creating new solutions efficient and flexible enough for an era of continuous poly-crises.

One-third of the Asian corporates who responded to the Coalition Greenwich study experienced financing issues in 2024 – up 12% from the year before – and these issues appear especially acute in China, where financing has become tougher to secure and more expensive.

"Carlsberg Group has established a revolving credit facility and define the banks that participate in it as group relationship banks. These relationships are generally long standing, which somewhat secures access to financing and other banking products at all times," says Kudzmaite.

"Otherwise, the majority of our financing locally in Asia is arranged via diversified sources – which ensures price competitiveness – and structured around business needs and specifics addressing the sensitivity to foreign exchange, interest rate fluctuation or similar," she adds. "Last but not least, it is reviewed regularly to ensure it meets business needs."

Over the past 12 months, foreign banks operating within China (especially European banks) appear to have become more conservative in extending their balance sheets.

Almost half (48%) of the corporates surveyed by Coalition Greenwich referred to 'availability of trade credit' as a key selection criteria for trade finance providers compared to 40% of US companies and 31% of European firms. ■

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Local flavours of success

Regional players have upped their game when it comes to transaction banking products and services. Corporates are also rethinking their banking mix to access local expertise in uncertain times.

The impressive growth in Asia's corporate segment – an estimated 30% of the world's 500 largest corporations will be based in the region by 2030 – has fuelled regional transaction banks' ambitions. They are also aiming to fill the void left by the scaling back of global players' operations in certain markets and customer segments, a strategy some refer to as "shrinking to greatness".

Transaction banking, including cash and liquidity management and trade finance, is both a "sticky" – meaning that corporates usually stay with their existing providers for a long time – and highly profitable business. It is the core growth engine for corporate and investment banking (CIB) operations in Asia, according to a recent **McKinsey report**. Contributing half of CIB revenue and growing at around 6% per year in Asia, it also "serves as a gateway for new clients as well as a platform for deepening existing relationships".

Eric Li, Head of Banking Research at financial services benchmarking and analytics firm Crisil Coalition Greenwich, highlights the push and pull factors driving their expansion. "The push factor is that regional banks need to invest heavily into their capability to stay relevant in a hyper-competitive environment where the megabanks, such as HSBC, Citi and J.P. Morgan, have been strong in product innovation and digital transformation," he says.

The pull factor is twofold, according to Li. "In addition to the fact that the transaction banking business is growing fast from a volume standpoint, there are also diverse client needs that the global banks may not be able to cover. Plus, the global banks mainly cater to the largest corporates in each country, whereas regional banks can also support mid-market companies," he explains.

Gaining an edge

In the context of trade wars and heightened geopolitical instability, supply chain disruption and currency volatility, as well as the ongoing challenges associated with operating in diverse countries with strict regulations, banks that can provide an on-the-ground perspective are being received positively, according to Martin Smith, Head of Markets Analysis at East & Partners, a banking research and advisory firm.

"Instead of a one-size-fits-all approach, treasurers and chief financial officers (CFOs) are expecting a specialised service offering from their banks, with more focus on a local look and feel," he says. "Corporates are looking to their banks to proactively address their risk management needs, which can give the regional transaction banks an edge, as they have a more focused product and service proposition."

Regional banks have a deep understanding of local markets, regulations and business culture, which allows them to serve a broader spectrum of clients with customised solutions that

align closely with their needs and the local environment. In addition, regional transaction banks' expansion is supported by their strong networks, according to Arvind Prasad, Managing Director of Transaction Banking and Payments at Maybank, headquartered in Malaysia.

"Regional bank ecosystems are vital for enabling our large corporates to operate seamlessly across markets, while offering mid-market – an often underserved segment – the support they need to expand or trade regionally," he says.

Echoing Smith's point, Prasad reports that global clients increasingly value local insights and agility, as they seek alternative markets for growth amid rising geoeconomic fragmentation. For example, he sees a growing international interest within the Association of Southeast Asian Nations (ASEAN), particularly in the context of ASEAN-Gulf-China partnerships.

"This is an emerging trend we are watching closely, as we have a track record of bringing in clients from the Gulf and China into ASEAN," says Prasad, adding that Maybank has a presence in all ten key ASEAN markets.

Tod Burwell, President and CEO of the Bankers Association for Finance and Trade (BAFT), believes that many clients value the customer centricity that regional banks can provide, which includes better access to decision makers, allowing for deeper relationships and greater solution customisation.

Smith agrees that the level of responsiveness is competitive, with less bureaucracy and a much more structured relationship management model. "This is not to say that the incumbent global banks are poor in this area, but it is where the regional banks position themselves as a key point of difference," he says. "In requests for proposals, the top selection factors are coverage, capabilities and network, but credit commitments and industry knowledge help regional banks stand out when corporates are looking for a new transaction banking provider."

He reports that regional banks are having some success, as customer churn figures are notably high currently. "We've never seen such high figures indicating clients are intending to switch their primary transaction bank," says Smith.

Aditi Agarwal, Chief of Staff and Global Treasury Operations Leader at GE HealthCare, agrees that regional players can provide a deeper understanding of specific market and regulations in that market. "They support navigating the nuances of operating in the country/region from a collection, disbursement and tax perspective," she says. However, in her view, the global players offer a wider range of products, access to global liquidity and investment opportunity, and easier execution of cross-border transactions.

Burwell highlights the consolidation trend in some jurisdictions, which has increased the size of regional banks,

providing them with stronger balance sheets and broader product suites.

"Additionally, many regional banks' focus on digital capabilities has allowed them to not only cement their relationships with corporate clients, but also tailor their offerings to suit the needs of local corporates," he says.

Digital transformation

As Burwell indicates, regional banks are investing in innovation. However, he is quick to point out that often they don't have the same investment budgets that the larger banks command.

According to the McKinsey report, regional leaders may allocate as much as 35% of their total technology budget to technology transformation. Many have already launched digital tools and capabilities for ClB clients, such as business-to-business ecommerce platforms and faster cross-border payment networks.

Agarwal agrees that regional banks are making significant investment made in innovation, digital transformation and automation. She points to technologies like artificial intelligence/machine learning/robotic process automation, cloud computing, real-time payments and application programming interfaces (APIs), which is enhancing customer experience, helping to reduce manual work and drive automation, and enhancing controls in the process.

One example she highlights relates to the supporting documents which must be attached to many transactions. "This used to be a very manual process, where documents were shared via emails or other unsecured channels. But with the use of advanced automation tools, the data can be automatically shared via secured channels thus enhancing the user experience," she explains.

"Innovation in areas such as cash flow forecasting and payment processing has been well received, particularly due to the current market uncertainty, pressure on liquidity management and supply chain recalibration," adds Smith.

While DBS and ANZ Bank are often cited as innovation leaders, other regional banks are also ramping up their digital capabilities.

Maybank, for instance, is strengthening its transaction banking proposition with "a seamless digital, unified onboarding experience to acquire and activate clients on its improved regional cash management platform," according to Prasad, as part of the bank's M25+ priorities that include intensifying client-centricity and accelerating digitalisation.

"While Maybank has long been regarded as the go-to bank for the government and large-cap companies, we are also focusing in the mid-market space as a 'super growth' area," he adds.

Maybank's core strategy has been to strengthen its digital transaction banking capabilities across cash, trade and other solutions, including green supply chain to enable clients to manage their working capital and liquidity better, and comply with environmental, social and governance requirements and targets.

The bank's strategy also includes strategic partnerships to strengthen its regional trade proposition in the ecosystem.

For example, Maybank has partnered Doha Holdings to provide supply chain financing solutions to building and construction players, as well as with PracBiz to support players in the fast-moving consumer goods retail industry.

"Regional banks seem to be more focused on models built around partnerships, as opposed to homegrown solutions," reports Burwell, a trend that he saw emerge at BAFT's recent Global Annual Meeting.

"I think there is a tendency among large global banks to ring-fence technology capabilities in certain businesses because they don't want to be dependent on a third party provider. However, regional banks tend to be more open to using partner-based solutions, which allows them to buy best in class technology and go to market faster than if they built it themselves," says Burwell. "But that also entails ensuring that these partner solutions can work together. Plus, innovation will happen at different paces within each one of those technology stacks, so we will see how well those models hold together and whether the banks can effectively manage those partnerships and connectivity," he adds.

Staying the course

The transaction banking business is one that necessitates a long lead time, often taking five to ten years to build deep and trusting relationships. Additionally, it has been challenging for regional banks to win the entirety of clients' wallets away from their primary provider. According to Smith, the regionals have had more success as secondary providers for one-off or infrequent cash management or cross-border payments needs.

"It takes a long time to get a foot in the door as a secondary provider and then to become a primary provider. It also requires a lot of resources to get the proposition across and win market share as reflected in ANZ's performance, which has had a strong focus on its regional offering for years, carving out a small piece of the market at a significant cost," says Smith.

And the competition is intense among regional banks and global majors. Reflecting the higher level of panel banking taking place for transaction banking in Asia, competitive pitching levels are much higher relative to the global average. According to **East & Partners research**, CFOs and corporate treasurers in China, Hong Kong and Singapore receive up to seven approaches for their transaction banking business each year compared to the global average of just over five approaches.

However, as Smith mentioned, the high customer churn figures presents an opportunity for regional players and the competition doesn't come down to just price. Prasad agrees. "Corporate clients have often focused on pricing, but increasingly it is about what value we can offer: support, ease of doing business and advisory services," he says.

Interestingly, **recent research** by East & Partners found that the majority of treasury respondents said that a recommendation by a trusted friend/colleague/supplier/trading partner is the main prompt that would encourage them to engage with or respond to a new bank.

"Knowing the experience a close business colleague has had with a bank gives us much more confidence in opening a discussion with a potential new provider," the treasurer at a Singapore logistics group told East & Partners. ■

This much I know

Samantha Chng

Group Treasurer



Singtel's Samantha Chng discusses some of the key moments in her treasury career and highlights the importance of keeping calm, speaking up and building strong relationships across the organisation.

What's currently front of mind for you in your role?

Last year we unveiled our Singtel28 growth plan, which focuses on lifting business performance and active capital management policy to deliver growth and sustainable value to stakeholders, from customers to shareholders. Within treasury, we have been working diligently towards this shared goal.

We are also focused on digitalising and simplifying our treasury operations to make sure we are ready for whatever the future may bring.

Tell me about a moment that stands out as an important progression for you?

One key moment for me was when we embarked on one of our earlier capital recycling projects. It was a very big, high-profile transaction in a complex environment, involving the divestment of a small stake in an overseas investment.

Many stakeholders were involved and the team also included younger team members, some of whom found the exercise rather stressful. The experience taught me the importance of empathising with this group of young colleagues that we are trying to nurture and keeping their morale up. It also made me more aware of the importance of not just leading my own team but also looking after people from other teams.

What's the best piece of career advice you've received?

It's not so much advice as something that I've learned from observing my bosses, which is not to sweat the small stuff. In a role that encompasses a lot of activities, things can get very complicated and you can get bogged down if you want everything to be perfect.

There are three things that I try to remember. One is to prioritise the impact. If it's not important, then let it go! Number two is to keep things simple: if things can be done simply, and the outcome is still just as effective, don't over analyse the decision. And the third thing is to keep calm under pressure and steer the conversation back to the big picture.

Do you have a motto in life?

My motto is 'this too will pass'. No matter what the current situation might be, good or bad, it's not permanent. If it's good, it's important to stay grounded, show kindness to other people, and share what we know. And when it's bad, just remember that a new day will come.

“My motto is ‘this too will pass’.
No matter what the current situation might be, good or bad, it's not permanent. If it's good, it's important to stay grounded, show kindness to other people, and share what we know.
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ONLINE

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



From banking to treasury

Today, Samantha Chng is a seasoned treasury professional with 25 years of experience in the profession. However, her sights were once set on a career in banking. “I pursued a banking degree when I was younger, because I was always curious about how banks operate,” she says. “I began my career in the banking sector, primarily serving mid-market corporate clients. My work involved areas such as corporate banking, loan structuring and evaluating credit facilities.”

But a couple of years later, the 1997 Asian financial crisis began – a period that Samantha says was a particularly challenging time in her career. “I wanted to help my customers stay afloat, while also safeguarding the bank’s interests,” she explains.

After the crisis, Samantha felt that it was time for a change. “I looked outside the banking world, and a treasury role came up at Singtel. I took the opportunity, and I’ve now been with Singtel Treasury for the last 25 years.”

During this time, Samantha has seen the company grow from a domestic telco player to one of Asia’s leading communications and technology groups, with investments including Airtel in India, AIS in Thailand, Globe in the Philippines, and Telkomsel in Indonesia.

“When all these acquisitions happened, our treasury team had to tackle a lot of new challenges,” she recalls. “We managed cross-border settlements, which involves a lot of hedging, including in countries where currencies are very controlled.

“All of these complex situations kept me highly engaged. Although I have been with the company for a long time, I have continually grown – gaining experience across various areas and developing a broad skill set. I had the opportunity to learn other treasury functions, like capital management and credit rating engagement, and eventually I grew into the role of Group Treasurer.”

Making a difference

During her time at Singtel, Samantha has also faced several challenging situations. But as she explains, “Expertise can always be acquired – it’s not difficult, as long as you put your mind to it.”

One notable challenge came about 15 years ago, when a significant amount of debt was coming up for refinancing. “This was debt we had raised during a series of acquisitions around the year 2000,” Samantha explains.

“There was a lot of scrutiny around the refinancing process, and my team and I had to develop a multi-year strategy to manage the maturities and ensure continued financial stability. We also had to clearly articulate the rationale and mechanics of the plan to senior leadership.

“Everything turned out well, and this experience reinforced the importance of turning technical details into clear, actionable insights for a broader audience.”

Taking a step back, Samantha reflects that young women in particular often have many different priorities to juggle, both professionally and personally. As such, she emphasises the importance of not only building a strong technical foundation but also investing in building positive relationships with colleagues. “That means being there for people – for example, by acting as a mentor – and also not being shy about asking for help at the right times,” she says. “Another piece of advice for younger women is that there is no time when you feel 100% ready for a new challenge. Just step up into the role, and then you will learn along the way.”

Likewise, Samantha highlights the importance of speaking up. “Don’t wait for people to invite you to the conversation, and don’t worry about making mistakes,” she says. “Make your presence felt, and it will help you to grow faster in the organisation.”

Finally, Samantha says she feels strongly about taking care of other people within the organisation. “For me, the most meaningful legacy I could leave behind is how I make other people feel, and how I help them grow – not just within the treasury team, but elsewhere in the organisation too.” ■

Profile

As Group Treasurer of Singtel, Samantha Chng is responsible for managing all aspects of financial planning activities pertaining to treasury, liquidity, debt and capital management for the Singtel group.

About Singtel

Headquartered in Singapore, Singtel is a leading Asian communications technology group, operating next-generation connectivity, digital infrastructure and digital businesses including regional data centre arm Nxera and regional IT services arm NCS. The Group has a presence in Asia, Australia and Africa and reaches over 800 million mobile customers in 20 countries. For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For enterprises, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber security capabilities.

Singtel is dedicated to continuous innovation, harnessing technology to create new and exciting customer experiences, support enterprises in their digital transformation and shape a more sustainable, digital future.



LOWERING THE COST OF LOOKING EAST

The UK-India Free Trade Agreement has been welcomed by the majority of UK exporters to the world's fourth-largest economy.

The UK-India Free Trade Agreement has been described as a major advance in bilateral economic ties by industry groups and business advisors.

CBI Chief Executive, Rain Newton-Smith, referred to UK businesses seeing myriad opportunities in the Indian market and described the announcement as 'a beacon of hope amidst the spectre of protectionism'.

For the UK, 90% of its tariff lines may see reduced tariffs – particularly benefiting sectors such as beverages, automotive, medical devices and advanced manufacturing explains Agneshwar Sen, Associate Partner and Leader Trade Policy at EY India.

"Automotive tariff reductions from over 100% to as low as 10% through a tariff rate quota system will significantly improve export competitiveness," he says. "Tariffs on whisky and gin will decrease from a staggering 150% to 75% initially and then to 40% over the next decade."

Initial analysis suggests an outbreak of predatory pricing or dumping, which would demand a response from the Indian customs authorities, is unlikely, particularly when most players are 'premiumising' portfolios so as to maximise margins suggests Jason Holway, Senior Research Consultant at global drinks industry data provider IWSR.

"As ever with alcohol and India though, the impacts of this tariff reduction will be complex and vary state by state, category by category and price band by price band, reflecting the existing intricacy of the industry," he says.

As home to the largest population of whisky drinkers in the world, India has long been seen as the most exciting growth market for Scotch but has been held back by punitive tariffs according to William Wemyss, Managing Director of Wemyss Family Spirits, which counts Kingsbarns Distillery near St Andrews in Scotland and Darnley's Gin among its brands.

"For years, whisky producers like us have been locked out of meaningful access despite strong demand and growing appreciation for high quality spirits," he says. "The phased reduction of tariffs finally gives us a fairer footing to compete in a market that has been out of reach for too long. This deal could open the door to sustained investment, new partnerships and long-term growth not just for our own business but for distilleries across Scotland."

Biopanda Reagents develops and manufactures in vitro test kits for clinical laboratories, veterinary practice and food safety laboratories, which are distributed throughout South-East Asia.

The company has been supplying a range of diagnostic products to the Indian market for the last decade notes Sales Manager, Philip McKee.

"We value the business we have done already throughout India and the introduction of the UK-India Free Trade Agreement should benefit us in terms of increased trade with the removal of export barriers," he says. "This will hopefully increase market access, allowing our distributors throughout India to provide a larger range of our clinical diagnostic products at a lower price."

However, the Association of the British Pharmaceutical Industry says it is disappointed that the deal does not appear to address longstanding industry concerns about intellectual property (IP) protections for UK life science innovators within the Indian market, particularly the need for regulatory data protection.

"Robust intellectual property protections are fundamental for the innovation our companies deliver but we believe an opportunity has been missed by the UK to demonstrate a commitment to high IP standards for our sector in this agreement," says Association of the British Pharmaceutical Industry Chief Executive, Richard Torbett.

The agreement eliminates tariffs on 99% of Indian tariff lines with sectors such as textiles, marine products, leather and engineering goods expected to gain significantly. ■

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Treasury remuneration spikes but money isn't the only thing staff care about

Treasury salaries have picked up in most markets, but recruiters note a demand pyramid impacting remuneration at the top. Elsewhere, companies have adopted a cautious approach to hiring and finding the skills they require, particularly prioritising data expertise. Meanwhile, tariffs and trade uncertainty are impacting company's appetite to recruit.

For many people in treasury, earnings and potential earnings, make up a key element of the attraction of the profession. So, it's good news that treasury salaries have picked up in most markets. In its latest **salary survey**, recruitment consultancy Michael Page found the highest-paid Group Treasurers in London earned £200,000 a year while the average salary for an Assistant Treasurer is now £110,000. Moving down the scale, average salaries for Treasury Managers (£75,000) and Treasury Analysts (£50,000) have also increased.

Treasury jobs are also in step or higher than other finance jobs. For example, a London-based Tax Director earns £150,000+ and a Head of Tax is on £200,000. In previous years, tax directors have earned more than treasury driven, in part, by the Big Four accounting and advisory firms driving up demand for tax and accounting professionals.

Across the pond from the UK, Mike Richards, CEO and Founder of the Treasury Recruitment Company describes treasury salaries in the US as "very high," and elevated above UK levels due to the higher cost of living and the tax burden. He also notes US pay rises have been sharpest in large urban areas. "A New York-based Treasurer can earn double the equivalent job in London, but people have to pay more for their house and in taxes," he says.

In Australia, treasury salaries have also spiked higher after a long period of staying the same. "For five years in the lead up to Covid, salaries didn't change in the Australian market," observes Simon Lynch, Founder and Director of Sydney-based treasury recruitment firm Treasury Talent who estimates around 3,000 people work in treasury in Australia and because the supply side is challenged, companies pay more for top talent. "In the wake of the pandemic, salaries have risen dramatically. Pre-Covid a Treasurer earned about AU\$350,000 and now the same Treasurer is on around AU\$450,000 and junior roles have scaled up too."

Despite today's firm salary levels, there is no suggestion salaries will climb higher still. In London, recruiters report a glut of talent and fierce competition for senior roles. Treasury by nature is a specialist area and not subject to

boom or bust and companies have adopted a cautious approach to hiring and finding the skills they require, particularly data expertise. Meanwhile, tariffs and trade uncertainty are impacting company's appetite to recruit. "As cost pressures and currency fluctuations increased, many businesses paused recruitment throughout 2024, choosing instead to focus on improving systems and efficiencies rather than expanding or upskilling their audit, tax and treasury teams," states Michael Page in its salary survey.

Factors affecting remuneration

Salaries vary according to the size of the business and the degree of complexity of the role. For example, a higher salary will come with international scope or capital funding requirements demanding more sophisticated products and a higher degree of experience.

Broader management responsibilities also determine remuneration. One element of managerial responsibility is the leadership of the treasury team. Similarly, many treasurers have duties beyond treasury encompassing other functional areas that might include tax, pensions or insurance.

"The treasury role can differ dramatically depending on the type of company," reflects Richards. "A Group Treasurer at a UK Housing Association, for example, is dramatically different to the role of Group Treasurer at a multinational with a team of 80 and five different service centres."

Qualifications also impact remuneration and unsurprisingly, there is a strong correlation between earnings and formal education. Recruiters say formal treasury qualifications shoot candidates straight to the top of the list and also support eligibility for promotion and the speed at which people progress. **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.

Recruiters also note a demand pyramid impacting remuneration at the top. Few people study treasury,

and many people fall into it. It means talent at the bottom of the pyramid is often constrained and if people are good, they quickly get bumped up. However, more senior roles are much scarcer and the picture switches from supply limited to supply long for roles like assistant treasurer and treasurer which naturally has an effect on levels of remuneration.

In another trend, demand for senior treasurers has also been crimped by foreign takeovers and private equity groups buying companies which can lead to a diminution in the role of the treasury function, or its complete removal.

Treasury in private equity is usually more manual and with less complexity although the use of leverage usually makes debt scenarios more interesting and dynamic.

The abundance of junior roles in treasury is particularly pronounced in India where young people dominate the profession. Kashaf Jaffer, Head of Treasury at Puma Energy in Mumbai estimates the average age of his 25-member treasury team is much younger than most at around 25 to 30 years old. "Gen Z bring their own way of working," he says. "They are more fearless, and with a bigger risk appetite regarding their plans for career growth." This bodes really well for Puma since they bring in the agility to manage challenging responsibilities such as Liquidity Forecasting & Management, FX Risk Management, Controlling & Reporting and Treasury Systems & Projects.

How important is remuneration?

Of course, remuneration is just one factor treasurers consider important and job satisfaction does not just depend on salary levels. Job satisfaction is also linked to people's relationship with their boss, work-life balance and if they have career progression. Those without enough runway ahead will be more prepared to leave, whatever the remuneration.

Candidates' motivations for seeking new roles have shifted, with many now prioritising factors beyond salary, such as work-life balance and job security, observes Michael Page. As a result, employers have had to adapt, offering more holistic and appealing propositions to attract top talent – often without relying on significant salary increases as seen in previous years.

For some people, **hybrid working** is of the most value, explains Connor Matthews, Associate Director, Specialist Finance and Human Resources, at the recruitment group. "Similarly to other industries, we've seen audit, tax, and treasury professionals gradually return to more days in the office. This has unsurprisingly brought challenges for businesses when trying to secure candidates, as they struggle to match established behaviours and benefits candidates have become accustomed to in their existing positions. As such, clients are having to be more flexible than ever in their offers to make it compelling, competitive and compensating enough for candidates to make the move."

Working from home is particularly important to juniors on the lowest salaries. Although this cohort are also driven by salary and title because it makes a difference to their income, they also like the cost-saving of working from home. "If, say, a treasury analyst has two-three days in the office and is offered a pay rise to come into the office full time, they will say no thanks. They'd rather do three than five days in the office. Whereas at the treasurer level they are more open to being in the office full time as they are on higher packages," says Richards.

Lynch believes treasury professionals' direct report offers a valuable window into job satisfaction and how treasury is viewed at the company. If treasury staff report to the Financial Controller or Head of Tax, treasury is viewed as a cash management function. However, if a treasurer reports to the CFO this suggests treasury is strategic and a source of genuine interest at the company. "The unhappiest people in treasury are analysts because they are not empowered. Once people start to take on more responsibilities and become more of a manager, they are empowered and enjoy their job more."

Interviewees mostly agree that titles don't tend to motivate people – and it's easy to land a big job title in treasury that is often not matched by the salary. Lynch reflects that it is commonplace to hear about "people with big titles that are not paid at that level."

However, it's different in India where Jaffer notes that treasury teams are a bit more attached to titles. This cultural nuance can be a source of conflict because MNCs typically prefer to have a uniformity in roles across their different subsidiaries in the group. "MNCs don't want ten titles in one country that are different to rest of their jurisdictions," he notes. He says career progression at Puma Energy is more closely linked to functional skills, appetite to go the extra mile and take on more responsibilities along with hard-work and patience than job titles alone.

It leads interviewees to reflect that there is a degree of confusion about the role of treasury amongst people seeking to move into treasury from other roles in finance and banking because the roles are not transferrable. "My advice is that you should often see if there is an internal move open to you first. If you want to move from a wider banking role and then go into treasury maybe you can spend time with the Asset Liability Management team and gain hands on experience of what the role of treasury actually is," says Richards.

A confusion about the role of treasury also extends to internal recruitment teams. It's why recruitment consultants specialising in treasury say they are best positioned to hunt for talent over internal HR. "Most of my placements are the result of clients not being able to get the people they want themselves and coming to me," says Lynch. "Internal HR is not always familiar with treasury because it is niche and combing LinkedIn will never source the right people. The people who are most active on LinkedIn are not necessarily the ones you want. Unless you've met lots of people and know the market, it's difficult to know who the most talented people are."

What about the bonus?

The bonus makes up an important element of remuneration. The bonus grows as treasury professionals become more empowered so although a treasury analyst will get a bonus – somewhere in the region of 5-15% attached to the job – it's not a significant part of the package.

For a Treasurer, if the bonus is lower, they might get a higher long-term incentive in a share package. Many treasurers are also able to negotiate lucrative sign on bonuses too. Bonuses can differ whereby tech companies might offer a bigger bonus compared to other sectors where treasury is more a risk function. A lower bonus typically leads to a higher base and treasurers in the largest companies receive the biggest bonus. ■

Solving the KYC conundrum

Recognition of the value of know your customer or KYC processes is matched only by treasurer frustration with inconsistent bank requirements.

Verifying the identity of customers and assessing the risks associated with them has long been a disheartening exercise for corporate treasurers. However, this does not mean that they have become resigned to the issues created by inefficient KYC processes. In fact, a recent survey of US and UK treasurers published by Encompass suggests we might have reached a tipping point in terms of acceptance of the onboarding experience.

The vast majority (86%) of survey respondents reported losses as a direct result of lengthy or complex onboarding journeys and a similar percentage had abandoned applications due to the time taken to process them.

Julianna Achmatow, Vice President, Global Treasurer at developer, manufacturer and distributor of consumable products in the life sciences and diagnostics sectors, Calibre Scientific, explains that the main pain points in KYC compliance include ad hoc requests with no specific schedule.

“You get these requests for KYC or KYC refresh at random times, usually when least expected,” she says. “Failing to complete the process carries the risk of having your bank accounts frozen, which has happened to us a few times.”

When working with a relationship bank, Achmatow says she often sends them back to their files. “It happens numerous times that you may get a KYC request form from the same bank but from a different analyst,” she adds. “I never send the same information twice. I don’t think I had the opportunity to be proactive but establishing a cadence and knowing when KYC refresh happens would be helpful.”

One of the biggest issues for Cranfield Group, which specialises in engineering, architecture and project management/advisory and renewable energy recruitment, was just how manual the whole process felt says company Founder and Director, Marc Owen.

“We were stuck chasing documents over email and checking IDs manually,” he adds. “It turned every candidate into a separate task, which slowed things down. We ran everything through [recruitment software] JobAdder and most of the KYC tools we looked at didn’t connect with it. That meant more time copying data between platforms and more chances for errors. Instead of making things easier, those tools just added another layer of work.”

Eventually, the company built an API connection into the software and switched to a simple SMS link for document and biometric checks. “Candidates click the link, complete their checks on their phones and the results feed straight back into our workflow,” says Owen. “What used to take days now takes minutes and almost all of the manual hand-offs have disappeared.”

Submitting the same KYC information to multiple banks is a common bugbear. Fortunately, there are solutions.

“Client lifecycle management platforms offer firms a single, standardised repository of verified KYC data that can be shared securely and seamlessly across a network of participating financial institutions,” says Ruth Ormsby, MD EMEA at Fenargo. “Although the initial cost of integrating such a solution may seem steep, firms can expect to save a great deal of capital over the long term.”

Treasury4 Co-Founder & Chief Product Officer, Ed Barrie recommends centrally organising and managing all legal entity and financial account data and related legal documents while acknowledging that the challenge with legal entity data is that there is no single owner within an organisation.

“Some firms are building centralised repositories maintained by dedicated teams, while others have appointed KYC leads to coordinate responses and stay on top of requests across their banking relationships,” observes Craig McLeod, Head of Financial Crime Compliance at FTI Consulting.

According to Sumsb Chief Product Officer, Andrew Novoselsky, the most effective way to reduce repetitive submissions is by adopting a reusable KYC framework, while ScreenlyID Director, Brett Wise, advocates creating a golden record of legal entity data structured with standard fields that can be exposed via an API or portal.

Many companies are prioritising the maintenance of standardised data repositories with clearly defined update protocols. One of the most promising developments in this space is the emergence of corporate digital identity solutions through industry initiatives.

“Our participation in the CFIT [Centre for Finance, Innovation and Technology] coalition demonstrates how corporate digital ID frameworks can fundamentally transform KYC processes by enabling controlled access to verified digital identities rather than perpetuating endless document resubmission cycles,” says Katarina Pranjic, Head of Regulation and Policy at LexisNexis Risk Solutions.

Vendors can support corporates through education and integration reckons Brittany Garland, Head of Regulatory & Compliance Solutions at S&P Global Market Intelligence, who agrees that it is not clear that KYC utilities have reduced the burden for corporates given the difficulty of reaching consensus on policy and data standards.

McLeod recommends making it easier for firms to see who accessed their data, what is outstanding and what has been accepted as well as expand coverage beyond large multinationals into SMEs and mid-tier firms “who often bear the greatest KYC pain.”

To make KYC utilities more useful, Wise believes vendors need to evolve beyond the basics and implement features such as live data feeds and open APIs. “Businesses should be able to push the same data to multiple banks or platforms

without starting from scratch every time,” he says. “Having a trusted third party – like an auditor or legal representative – certify documents can give banks more confidence to rely on shared files. Utilities have already helped cut the paperwork, now it’s about making the whole process faster, smarter and more connected.”

Implementation of more secure technologies to improve data protection and transparency remains crucial, alongside creating more intelligent document parsing systems that can automatically extract relevant information.

“The development of robust monitoring tools to track expiring documents and regulatory changes would further alleviate the compliance burden for corporate clients managing multiple banking relationships,” says Pranjić.

Vendors should consider an open architecture that brings in other stakeholders beyond treasury for data management and workflow that allows the corporate to choose what data they want to share and with whom with a full audit trail, says Barrie. “Vendors should parameterise as much of the data as possible to drive standardisation around data definitions and types,” he adds. “Banks need to integrate more effectively with technology vendors through APIs and standards like ISO 20022 XML and push clients away from data sharing via email and proprietary banking portals, which are not used by corporate stakeholders outside of treasury.”

Utilities have made progress, especially when it comes to data reuse and shared frameworks across institutions. But uptake is still slow and many banks still operate in silos. In practice, there are still too many points of friction including inconsistent data formats, compliance standards that don’t match and concerns around liability and trust.

“What vendors can do better is twofold,” says Novoselsky. “First, build trust and transparency into the data sharing process with clear consent mechanisms, audit trails and granular control. Second, shift from monolithic KYC solutions to modular ones. Corporates don’t need a one-size-fits-all system – they need tools that fit their risk models and geographies.”

The vast majority (85%) of the organisations surveyed by Encompass were actively considering a move to digital-first banks in search of a more seamless onboarding experience. According to Ormsby, this is a reality many banks are already confronting. A recent Fenergo study of more than 450 C-level executives across corporate, institutional and commercial banks found that two-thirds had lost clients due to slow and inefficient client onboarding and KYC, up 19% from 2023.

“This high abandonment rate is due to a combination of internal and external factors, including poor data management and siloed processes, poor customer experience and delays in processes,” he adds.

When a neobank can open an account in a day with APIs, real-time dashboards and instant virtual accounts, it’s no surprise companies are shifting part of their business there, says Wise. “Compliance isn’t the issue, it’s the friction,” he adds. “Streamline data sharing and automate the basics and KYC becomes a strategic advantage, not a roadblock.”

Novoselsky observes that digital-first banks can design KYC flows that actually serve the user and suggests that if traditional banks don’t catch up – particularly by embracing reusable

verification, smart orchestration and adaptive compliance – they risk losing business to more agile challengers.

For multinationals, even a modest reduction in onboarding lead time across jurisdictions can free up liquidity and operational capacity. McLeod states that traditional banks need to evolve (not by relaxing standards, but by redesigning processes to be smarter and more client-centric) and adds that reducing friction shouldn’t come at the cost of control.

However, faster is not always better and creating a true picture of risk and building trust in a relationship are just as important. That is the view of Marisol Lopez Mellado, Industry Practice Lead at Moody’s focused on financial crime and third party risk compliance, who reckons scale is also a significant consideration.

“While faster onboarding could make digital-first banks attractive to corporate clients, there are many other factors that influence the choice of bank,” she says. “Every bank has gone through digital transformation of operations to ensure better, smoother experiences and these transformations are an ongoing process of continual improvement.”

Pranjić agrees, noting that while digital-first banks excel at onboarding efficiency, they sometimes lack the global reach, comprehensive product suites and established risk management frameworks that multinational corporations require.

Barrie is also sceptical, suggesting the banking sector should seek to get the basics right for operations such as account opening, account reconciliation, streamlining of KYC refreshes and client onboarding.

Then there is the question of how, as these challenger banks offer more products and grow through acquisition, they prevent themselves from entering the same trap as more established institutions. “Both traditional and challenger banks need a detailed, well thought out technology strategy and must select the right partners to stay relevant,” suggests Garland. “It is incredibly challenging for a financial institution to spend what they need to build and maintain proprietary bespoke technology.”

Looking ahead, Owen refers to a number of developments that would make it easier for companies like his to onboard customers. These include tools that plug straight into the systems companies already use (such as CRM platforms) without any extra coding and moving the whole ID check experience onto mobile with no-code widgets or simple SMS links that reduce the number of steps in the process.

“While most identity verification tools already use AI and device checks, there is still room to improve how those systems flag edge cases and reduce the need for manual review,” he says.

In addition to operational issues, Achmatow refers to concerns around the sensitivity of the data that has to be provided. “A secure vault is the future of KYC and I can’t wait to have a system where the confidential information is kept and that would allow the bank to tap into our database,” she concludes. ■

Conquering cash consolidation challenges

Asian corporates have discovered that for all the benefits, amalgamating multiple bank accounts into a single pool is an exercise that requires ongoing maintenance.

There are a number of factors driving demand for cash pooling among Asian corporates. As they expand their operations, managing multiple currencies and banking relationships becomes challenging. Cash pooling enables better visibility of funds and the ability to centralise liquidity, minimising external borrowing and maximising interest income on surplus funds, while a number of Asian countries have relaxed their regulations on FX controls and cross-border intercompany lending.

Elevated interest rates and the need to evolve supply chains and manufacturing models as a result of geopolitical risk are additional motivations, as are the willingness of banks to offer customised solutions and the challenges of supporting same day funding from a single global treasury centre.

Tariff-related economic slowdown has further encouraged the establishment of new cash pools and the restructuring of existing pools to increase reliance on internal liquidity rather than bank borrowings.

Add growing pressure to reduce banking costs and streamline operations, increased adoption of cash management systems and demand for more accurate cash forecasting from the mid-cap enterprise segment as well as corporates to the mix and the conditions are in place for widespread use of cash pools.

Energy equipment manufacturing and services company, GE Vernova, has a long-standing regional pool structure in Asia through which it has achieved a reduction of optimal buffer of cash of up to US\$100m, with enhanced yield efficiency and reduction of operational swaps of nearly 70% explains Asia Regional Treasurer, Vibhash Joshi.

"In addition, consolidating cash within the walls of the same bank helps to tap into efficient cash management through book transfers, reduced optimal buffers, extended cut-offs and reduced disputes," he adds. "It is one of the most important projects undertaken by treasury to date."

The primary motivation for consolidating chemical and consumer goods company Henkel's bank accounts into a single pool was to enhance liquidity management and optimise interest income. By centralising its cash reserves it can better manage cash flows across different entities and reduce external borrowing costs and it is highly efficient for the company to consolidate local cash to head office for cash concentration and trapped cash risk mitigation purposes.

"The single pool structure has not only enabled more efficient cash utilisation but also significantly improved our strategic financial planning capabilities," observes Sophie Yang,

Head of APAC Treasury. "It has also strengthened our negotiating position with banks and the enhanced financial stability and flexibility have been crucial in supporting our growth and expansion strategies in the region."

Having a single currency notional pool has allowed Sydney-based biscuits and snack food producer, Arnott's Group, to leverage surplus funds from well-funded accounts without manually transferring money. Building on the success of this approach, it has recently begun discussions with its bank about potentially expanding this arrangement into a cross-currency and cross-border structure involving accounts in New Zealand.

"The primary benefit we have seen from this structure is the ability to use funded accounts to offset deficits in other accounts automatically, eliminating the need to individually fund each account daily," explains Company Treasurer, Joanne Parnell.

Rotork, which manufactures industrial flow control equipment, pools CNY offshore from China and USD across a handful of its APAC sites.

"The main objectives were to improve visibility and control, rationalise and simplify our account structure, improve process efficiency, reduce transaction costs and improve our liquidity," says Group Treasurer, Nick Batty. "For instance, by pooling USD and CNY we have centralised access to funds that we would not normally have access to."

Pooled balances can be moved to the UK for group activities and the company is also taking advantage of an interest optimisation structure, meaning balances in all currencies across the APAC banking structure held idle provide some interest returns.

The majority of multinational manufacturing company Jabil's liquidity is centralised within the notional pooling structure. According to SVP and Corporate Treasurer, Ian VanBuskirk, this consolidation has enabled optimisation of global liquidity. "Minimising the number of banking partners has allowed us to set up a more efficient liquidity structure, for example minimising float between accounts and cash needed on hand while maximising visibility of cash balances and improving bank fee pricing and investment yields," he says.

Manjiv Dodanwala, VP Group Treasury at private healthcare group IHH Healthcare describes the pooling process as a decisive first step towards cash centralisation and access to group funds to maximise investment returns, reduce external funding and create strategic levers for group treasury to provide inter-company funding.

“Before the cash pool was created, it was a repeated manual process to ask subsidiaries to evaluate available cash and organise manual transfer,” explains Natasha Fu, Treasury Manager APAC treasury management, group treasury at transport and logistics company DSV. “The subsidiary was inclined to keep more cash as a working capital buffer, reducing liquidity efficiency.” She believes cash pooling is one of the best practices a company can implement to assist cash management.

“Upstream cash to parent company is now more synchronised,” says Fu. “Cash can be managed more efficiently for yield enhancement, debt repayment or to support other business need. With a clear overview, we are also able to have faster decision-making.”

Consolidating bank accounts into a single pool has increased the visibility of all accounts and facilitates access to all accounts in one system, says Sam Yan, Group Treasury Director of a leading Asian metal producer. “It also enhances the efficiency of payment and interest revenue for the group since we have more bargaining power to ask for a higher interest rate,” he adds.

Cash pooling is regulated across South-East Asia, but the degree of control and complexity varies widely. For example, foreign entities may in certain jurisdictions be forbidden or restricted from carrying out cross-border cash pooling activities.

“Much of this variation is driven by local rules, including the tax environment, reporting compliance requirements – where the list of documents for cross-border transactions can change in nature and volume – as well as transfer pricing rules that may require interest rates on intercompany loans within a cash pool to align with market rates and comply with local regulations, and exchange controls or capital controls that can make cross-border cash pooling more difficult,” says Vincent Casanova, Managing Director APAC at GTreasury.

Gourang Shah, Head of Cash Management Solutions Sales for APAC & MEA at Deutsche Bank says regulatory standardisation remains limited except in open markets such as Singapore and Hong Kong.

Ankur Kanwar, Head of Transaction Banking & Cash Management Singapore & ASEAN, Global Head of Cash Structured Solutions Development at Standard Chartered refers to opportunities to implement liquidity structures to help clients access trapped cash in markets across the region and adds that regulations in China and India are evolving rapidly.

Whether cash sweeps require one time documentation or transaction level documentation varies across markets, especially for FX embedded sweeps explains Rupa Mankad, Managing Director, Head of Asia South & Singapore Liquidity Management Services for Citi.

“Corporate treasurers often rely on a combination of their own tax, legal, accounting and bank partners to structure a cash pooling structure that matches their incorporation and billing structure in each market and their global treasury construct and policies,” she says.

Sandip Patil, Head of Liquidity Management for Japan, Asia North and Australia at Citi adds that there are a number of options for clients to manage cash and liquidity in China, including schemes to consolidate cash across vehicles

across RMB and USD and using nationwide or free trade zone pooling to allow controlled cross-border pooling.

In China, while there are complex regulations on cash pooling, it is possible to have an effective domestic and cross-border cash pooling structure with good support from your banking partner, suggests Alvin Poh, Asia head of Liquidity and Balance Sheet, Global Payments Solutions at Bank of America.

“In India, due to the relaxation of regulations in the recent years, corporates have more options on domestic cash pooling structures,” he says. “However, cross-border cash pooling is still not feasible due to local regulatory and tax restrictions.”

Companies can implement hybrid structures, such as establishing domestic cash pools linked to cross-border pools through free trade zones in China concurs Aidan McDonald, VP of Sales APAC at Kyriba.

“For India, organisations typically use structures that optimise domestic liquidity first, then work within regulatory frameworks for cross-border movements,” he says. “Many multinationals are now using solutions that combine domestic and cross-border pooling arrangements to maximise efficiency within regulatory constraints.”

However, Norbert Braspenning, Managing Director Asia Pacific at Bank Mendes Gans refers to client feedback suggesting that even with infrastructure in place, actual fund mobility is often challenged due to sudden regulatory shifts or opaque approval processes.

“India, similarly, maintains tight capital control, making it difficult to repatriate or pool funds cross-border without extensive compliance and approval,” he says.

One of the challenges was integrating in-country cash concentration structures with the multi-currency notional pool due to regulatory restrictions and exchange controls in some markets, observes Dodanwela.

“We overcame this by maximising the benefits of the in-country liquidity structures to support the local businesses and by exploring an interest enhancement facility for a portfolio of standalone accounts,” he adds.

One of the main challenges Henkel faced during the implementation process was aligning different banking systems and regulations across countries in the region. “Ensuring compliance with local financial regulations while trying to standardise procedures was a complex task that required careful planning and coordination,” agrees Yang.

VanBuskirk says that although Jabil received good support from banking and internal partners, implementation was particularly challenging as it has quite a few participants within the pooling structure that are in emerging markets.

“Managing foreign exchange control and regulatory requirements is a vital for daily cash management and our team has had to periodically update/modify the structure due to business requirements or regulatory changes,” he concludes. ■



Trade finance rides to the rescue

“ How have tariffs impacted demand for trade finance? ”



Natasha Condon
Global Head of Trade
Sales, EMEA
J.P. Morgan

We sell trade finance products that provide risk mitigation and there is certainly a perception that maybe the world has got riskier. One way our clients are managing uncertainty is by ensuring they have enough cash in the right places, which means knowing where in their supply chains they might receive a cost from tariff policy. We are seeing an uptick in receivable financing and discounting on all our existing products, and outside this we've seen clients look at the debt capital markets and add banks to their bank groups for RCFs (revolving credit facilities).

Suppliers and buyers are having difficult negotiations on who pays for tariffs and the extent to which it can be passed on to end-consumers. The answer is it will probably be a combination of these things, and trade finance products can help with this. We offer a supply chain finance product that allows buyers to offer their suppliers supplier financing. Using the buyer's credit line, the supplier gets paid earlier than they otherwise would have in a benefit for the supplier. It's now being used in negotiations between buyers and suppliers today as companies navigate sharing the cost of tariffs.

A protectionist world implies that costs will go up across the supply chain of the average company and trade finance tools can help reduce costs, increase efficiency and support faster payments. Also, if companies are no longer able to profitably sell into the US or China and begin to look for customers in new countries, trade finance products like the good old-fashioned Letter of Credit are designed for this scenario. If you are an exporter selling to a customer you don't know, in a country you are not familiar with, banks like us have relationships with customers and their banks. We can step into that gap and cover that risk for you. It takes time for trade to shift, but we are expecting an uptick in demand for LCs. We also expect an expansion in our work with other banks with whom we can collaborate to allow a deal to get done between companies selling to each other for the first time.

I don't see a big change in the risk of trade finance from downgrades in corporate creditworthiness. However, tariffs are paid out of gross profit margin at the end of the day, and large corporations with deep pockets can absorb this easier than smaller corporations. It's too early to see the impact on smaller companies, but they are likely to experience more stress than larger corporations and have less ability to share the cost of tariffs with large customers or suppliers.

So far, any change in the use of the US dollar in global trade flows is more theory than practice. On a limited basis, we are doing more RMB trade finance than three years ago, but this is linked to our expansion in China. We are doing more in euros too, however the majority of trade flows remains in US dollars. We will react to what our clients are looking for, but as a trend, we don't see it as a huge move yet.

Regarding FX, we are seeing some clients think about arbitraging base rates. Corporates with global supply chain finance programmes can draw on dollars and euros from their purchasing centres in the US and Europe to buy from suppliers in these countries. They are now expanding these programmes into China because the RMB base rate is low. It's a great deal for suppliers in China right now because the base rate is so low their cost of financing is also low.

We run one of the largest trade asset distribution shops and work with 100s of investors, and we are seeing enduringly strong investor demand for trade finance assets. The market is liquid and trade finance assets are regarded as a desirable asset class despite the change in global trade flows.



Benoit Urbin
Managing Director of UK
and Ireland
Coface

Amid rising protectionism and geopolitical volatility, trade finance and insurance are essential for business stability, offering risk coverage and real-time insights into partners' financial health. With 2.5 million buyers currently under

exposure on our books, we are detecting increased activity from clients reassessing risk in light of protectionist trade shifts.

We have already seen trade routes shift, with container bookings from China to the US dropping sharply and European exporters facing more competition. The threat of tariffs is having a significant impact on business and consumer confidence has weakened, particularly in the US. A notable change we have observed is businesses looking to “connector countries” like Vietnam, Thailand and Brazil, which benefit from shifting trade routes and lighter tariffs.

We are also observing a gradual deterioration in corporate credit profiles and companies exposed to volatile commodity prices or reliant on complex, multi-jurisdictional supply chains are particularly vulnerable. We see risk in four key areas:

- Supply chain disruptions linked to the rerouting of trade flows.
- Weaker trade growth due to market access constraints and overstocking.
- Increased operating costs from managing divergent trade regimes across blocs.
- Rising political and social uncertainty.

For trade finance providers, the key risks now include increased credit risk stemming from these weakening corporate profiles, as well as heightened political and economic instability in certain markets. Currency inflation pressures also exacerbate repayment risks.

Trade instruments are crucial when dealing with unfamiliar buyers, offering protection against non-payment and helping to establish trust. As supply chains shift, trade finance providers must adopt more dynamic risk models, regularly updating exposure limits and underwriting based on advanced analytics.



Eniola Adesanmi
Head of Management
Assurance, Guinness Nigeria
and former Head of Treasury

The proposed US tariff increases on Nigerian goods, along with the potential cessation of AGOA, could significantly affect the competitiveness of Nigerian products in the US market. This impact would likely be felt by both manufacturing companies and the financial institutions providing trade finance facilities. It's worth noting that tariffs could potentially either increase or decrease this demand.

Several factors could contribute to a reduced demand for trade finance. For example, higher tariffs could increase the cost of imported goods, leading businesses to naturally reduce their import volumes and, subsequently, the need for import financing. The uncertainty and perceived risk associated with tariffs could lead banks to charge higher interest rates or fees on trade finance facilities, potentially discouraging international trade and lowering demand for financing.

Tariffs might also disrupt existing supply chains, forcing businesses to restructure their models and rethink their sourcing and distribution networks, potentially leading to less international trade and a reduced need for trade finance. For banks with a significant presence in trade finance, tariffs like the proposed 14% on Nigerian exports to the US could also reduce overall revenue and profit margins. Banking executives often find export transactions more attractive due to the inflow of foreign exchange. A decrease in dollar inflows could negatively impact bank earnings and their ability to meet FX obligations.

Conversely, there is also the potential for increased demand for trade finance to fund trade. For example, importers may require additional financing to cover the upfront costs of tariffs, potentially increasing the demand for short-term trade finance facilities. Faced with potential tariffs in traditional markets like the US, Nigerian companies might seek to explore and develop new markets, leading to an increased demand for trade finance to support export expansion.

In another scenario, higher tariffs on imports could incentivise local production. Governments might use tariffs to encourage investment in domestic industries that produce substitutes for imported goods.

Companies investing in local production may require financing for importing specialised machinery. We are currently observing this trend in the local ethanol production sector, possibly driven by significant tariffs on imported undenatured ethanol.

Despite the potential impacts of tariffs, trade finance remains crucial for manufacturing companies in Nigeria, including Guinness Nigeria, especially given the current economic climate characterised by a significant, though decreasing, reliance on imports, FX rate volatility, working capital needs and export expansion initiatives.

Still, Nigerian companies face several challenges in accessing trade finance of which high costs is one. Instruments like Letters of Credit can have substantial associated costs, including interest and transaction fees, which can be particularly burdensome for smaller businesses.

Economic Instability is also a factor. Perceived high risk due to economic instability in Nigeria can lead international banks to charge more or even reject trade finance applications from Nigerian companies. Inadequate financial Infrastructure is also an impediment – limitations in credit information systems and other financial infrastructure can make it difficult for banks to assess the creditworthiness of some local businesses and offer suitable trade finance solutions.

While these challenges affect most companies in Nigeria, larger companies like Guinness Nigeria are often better positioned to navigate these hurdles due to their scale, reputation and proactive financial strategies. The recent change in ownership from Diageo to Tolaram may also bring new perspectives and opportunities. ■



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