The Economist Intelligence Unit

A white paper from The Economist Intelligence Unit

FINANCING THE FRAGILE ECONOMIC RECOVERY

How global corporate treasurers are navigating new risks and opportunities for growth

Sponsored by Deutsche Bank

Contents

About this report

In July-August 2015 The Economist Intelligence Unit (EIU), on behalf of Deutsche Bank, surveyed 300 global corporate treasury and finance executives to find out how they are navigating new risks and opportunities for growth. Respondents included 100 treasurers, 100 CFOs and 100 heads of department; they were drawn from across the world, with 100 in the Americas, 100 in Europe, the Middle East and Africa, and 100 in Asia-Pacific. Of these, 200 represent companies with US$1bn-5bn in annual revenue, the remainder companies with US$5bn and above.

Executives were drawn from a wide range of sectors, including consumer goods (13%), financial services (11%), construction and real estate (8%), telecommunications (7%), automotive (6%), retailing (6%), energy and natural resources (6%), conglomerates (6%), chemicals (6%), transport, travel and tourism (5%), and healthcare, pharmaceuticals and biotechnology (5%).

In addition, The EIU conducted a series of in-depth interviews in July-August 2015 with 20 senior treasury and finance executives at corporations and independent consultancies from around the world. Our thanks are due to the following for their time and insight (listed alphabetically):

Corporate treasurers and other senior treasury executives

- Andrew Baranowsky, treasurer, Bombardier
- Richard Garry, group treasurer, IMI
- Tony Glasby, vice president and group treasurer, eBay/PayPal
- Damian Glendinning, vice president and group treasurer, Lenovo
- Dr Andreas Knierzinger, group treasurer, F Hoffmann-La Roche
- Richard Leland, vice president corporate finance and treasurer, Office Depot
- Jonathan Leon, treasurer, The Brink's Company
- Andrew Nash, senior vice president and group treasurer, Royal Ahold
- Richard Nield, vice president and regional treasurer, APAC and EMEA, Cargill
- Martin Schlageter, head of treasury operations, F Hoffmann-La Roche
- Lane Silverman, vice president and group treasurer, Japan Tobacco International
- Georgy Smirnov, head of treasury, Nordgold
- Christian Zeidler, regional treasurer, APAC, Bosch
- The director of treasury at a US-based multinational real-estate company who wants to remain anonymous

CFOs

- Mustafa Kilic, CFO, Candy Hoover
- Lelaina Lim, group CFO, RSH

Other experts

- David Blair, managing director, Acarate, and former vice president, treasury, Huawei
- John Grout, policy and technical director, Association of Corporate Treasurers
- Jim Kaitz, president and CEO, Association for Financial Professionals
- Paul Stheeman, independent treasury consultant and former group treasurer, Veba Oil & Gas

The EIU bears sole responsibility for the content of this white paper. The findings and views expressed in the white paper do not necessarily reflect the views of the sponsor. Heather McKenzie was the author of the white paper, and Martin Koehring was the editor.

September 2015

Executive summary

Weak economic growth and exchange-rate volatility are posing serious risks to corporate treasurers. Seven years on from the global financial crisis, and some treasurers are wondering whether slow growth is the "new normal". In this environment, the tendency for many corporate treasuries is to hoard cash in anticipation of new investment opportunities or as an insurance against future crises.

Many corporate treasurers therefore remain conservative in their investment and funding strategies; in our survey, CFOs expressed more willingness to explore non-traditional sources of finance, such as supply-chain finance, than treasurers.

Corporate treasurers are focused on putting in place processes, policies and procedures to protect the business from the uncertainty and volatility of the macroeconomy. They see increasing opportunities in using technology to enable better visibility over cash and liquidity. Finally, corporate treasury is increasingly moving up the board agenda as economic uncertainty continues. However, integrating corporate treasury within the wider business remains an issue in many companies.

The key findings of the white paper are as follows:

- **Finance executives are worried about sluggish growth, currency risk, regulatory risk and counterparty risk.** Sluggish growth is cited by more than half of respondents as the most serious macro risk to their firms' finances over the next three years. Damian Glendinning, Singapore-based vice president and treasurer at computer technology company Lenovo, suggests that the weak recovery is coming to be viewed as the "new normal". Exchange-rate volatility comes at a high price for treasurers, as illustrated by the fallout from the Swiss National Bank's removal of the Swiss franc:euro exchange-rate peg. However, the treasurers interviewed for this white paper view such risks as an "inherent part of doing business".

- **Companies are hoarding cash.** More than eight out of ten respondents to our survey say their companies have excess cash. Many do so because they are waiting for future investment opportunities. However, seven years after the global financial crisis some treasurers are still concerned about the ability of financial institutions to provide credit in the future and view cash as a type of insurance policy. There have been enough liquidity squeezes around the world in the years since 2007-08 to indicate that "a continued focus on liquidity management and credit access is vital", according to Richard Nield, vice president and regional treasurer, APAC and EMEA regions, at US-based multinational food conglomerate Cargill.

- **Finance executives spend considerable time on keeping up with regulatory changes.** More than two-thirds of survey respondents say they spend very large or fairly large amounts of time on regulatory compliance. In our in-depth interviews concerns were raised about the European Market Infrastructure Regulation (EMIR), the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) and Basel III, in particular. For example, "the approach to derivatives regulation is not joined up internationally, with differing specific requirements in different jurisdictions", according to Mr Nield. Jonathan Leon, treasurer at US-based multinational security services firm The Brink's Company, adds that his team spends a "much more significant" amount of time on regulation, a task "foreign to corporate treasurers ten years ago".

- **The role of technology in corporate treasury departments is becoming increasingly important.** More than two-thirds of respondents agree that the adoption of new technologies is gaining momentum in their companies' treasury departments. Technology is viewed as an important element in controlling risk; without it, treasury departments would have to employ a higher number of staff, and more mistakes would be made as a result of human error, according to Lane Silverman, vice president and group treasurer at the multinational tobacco manufacturer Japan Tobacco International (JTI). Regulation has had a knock-on effect here as many companies are deploying technology or outsourcing some parts of treasury in order to free up staff for compliance duties. A majority of respondents think that partnering with financial technology (fintech) companies will reduce the treasury department's reliance on traditional banks. However, at the same time many corporate treasurers remain risk-averse when it comes to partnering with fintech firms.

- **Corporate treasury is seen as having an increasing importance in strategy and the wider business.** Almost three-quarters of respondents agree that leadership teams increasingly consult corporate treasurers on strategic questions. Our survey suggests, however, that many treasury departments do not have sufficient time and resources to devote to key performance indicators, such as advising senior management on strategic matters. David Blair, managing director at Singapore-based consulting firm Acarate, says corporate treasurers have to be more strategic, but "in general I haven't heard many of them say they are getting more staff and budget". Our survey also highlights that there are some issues with internal integration and communication of the treasury with the wider business.

Introduction

In the years since the global financial crisis myriad risks have emerged for treasurers to tackle. Uncertainty has been a recurrent theme, whether it is in the negotiations over Greek debt, the slowdown of GDP growth in China or the surprise move by the Swiss National Bank to remove the Swiss franc:euro peg. The environment in which corporate treasurers and CFOs do their daily job has become more volatile.

However, this is also an environment in which funding sources are plentiful for well-rated companies. Nonetheless, the credit crunch of 2008-09 still resonates, and many treasurers have taken measures to ensure they are not badly hit by a repeat of the pre-crash liquidity shortages.

Seven years after the financial crisis, many companies are still challenged by the financial environment. Treasury departments are sitting on large cash reserves, unwilling to deploy the cash or lacking suitable expansion strategies to pursue.

In treasury, there are no hard and fast answers: different industries experience the macroeconomic environment in different ways. Regulations differ either subtly or considerably from country to country, region to region.

In this white paper, The Economist Intelligence Unit (EIU) attempts to get to the bottom of how finance executives in companies are balancing a desire for expansion with a continued need for caution.

Chapter 1: Key macro risks and risk-management strategies

Controlling risk within an organisation is a corporate treasurer's *raison d'être*. The job of corporate treasury is to create a capital structure of debt and equity that will fund the business, striking a balance between cost and risk. The company must have sufficient cash and liquidity to meet its obligations, be they short-term or long-term.

The requirement to manage various risks (currency, liquidity, interest rate and regulatory) has not changed since the global financial crisis. But the uncertainty and volatility that has persisted since 2008 has made risk management more of a challenge for many treasurers.

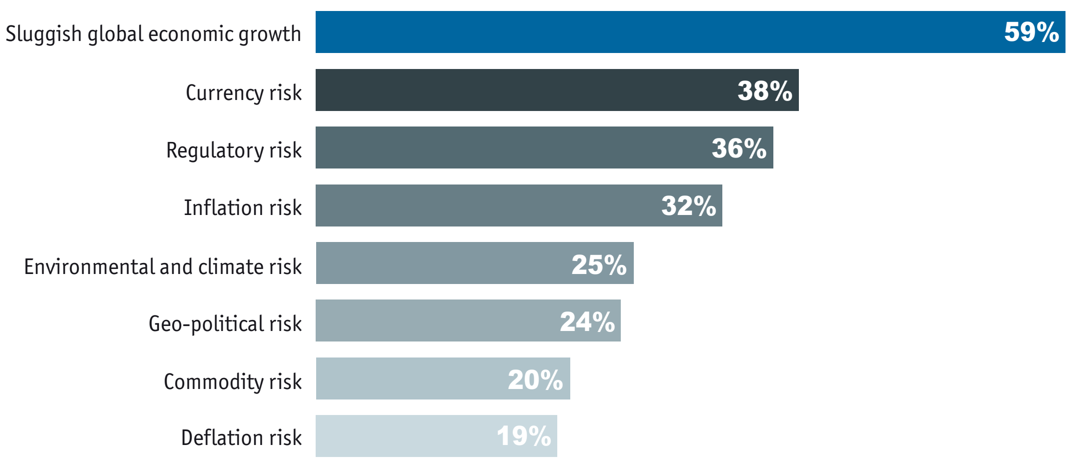
Concerns about growth and exchange-rate volatility

Sluggish global economic growth is cited by more than half of survey respondents as the most serious macro risk to their firms' finances over the next three years. This is especially the case in Europe, the Middle East and Africa (EMEA), a region with particularly slow economic growth. Real GDP growth in the 28 EU countries was just 1.4% in 2014, while global GDP growth was 2.3% (at market exchange rates). In the Americas, a majority of respondents rank sluggish growth as the most serious risk, as do respondents in Asia-Pacific.

Damian Glendinning, Singapore-based vice-president and treasurer at computer technology company Lenovo and president of the Association of Corporate Treasurers in Singapore, says: "The economic crisis and the weak recovery have been with us since 2008—seven years. At what point do we start to consider that this is the new normal state of affairs?"

Chart 1: Macro risks

Which of the following do you consider to be the most serious macro risks to your firm's finances over the next three years? Please select up to three.
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

Respondents are also very concerned about currency risk. Exchange-rate volatility has increased in the past year as quantitative easing (QE) programmes were tapered in the US but ramped up in Japan and Europe. For treasurers, volatility in the foreign-exchange (FX) markets means higher hedging costs. A major shock came on January 15th 2015, when the Swiss National Bank removed the Swiss franc:euro exchange-rate peg, no longer holding the franc at a fixed exchange rate with the euro. The sudden decision led to the euro falling from CHF1.2 to CHF0.8, before recovering to CHF1.04 at the close of trading on that day.

Dr Andreas Knierzinger, group treasurer at the Swiss multinational healthcare company F Hoffmann-La Roche (a company he has been with since 1984), says the move was challenging, but "it reminded us in clear terms that currency risks will stay and be more pronounced". To mitigate this risk, Roche sets "very clear criteria" of which currencies it will hedge and which it will not. The policy is reviewed more often than in the past, and the expense of hedging particular currencies is taken into account. "As a group we are in 50 currencies. This is the result of doing business in a large number of countries; we have to be very aware of the risks."

The negative impact of currency fluctuations on North American and European companies has been quantified by FiREapps, a developer of FX-exposure management solutions. It recently estimated the impact in the first quarter of 2015 at a record US$31bn.[1] For North American companies alone, the negative impact was estimated at US$28.9bn, an increase of 55.1% over the previous quarter. For example, the US-based multinational personal-care company Kimberly-Clark announced on July 23rd 2015 a 6% year-on-year drop in second-quarter sales as the weakening of most currencies relative to the US dollar reduced sales by 10%.[2]

Despite having a large global footprint, US-based multinational security services firm The Brink's Company has few FX requirements, says Jonathan Leon, the company's treasurer since 2008. Revenue tends to remain inside each country (Brink's has customers in more than 100 countries and employs 64,000 people worldwide), with local pools of currency used to pay salaries and invoices. "The biggest currency risk we take is in the translation of revenue and expenses back into US dollars. When we do this in certain currencies that are weak versus the strong US dollar, we face uneconomic conversion risks."

The higher hedging costs associated with currency volatility are "an inherent risk of doing business", says Lane Silverman, vice president and group treasurer at the multinational tobacco manufacturer Japan Tobacco International (JTI). By being well diversified, a company can often create natural hedge flows that mitigate the risk, he explains.

The third top macro risk identified in the survey is regulatory, with more than one-third of respondents naming it as a key risk. The impact of the constantly evolving regulatory environment will be examined in greater detail in Chapter 3.

Time-consuming risk management

Of the various risks being managed by corporate treasurers, currency risk is identified as the most time-consuming by our survey respondents. There are, of course, other risks with which treasurers have to contend, and many of these are also considered to be time-consuming.

Liquidity risk was a significant issue during the financial crisis, but central-bank QE programmes have eased liquidity concerns. It is still identified by treasurers in our survey as one of the more time-consuming risks with which they deal. Richard Nield, vice-president and regional treasurer APAC and EMEA at US-based multinational food conglomerate Cargill, warns: "In 2007-08 everyone got a big wake-up call on liquidity. Treasurers were used to raising money whenever they rolled over maturities and lost

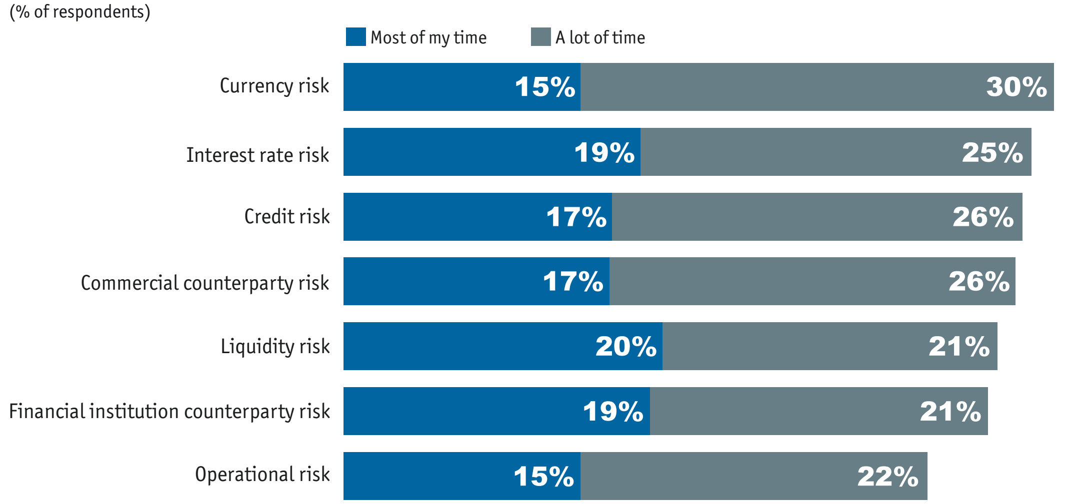
[1] *FiREapps Q1 2015 Currency Impact Report: A Survey of North American & European Corporate Earnings*, FiREapps, 2015.

[2] " Kimberly-Clark Announces Second Quarter 2015 Results", Kimberly-Clark, July 23rd 2015. Available at: http://investor.kimberly-clark.com/releasedetail.cfm?ReleaseID=923486

Chart 2: Financial risks

With regard to each of the following financial risks, please indicate how much time you spend on managing each of these risks?

(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

sight of liquidity-management discipline. There have been enough liquidity squeezes around the world to indicate the situation is not mended enough that we can rest easy about liquidity."

Survey respondents also spend a considerable amount of time on managing commercial counterparty risk and financial institution counterparty risk. Our in-depth interviews reveal concerns about banks and their long-term ability to provide credit. Mustafa Kilic, CFO and member of the board at domestic appliance manufacturer Candy Hoover Group in Turkey, says that after 2008 it became important for banks to understand businesses more closely because this affects the cost of credit. With 20 years of experience in finance, treasury and risk management, he says he spends much time with banks to ensure they understand the business. "The measurement of credit default risk varies because each and every bank has its own way to measure this," he explains. "Financial institutions need to understand the business and whether it is affected by seasonal peaks and troughs. In the past few years we have reduced the number of financial institutions we work with and increased the quality of the relationship."

Monitoring counterparty risk is an "important topic" for Martin Schlageter, head of treasury operations at Roche, where he has worked in a variety of treasury roles since 1993: "Ten years ago we began to closely monitor counterparty risk; this was before the crisis, when it was not really viewed as a risk. The situation has significantly changed, and we have invested in the systems in order to tightly manage these risks." The company does not just monitor a bank group as a whole, but also all the individual legal entities within the group.

One of the major creditors of Nordgold, a multinational gold-mining company, is Moscow-based Sberbank, which is subject to EU and US sanctions. The cost of funding from Russian banks has risen since sanctions were imposed; however, Nordgold had secured long-term funding prior to this. Some Western banks have taken a more conservative position on Russia and put a hold on some of their activities. Nordgold's treasurer since 2011, Georgy Smirnov, points out that the company is well funded at present, with very low levels of debt, and maintains strong ties with its relationship banks. The company also carries a cash cushion of about US$400m, which provides funds for emergencies.

Chapter 2: Funding and investment strategies

As central banks attempted to stimulate economies in the wake of the financial crisis, some opted for QE, notably the Federal Reserve (the US central bank), the Bank of England, the Bank of Japan and the European Central Bank (ECB). Such programmes have increased liquidity and typically reduced the cost of credit as investors look to deploy this liquidity.

This is reflected in our survey results, where most respondents feel that the cost of credit from banks is very low, low, or neither high nor low. Interestingly, respondents from EMEA perceive the cost of credit as higher than do respondents in other regions. This is possibly because the ECB was a latecomer among major developed-market central banks in embarking on QE.

There is little concern among survey respondents that the cost of credit will change significantly any time soon: almost half believe that bank credit costs will stay roughly the same over the next 12-24 months. Almost one-quarter of respondents, however, believe that the cost of credit could rise slightly during this period.

Our in-depth interviews confirm that for well-rated companies access to funding and the cost of credit are not seen as major issues. In the years before the crisis erupted in 2008, some companies felt constrained by what they thought would be a *future* lack of financing, explains John Grout, policy and technical director at the Association of Corporate Treasurers (ACT) in the UK. During that time the ACT advised its members to fund "early and long". For companies in Germany, says independent treasury consultant Paul Stheeman, there is "definitely more" funding in the market than there was around three years ago. However, a company will need to be highly rated to access such financing, he adds. "The fundamentals of a company have to be sound. Banks are not just throwing money around as they did before the 2008 crisis."

In Asia-Pacific, in the years immediately after the financial crisis, banks continued to lend if they were comfortable with the credit risk of their clients. These tended to be companies with strong balance sheets, many of which "perversely" did not want to borrow, observes Lenovo's Mr Glendinning.

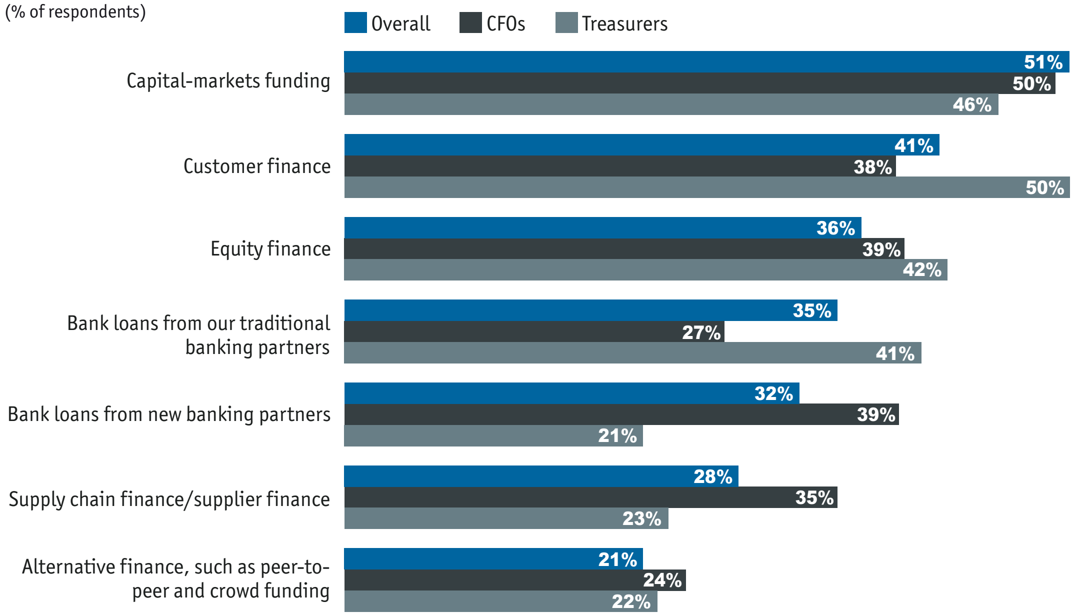
CFOs are more willing to explore non-traditional sources of finance than treasurers

The capital markets will be the preferred choice of most treasurers in terms of fundraising during the next 12-24 months. Richard Garry, group treasurer at British-based engineering company IMI, says that given the number of years of QE, corporations with strong balance sheets and low amounts of leverage are proving attractive to investors. "We have done some long-term funding, both capital markets and banks, at very good rates—some of the cheapest I have seen." Customer finance is the second-most-popular funding method, especially for corporate treasurers.

According to our survey, CFOs are more willing than treasurers to explore the idea of using new banking partners. Conversely, treasurers are more willing than CFOs to continue relationships with traditional banking partners. This trend is

Chart 3: Funding channels

Please indicate whether you expect to use the following methods to raise funds over the next 12-24 months? Please select all that apply.
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

also apparent when it comes to less traditional sources of funding. Supply chain finance (SCF) is an option for just over one-quarter of overall respondents, but within this group it is supported by more than one-third of CFOs and just under one-quarter of treasurers. SCF enables suppliers to sell their invoices to a bank at a discount as soon as they are approved by their buyer. This enables buyers to pay later and suppliers to secure their money earlier. As supply chains have become more global and often involve very small companies, SCF has gained momentum.

A number of the CFOs and treasurers interviewed for this white paper use SCF instruments to ensure the integrity of their supply chains. Cargill's supply chains, for example, range from small agricultural producers and farmers to large companies. While funding is not an issue for the company itself, the "real issue" is further down the credit range, where companies can struggle, explains Cargill's Mr Nield. "Within any supply chain you will have players with different credit ratings. The integrity of the supply chain relies on ensuring that the weaker credit players can get access to liquidity," he adds.

However, Jim Kaitz, president and CEO of the Association for Financial Professionals (AFP) in the US, is sceptical about SCF. "For many years, banks and vendors have told us that SCF is a great solution for companies. However, very few of the treasury and finance executives we speak with are particularly interested in exploring how SCF can benefit their organisations. It seems to be a great solution looking for a problem in many cases."

In terms of corporate treasurers' investment plans for the next 12-24 months, a fairly even spread is indicated across various types of investment. This reflects a post-2008 trend to diversify investments more strongly. Another change revealed by our in-depth interviews is a move away from chasing yield. As one US-based treasurer puts it: "It is better to have US$1m on the balance sheet a week from today than zero because you were trying to get higher interest."

Most survey respondents plan to increase their investments in bank deposits (only one-quarter are considering reducing such investments). This is despite the fact that a number of large US and European financial institutions have begun to charge corporate clients for cash deposits as interest rates drop into negative territory and the Basel III Liquidity Coverage Ratio (LCR) comes into effect. Under Basel III financial institutions must hold more stable capital, and some corporate deposits may be deemed too risky by banks. Charging for cash deposits is designed to encourage corporations to use other products.

The next most-favoured investment is reinvesting in the business. Less-favoured investment types include money market funds, with one-third of respondents planning to reduce their investments. In April 2015 the ECB released a study of the euro money market fund environment in 2014. It describes the money markets as being in a "healing phase" following a fall in activity during 2012. Total turnover is improving steadily, rising by 6% in 2013 and a further 4% year on year in the second quarter of 2014. Andrew Nash, senior vice president and group treasurer at Dutch multinational food retailer Royal Ahold and a former CFO at IKEA UK, says: "Pre-crisis, I could use money market funds with good ratings and feel secure about them. Today, I don't know of any corporate treasurer who is using euro money market funds because there is the risk they will go into negative yield." Capital preservation has become the main focus of corporate treasuries post-crisis, he adds.

In Asia-Pacific, corporate investment strategies are affected by the lack of investment undertaken by governments, says David Blair, managing director at Singapore-based consulting firm Acarate and former vice president, treasury, at China-based multinational telecommunications company Huawei, where he drove a treasury transformation: "Corporates aren't investing, and nor are governments, although there is very cheap money around." Mr Blair describes the situation as one of "debt-fuelled stagnation", with a lack of confidence to make significant investments.

US-based Office Depot takes a "very conservative" approach to investing, says Richard Leland, vice president corporate finance and treasurer. The company focuses on short-term, high-quality instruments such as money market funds. Preservation of capital is the main goal. "Since the financial crisis, we are being much more thoughtful and do very thorough analyses of the projects we undertake in order to ensure we get a strong return on investment."

Cash hoarding

In the wake of the financial crisis, many corporations have built significant cash reserves. In the US, for example, rating agency Moody's estimates that the US non-financial companies it rates held US$1.73trn in cash at the end of 2014, up 4% from US$1.67trn[3] the year before. Companies in the technology sector held the most cash (40% of the total), followed by healthcare/pharma, consumer products and energy. In the UK, private non-financial corporations consistently ran a financial surplus between 2002 and 2013; they now hold around £1.8bn (US$2.8bn) of financial assets, including £500bn of cash.[4]

In a survey conducted by The Economist Intelligence Unit in July-August 2015, a vast majority of finance executives at corporations say that their companies have either fair or large amounts of excess cash. Of those, more than half say they hold excess cash because they are waiting for future investment opportunities. Other reasons to retain high levels of cash include insurance against a lack of liquidity, avoidance of high taxes on repatriated profits, potential requirements to invest in research and development (R&D) activities, or uncertainty about future taxes. Taxation on repatriated funds is a particular concern for US-based companies, which are taxed at over 30% on profits returned from overseas operations.

Very few respondents indicate that they hold no or little excess cash. Companies in this group

[3] "US non-financial corporates' cash pile grows to $1.73 trillion, led by technology", Moody's, May 7th 2015. Available at: https://www.moodys.com/research/Moodys-US-non-financial-corporates-cash-pile-grows-to-173--PR_324721

[4] Farrant, K and Rutkowska, M, "Are firms ever going to empty their war chests?", Bank Underground, a blog for Bank of England staff, July 24th 2015. Available at: http://bankunderground.co.uk/2015/07/24/are-firms-ever-going-to-empty-their-war-chests/

tend to say that they use cash to pay bills, creditors and suppliers as early as possible. Lelaina Lim, Group CFO at pan-Asian clothing retailer RSH, says weak economic growth means she is focused on cash preservation. "In the current environment, where consumers are less willing to spend, we are trying to balance reinvesting in new stores and increasing product lines with paying off long-term debt."

As the cost of carrying cash has fallen, explains John Grout, policy and technical director at the Association of Corporate Treasurers (ACT) in the UK, many large companies have liquid cash, even if they also have debt. "Treasurers are wary about access to capital markets and to bank funding. They don't want to rely on markets or banks, which may be less willing to provide liquidity facilities if there is another crisis."

Chapter 3: The impact of regulations on treasury operations

Since the financial crisis governments and financial regulators have implemented a wide range of reforms intended to prevent a similar crash. Legislation includes changes to the capital structure of financial institutions and the use and reporting of derivatives. While the main focus of such regulatory efforts has been financial institutions, many of the regulations also affect corporations.

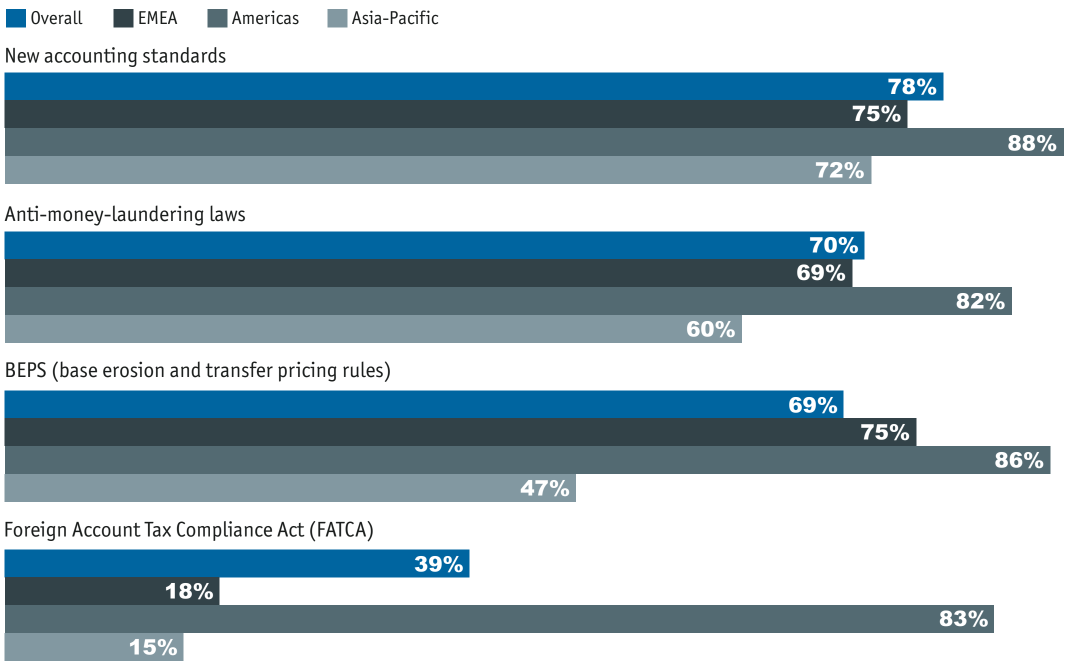
Keeping up with and implementing regulatory changes is time-consuming; more than two-thirds of respondents say they spend a "fairly high" or a "very high" amount of time on regulation. This is consistent across all three regions of the study, which is unsurprising, given that much of the regulation is global in scope.

Compliance developments are generally viewed positively

We also asked respondents whether they consider the amount of time they spend on specific regulations to be worthwhile. A vast majority say that three important compliance developments are worth the costs of implementation: new accounting standards (such as IFRS9), anti-

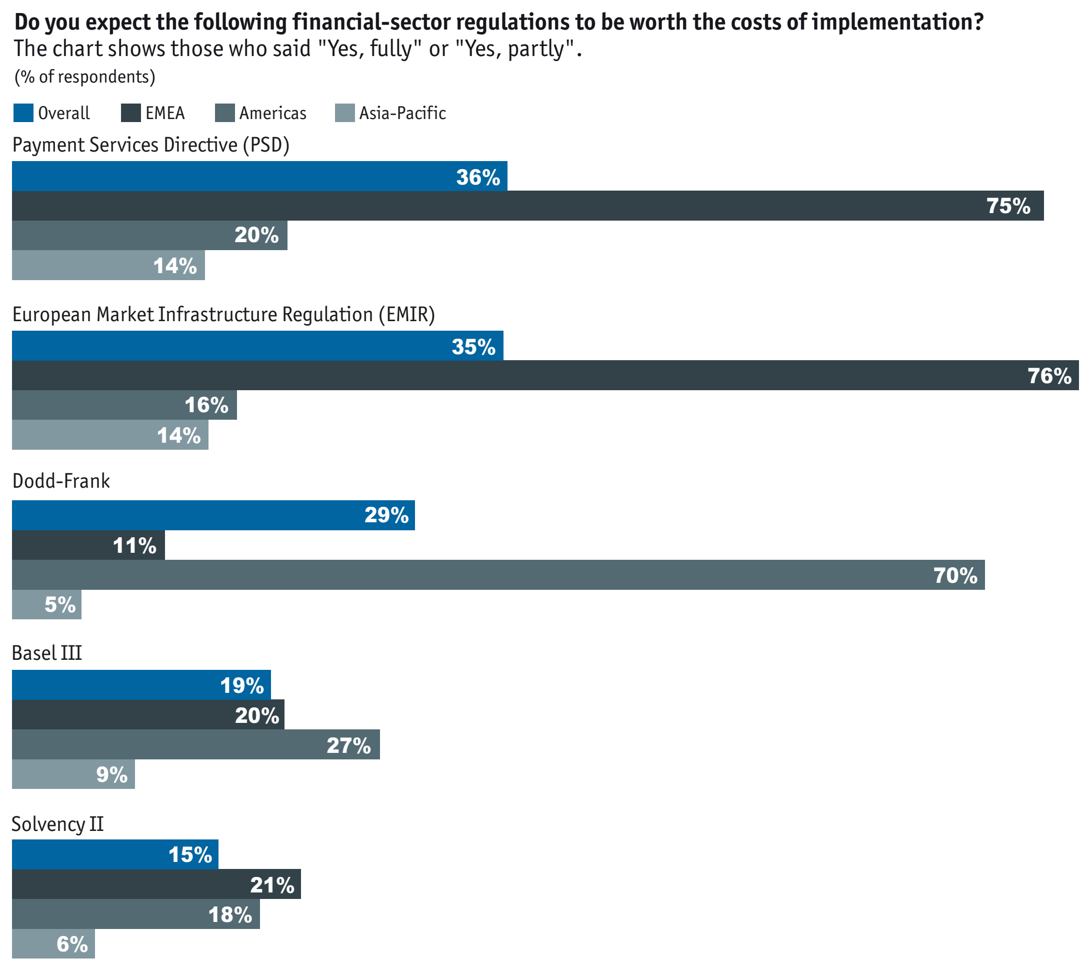
Chart 4: Compliance developments

Do you expect the following compliance developments to be worth the costs of implementation?
The chart shows those who said "Yes, fully" or "Yes, partly".
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

Chart 5: Financial-sector regulations



Source: Economist Intelligence Unit survey, July-August 2015.

money-laundering (AML) laws, and legislation on base erosion and profit shifting (BEPS, designed to ensure the coherence of corporate income taxation at the international level). There are regional differences, however; AML laws are considered worthwhile by 82% of survey respondents in the Americas but only 60% in Asia-Pacific, and 86% of respondents in the Americas believe that BEPS is worthwhile, compared with only 47% in Asia-Pacific.

Another regional difference is evident when it comes to the Foreign Account Tax Compliance Act (FATCA), a US regulation that targets US taxpayers with foreign accounts. It requires changes in how banks take on new clients and how accounts are opened. Within the Americas, a significant majority of respondents think the time spent on FATCA compliance is worth the costs of implementation. Globally, however, just over one-third think that way.

The indirect costs of financial-sector regulation

There is dissatisfaction among finance executives in companies about five financial-sector regulations that have an impact on corporations: the EU Payment Services Directive (PSD); the European Market Infrastructure Regulation (EMIR); the Dodd-Frank Act; Basel III; and Solvency II.

The PSD aims to make crossborder payments in Europe as easy, efficient and secure as payments made domestically within an EU member state. A majority of respondents do not believe the PSD is worth the costs. However, three-quarters of respondents based in EMEA think the efforts are worthwhile—which is perhaps not surprising, given that it is a European initiative.

EMIR and Dodd-Frank both address the reporting of derivatives transactions, but in different ways. Under EMIR, corporations have to report transactions, including intra-company derivatives trades, whereas under Dodd-Frank only banks are required to report. Regarding EMIR and Dodd-Frank, the majority of respondents believe they are not worth the costs of complying. Implementation costs of EMIR range from €50,000 or below up to €200,000, according to a survey conducted by the European Association of Corporate Treasurers (EACT).[5] Annual compliance costs range from €10,000 or below and up to €100,000. The EACT's survey found that treasurers could see no added value in reporting and believed that one-sided reporting (financial counterparty reporting for both sides of the transaction) should be adopted instead; respondents to that survey also thought that intra-group transactions should not be reported.

Disapproval of the time spent on financial-sector regulations is even higher when it comes to the Basel III capital accords, which 79% of respondents think are not worth the effort. The aim of Basel III is to strengthen bank capital requirements by increasing liquidity and decreasing leverage.

EMIR, Dodd-Frank and Basel III emerged as the main talking points for CFOs and treasurers interviewed for this white paper, with concerns expressed about the disparity between the reporting requirements of EMIR and Dodd-Frank. Moreover, those interviewed are concerned that Basel III may restrict banks' ability to provide funding or lead to some banks pulling out of particular business lines or markets. Overall, corporate treasurers are also concerned that the cost of compliance for banks will be passed on to them.

Many companies use derivatives to hedge exchange-rate risk and have therefore been brought into the realm of financial regulations with EMIR and Dodd-Frank. "EMIR brings a wholly new burden to treasury departments of reporting derivatives transactions, including internal ones," says ACT's Mr Grout. "There are many traps for the unwary, given that any business that does any derivatives transactions is obliged to report. I think you could assume that a vast majority of SMEs [small and medium-sized enterprises] in Europe have not heard of EMIR or of their obligations to report, even if they do only one hedging transaction annually."

Mr Leon of The Brink's Company believes EMIR and Dodd-Frank have led to his team spending a "much more significant" amount of time on compliance, a task that was "foreign to corporate treasurers ten years ago". Cargill's Mr Nield adds that the reporting burden for derivatives regulations is different depending on which part of the world a company operates in. "The approach to derivatives regulation is not joined up internationally, with differing specific requirements in different jurisdictions."

Royal Ahold's Mr Nash highlights the workload that derivatives reporting has imposed on corporates, with it being difficult to see the value added, especially the reporting of intra-company derivatives demanded under EMIR. "It used to be that a treasurer would compare bond funding in Europe and the US, taking into account the costs of hedging; this is not so attractive today, when Dodd-Frank reporting has to be considered." Mr Stheeman is also doubtful about the necessity of reporting internal transactions and suggests that legislation such as EMIR "was put together by theorists who know nothing about the practicalities of treasury".

Derivatives regulation is also being framed across Asia-Pacific, with Singapore, Hong Kong and Australia, for example, drafting laws. Acarate's Mr Blair says these countries will try to avoid "reinventing the wheel", but legislation is

[5] *Cost of EMIR compliance for non-financial counterparties*, European Association of Corporate Treasurers, August 2015.

inevitably tied to national sovereignty, and it is likely that there will be some divergence from EU and US derivatives legislation. Multinational corporations operating in all three regions will therefore have to deal with slightly different derivatives reporting requirements. Christian Zeidler, Singapore-based regional treasurer APAC at German engineering and electronics company Bosch since 2008, adds: "Regulation is a challenge across Asia-Pacific. We have a mix of quite regulated countries with capital controls and uncertainty regarding laws which sometimes contradict each other. We also have countries such as Australia, Japan, Singapore and Hong Kong that have greater clarity. As a multinational, we cannot replicate a model across all countries. It doesn't hinder our business, but dealing with the diverse regulatory environment does have a time impact on treasury operations."

Under the Basel Capital Accords, financial institutions will be required to hold more capital and capital that is stable. Retail deposits are considered to be fairly stable, whereas some corporate deposits may be deemed too risky by banks. There is a belief among the finance professionals we interviewed that Basel III will constrain financial institutions' ability to provide funding and will change the relationship they have with their banks. According to Roche's Dr Knierzinger, some of the company's banks have "significantly reduced the scope of their operations" and are much less willing to provide balance-sheet capacity than they were before the financial crisis.

Mr Garry, who has worked in treasury since 1992 and joined IMI in 2013, describes the impact of Basel III as "secondary" and may affect a company whether or not it is able to place short-term cash with its banking partners. Like the majority of survey respondents, he agrees that regulation is taking up much of his treasury team's time, but "if it means the industry becomes more disciplined and that we take more care of the risks we have, then on the whole that is a good thing".

Chapter 4: Technology as a treasury enabler

The role of technology in treasury departments is becoming increasingly important, and the adoption of new technologies is gaining momentum. This technology is also becoming more sophisticated, as indicated by our survey, which found that two-thirds of respondents view their technology infrastructure as "sophisticated" or "highly sophisticated". Confidence in technology is particularly high among respondents from the Americas.

These results are reflected in our interviews. JTI's Mr Silverman, who has been with the company since 2010 and has broad international experience across various industries, says treasury departments are "without doubt" extremely technology-dependent. Without technology, he explains, much larger staff numbers would be required in the treasury department, and more mistakes would be made as a result of human error.

According to Candy Hoover's Mr Kilic, treasury is one of the most intensive users of technology within his company as a whole amid heightened expectations among regulators—particularly with regard to reporting on, and measuring, risk exposures. "Technology is a really crucial instrument in controlling elements of risk."

How technology is employed in treasury departments

The least sophisticated treasuries tend to use spreadsheets; higher up the technology curve are treasury management systems (TMS) and enterprise resource planning (ERP) systems. Spreadsheets are falling out of favour; they are increasingly being viewed as too risky by many corporate treasurers as they require manual reconciliation and data entry, leaving the treasury department exposed to operational risk. In the UK, the ACT found that fewer companies are using spreadsheets as a treasury management tool. In March 2015, 31% of companies reported using spreadsheets as their primary management tool, down from 42% a year earlier.[6]

The main advantage of using TMS and ERP systems is improved visibility of cash. Treasury departments can view global cash positions across a number of banks quickly and easily. However, spreadsheets still hold sway in some parts of the world. According to one treasury expert, in Asia-Pacific there are still "too many" treasurers who are happy using spreadsheets. However, when it comes to technology, there is no "one size fits all".

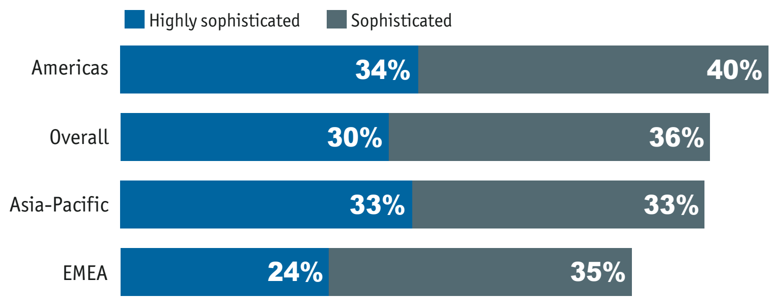
The deployment of technology will depend very much on individual treasury operations and the attitudes of the CFOs and treasurers.

[6] *The Changing Role of the Modern Treasurer,* Kyriba/ Association of Corporate Treasurers, 2015.

Chart 6: Technology in the treasury department

Assess the current level of technology infrastructure in your company's treasury department.

(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

Our survey found that the biggest barrier to making effective use of technology in treasury departments is that although the importance of technology is recognised, it is not given enough priority. Moreover, nearly half of treasurers based in the Americas complain that there is a lack of understanding of the role technology can play; this is despite the fact that treasurers in this region are confident about the level of sophisticated of their IT infrastructures.

Investment in technology is set to continue during the next 12-24 months: one-third of respondents expect to make heavy investments (unprecedented high levels) in the technology infrastructure in their company's treasury department, while almost half expect moderate investments (levels they would consider normal/average). When it comes to the capabilities of technology, a majority of respondents say the technology in their company's treasury department is able to improve decision-making, information and data quality and reporting. However, respondents are slightly less convinced about the ability of their treasury department's technology to automate processes, reduce operational risk and reduce costs.

Above-average results are recorded in this category by those respondents who indicate that they are heavy investors in technology. This would suggest that those who invest heavily in technology are particularly convinced of the benefits of technology for improving a wide range of treasury tasks. That said, 63% of the heavy technology investors still believe that not enough priority is given to it.

Outsourcing on the rise

The outsourcing of technology services is common among the survey respondents, especially in the areas of exchange-rate risk management. Very few respondents say they are not outsourcing any activities. One form of outsourcing, cloud-based platforms, is growing in popularity; a majority of respondents say their treasury department is increasingly using cloud-based platforms. One US-based treasurer describes cloud as "a portable office", explaining that recently a colleague in a taxi in Brazil was able to send a file back to head office in the US using his mobile phone.

While a majority of respondents agree that partnering with financial technology (fintech) companies will increasingly reduce the treasury department's reliance on traditional banks, more than half also say they are risk-averse about partnering with such companies. Lenovo's Mr Glendinning points out that he was initially sceptical about a factoring outsourcing arrangement with a non-bank finance provider that followed Lenovo's acquisition of part of IBM's business in October 2014. However, the arrangement worked well, he adds, overcoming his initial concerns.

Chart 7: Technology outsourcing

In which areas is your company's treasury department outsourcing technology services?
Please select all that apply.
(% of respondents)

Source: Economist Intelligence Unit survey, July-August 2015.

The Brink's Company's Mr Leon says as more treasury staff are devoted to compliance, the company is outsourcing more technology functions, such as exchange-rate risk management. "Technology can help reduce the burden in treasury, and there are now more opportunities to outsource and more sophisticated options. Outsourcing used to be limited to FX systems, but there are now options for financial risk management outsourcing as well."

Our in-depth interviews reflect the growing use of SWIFT (Society for Worldwide Interbank Financial Telecommunication) connectivity among corporate treasurers; nearly all of the treasurers interviewed use SWIFT for multibank connectivity. Based in Brussels, SWIFT is a member-owned financial messaging co-operative. The SWIFT for Corporates service enables corporates to exchange financial information (payments, securities orders, reporting) with all their financial institutions through a secure, standardised communication platform, as opposed to multiple connections. Of the Fortune Global 500 companies, 43% are on the SWIFT network.[7]

Combined with multibank connectivity via SWIFT's SWIFTNet network, treasuries can substantially reduce operational risk on a lower cost base by using cloud-based or software-as-a-service TMS. Typical cloud-based systems for a small treasury department of five users can cost an average of €3,000 (US$3,400) per month and come "out of the box" with SWIFT connectivity included. In the past, standalone TMS would cost around US$1m in licence fees and another US$1m to implement. "Cloud-based systems today offer a fantastic opportunity to treasurers. We are in a golden age of treasury technology," says Mr Glendinning.

He believes that in Asia-Pacific corporate treasurers and banks are not using technology to the best advantage. As a retail banking customer, he can log into the website of a bank and get good service; as the treasurer of a Fortune 500 retail company the service he receives is much poorer. "The reason for this is partly the bank and partly the corporate. In this day and age it is absolutely unimaginable that you cannot log on to the computer and draw down on all bank accounts around the world. We don't have straight-through processing for the vast majority of our transactions." Mr Glendinning is reluctant to make the investment in terms of money and time to implement SWIFT connectivity and a TMS. Instead, his company uses one cash management bank globally for ex-China activities.

Meanwhile, US-based Office Depot implemented a TMS with SWIFT connectivity in 2007, according to the company's treasurer, Mr Leland. This has given the department "tremendous visibility and the ability to mobilise cash anywhere it needs to".

At Cargill, Mr Nield says the firm is investing a great deal of effort and time in technology. The goal is to build a single, globally consistent treasury system, but this is a challenge. "We have been looking to outsource some functions, but in our experience, we don't think the big outsourcing providers have yet got their head around the more advanced treasury activities."

A major treasury technology project is also under way at Nordgold. The company has operations in West Africa, Kazakhstan and Russia. The company's treasurer, Mr Smirnov, says: "Technology is very important, and we are finalising a treasury infrastructure project on SAP's [the software corporation's] ERP system. We plan to centralise treasury operations, including those in Africa, using SWIFT and SAP. We also choose banks that can provide the best available technology on the market."

[7] *Market adoption report for Q4 2014 including 2014 highlights*, SWIFT for Corporates, February 2015. Available at: https://corporates.swift.com/sites/sdccor/files/corporate_adoption_report_q4_2014_v1_0.pdf

TMS implementation at eBay and PayPal

In July 2015 digital payments service PayPal split from e-commerce company eBay. The latter bought PayPal for US$1.5bn in 2002; more than a decade later PayPal is now worth around US$45bn, while eBay's worth is estimated at US$30bn. A long-term separation agreement has been put in place, and eBay has incentives to route about 80% of its sales through PayPal for the next five years.[8]

Tony Glasby, vice president and treasurer at PayPal, says that before the demerger eBay was implementing the Quantum treasury management system (TMS) from SunGard across all business units. The implementation will now continue at both companies. PayPal is starting the next phase of implementation, which includes foreign-exchange-rate risk management, which is due online later this year.

The TMS implementation has already produced results, he says, with the global environment, standardisation and consistent framework producing greater efficiency and accuracy throughout the treasury department.

According to Mr Glasby, his company was advised to pay close attention to the scope of the project upfront; this, he says, has been a key success factor. "This proved to be important in such a large project, because down the line there is temptation to add extra scope."

An important factor in dealing with TMS and other third-party vendors, he explains, is to recognise that such companies typically have many projects under way at the same time. It is therefore very important to establish good communications at senior levels of the provider to ensure that any problems can be addressed quickly.

[8] "Better off alone", *The Economist*, July 18th 2015.

Chapter 5: The changing role of the treasurer

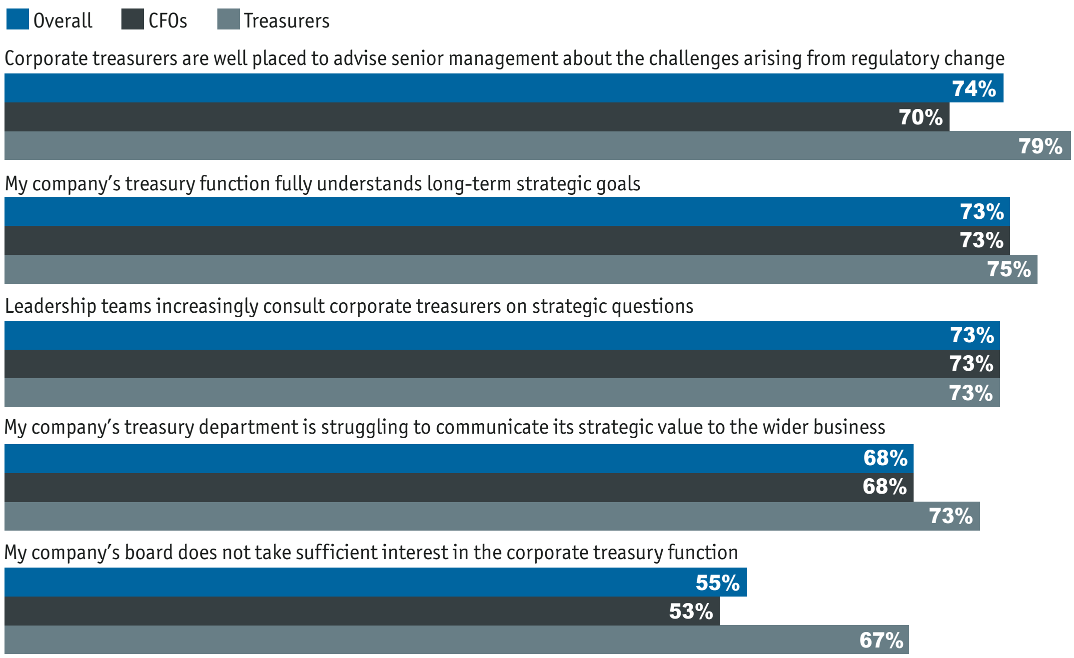
It is tempting to claim that the corporate treasurer's role has changed since the global financial crisis, but that is not entirely true. What has changed, according to our survey and in-depth interviews, is the attitude of senior management towards the treasury team. The financial crisis has highlighted the important role treasury plays in ensuring that a company can manage its risks and protecting the company from wider macroeconomic turmoil.

Growing role in corporate decision-making

Treasury has a strategic and an operational role within a company. According to the AFP, the role of treasury continues to expand, and it is increasingly playing a more central role in corporate decision-making. A survey it conducted in 2014 found that the corporate treasurer has "fundamentally and irrevocably transformed from a traditionally focused,

Chart 8: The corporate treasurer's strategic role

Please indicate to what extent you agree or disagree with the following statements about the corporate treasurer's strategic role in the wider business of your company.
The chart shows those who "agree strongly" or "agree somewhat".
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

back-office, intensive function to one that is significantly more visible and highly strategic".[9] With critical financial insight, treasurers are uniquely positioned to evaluate strategic cash deployment, ranging from financial options such as share buy-backs, debt repayment or dividend increases to operational alternatives, such as capital expenditures, acquisitions or product development, according to the AFP survey.

Among the respondents to our own survey, nearly three-quarters of all respondents, including CFOs, agree that leadership teams increasingly consult corporate treasurers on strategic questions. A large majority of all respondents also agrees that treasury departments are well placed to advise senior management on the challenges arising from regulatory change. Moreover, there is a high level of confidence among respondents that their company's treasury function fully understands long-term, strategic goals.

Bosch's Mr Zeidler says his department has worked on processes and procedures to help the company deal with problems. "We are prepared to work with uncertainty, particularly in Asia. We know there will be downturns, and we can pull out all of the processes and policies we have developed to cope with that." He adds that the treasury works in synchronisation with the business. "Business traditionally has a different approach; they want to grow markets and go into higher-risk sectors, whereas treasurers are perceived as risk-averse. We act as an internal consultant. If you have discussions with the business about the risk profile of the company and market conditions, they can be very insightful and fruitful."

While leadership teams are increasingly interacting with corporate treasury teams, many of our survey respondents voice concerns that their company's board does not take sufficient interest in the corporate treasury function. There is a distinct geographical split on this point, however, with more than two-thirds of respondents in the Americas believing this is the case, compared with less than half in Asia-Pacific. Treasurers are also more likely than CFOs to feel that the board does not take sufficient interest. There is a possibility that this is because CFOs have more ready access to the board and senior management than treasurers.

When it comes to the operational role of a treasurer, most of our respondents say the CFO and treasury department work well together in their company. Our survey results generally reveal that CFOs have confidence in the work of their companies' treasury teams.

Our respondents are also confident that the corporate treasury department has good oversight of internal cash across the business and that it has a growing role in supply-chain financing and in working-capital management. Candy Hoover's Mr Kilic describes working capital as "one of the top KPIs [key performance indicators] in the treasury function, particularly during difficult economic times" and in low-margin industries. "Once a financial institution fully understands a company and its business, it can then come up with new solutions that will help to improve working capital."

Is corporate treasury equipped for the new responsibilities?

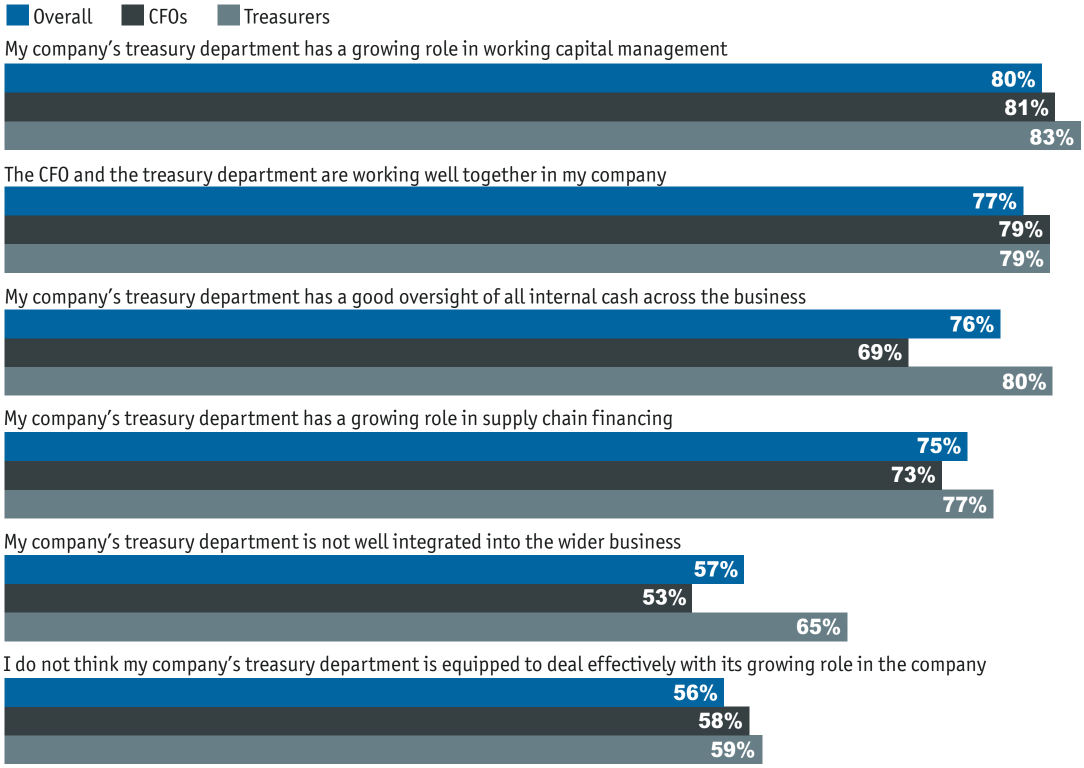
The confidence of respondents in their operational and strategic roles is tempered when asked whether they think their treasury departments are equipped to deal effectively with treasury's growing role within a company. More than half of respondents indicate they believe this is not the case (there is no significant difference here between treasurers and CFOs).

Moreover, a majority of respondents do not think their treasury departments are well integrated into the wider business. However, this latter point is not reflected in our interviews, where most of the CFOs and treasurers we spoke to believe treasury is well integrated into operations and capable of dealing with a growing role. Roche's Mr Schlageter explains that treasurers

[9] *Strategic Role of Treasury Survey*, Association for Financial Professionals, 2014.

Chart 9: The corporate treasurer's operational role

Please indicate to what extent you agree or disagree with the following statements about the corporate treasurer's operational role in the wider business of your company.
The chart shows those who "agree strongly" or "agree somewhat".
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

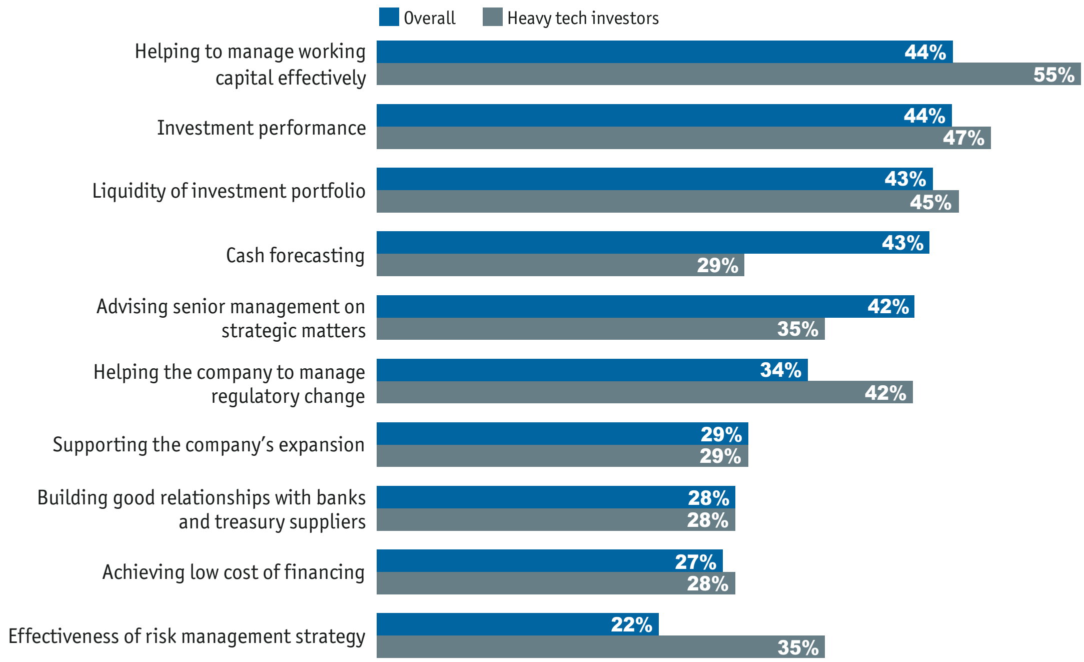
no longer "live in an ivory tower", as they did 10-20 years ago. "Treasury is fully embedded into the organisation, and we work on the same ERP [enterprise resource planning] as the entire business. We get all the synergies with the same IT landscape, which is very helpful when it comes to risk management."

Our survey asked respondents about their ability to meet various key performance indicators, including managing working capital, cash forecasting, advising senior management on strategic matters and building good relationships with banks and treasury suppliers. The responses indicate that many treasury departments do not have enough time and resources to devote to a wide number of KPIs. However, those companies that are investing heavily in treasury technology are more confident that time and resources are sufficient (except when it comes to cash forecasting). But in general, the results suggest that treasury departments are struggling to meet KPIs.

In Asia-Pacific, Acarate's Mr Blair says corporate treasurers have to be more strategic, but "in general I haven't heard many of them say they are getting more staff and budget. They have to do more to reassure the board, but at the same time they have to cut costs and deal with externalities such as regulations."

Chart 10: Ability to meet KPIs

Please indicate whether the treasury department in your company has sufficient time and resources to devote to the following key performance indicators (KPI). Please select all that apply.
(% of respondents)



Source: Economist Intelligence Unit survey, July-August 2015.

Building good relationships with banks

The collapse of Lehman Brothers in 2008 shocked not only the financial but also the corporate world. The idea that a well-rated bank could collapse overnight was a risk corporate treasurers had not envisaged. The treasurers and CFOs we interviewed for this white paper indicate that they are reviewing their relationships with banks in order to strengthen them and diversify their counterparty exposure. The changing regulatory environment is transforming the interaction between corporates and their banking clients; corporate treasurers believe that the cost of compliance for financial institutions will ultimately be passed on to them.

According to Lane Silverman, vice president and group treasurer at the multinational tobacco manufacturer Japan Tobacco International (JTI), in addition to the "calamity" of a bank going bankrupt, there are other risks: a bank may pull out of a particular country, stop supporting a particular service or product line, or simply become poor at what it does. "We try to deal only with highly rated banks, but with global operations, that is not always possible."

Andrew Nash, senior vice president and group treasurer at Dutch multinational food retailer Royal Ahold, says that managing bank relationships has always been important. "Many treasurers are limiting the number of their relationship banks. We often have a thin wallet of business to share around, so it is important to have good, long-term relationships with our banks."

Andrew Baranowsky, treasurer at Canada-based multinational aerospace and transport company Bombardier, takes the allocation of business to banks very seriously and is careful to ensure that banks have no complaints about meeting their return metrics. "We have a big wallet and 70 committed banking relationships. We are concerned that the Basel capital charges will make it difficult for some of our bank partners to provide the same level of commitment to us in the future."

Jonathan Leon, treasurer at US-based multinational security services firm The Brink's Company, fears that trust in counterparties such as banks "has gone for the most part". Corporate treasurers no longer take it for granted that capital will be easy to get. "It is imperative that treasurers always know what is going on in the various capital markets. They need to understand the prices, terms and conditions of every deal that is being done in the public debt and bank markets. They also have to talk to banks much more often because the market is more fluid than it ever has been."

Despite the growing importance of solid bank-business relationships, only just over one-quarter of respondents in our survey believe they have sufficient time and resources to devote to building good relationships with banks and treasury suppliers.

Conclusion

According to Mr Leon of The Brink's Company, "the market is more fluid than it ever has been". Today's CFOs and corporate treasurers are operating in an environment of flux, downturns, uncertainty and sudden shocks. They could be forgiven for thinking they are "living in interesting times", as the Chinese curse has it.

Against this backdrop, concerns about weak economic growth and exchange-rate volatility are at the top of macro risks for finance executives at companies. These factors are slowly but surely becoming the "new normal" for corporate treasury. Central-bank policies may have reduced financing difficulties for well-rated companies. However, given the fragile economic context, cash hoarding at multinational corporations remains an issue as many finance executives wait for improving investment opportunities and use cash as an insurance against another downturn. Many corporate treasurers therefore remain conservative in their investment and funding strategies; in our survey, CFOs express more willingness to explore non-traditional sources of finance, such as supply chain finance, than treasurers.

The fundamentals of treasury have not changed. Managing risk and protecting the business from volatility are still core skills. However, regulatory developments add another layer of complexity to the corporate treasury's workload—and many survey respondents feel that they spend too much time and resources on keeping up with, and implementing, regulatory change.

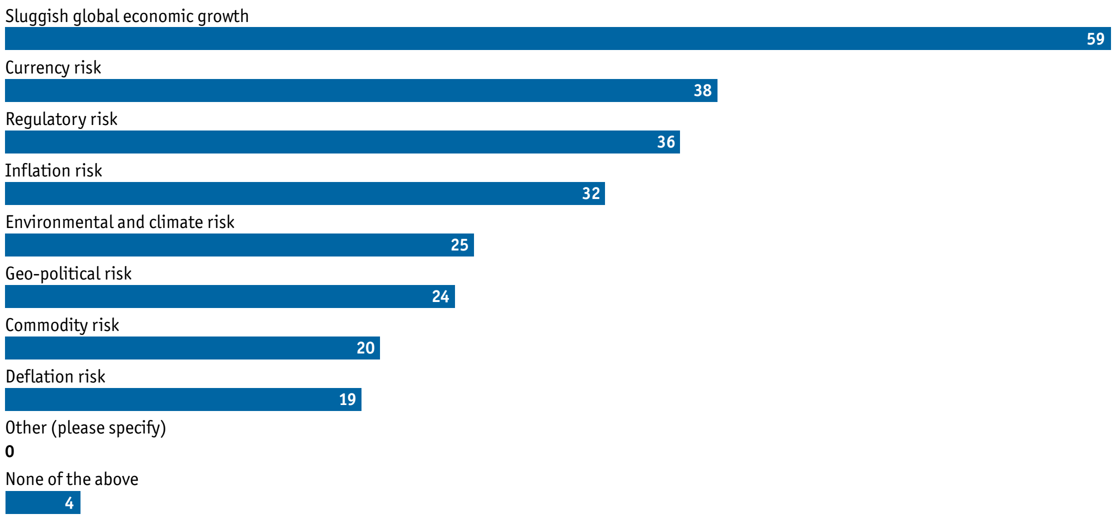
Our survey also confirms that the role of corporate treasurers is becoming more strategic. And encouragingly, CFOs see it the same way. Nonetheless, our survey also highlights that this growing role is still not being fully recognised across the business, and many respondents feel that the corporate treasury function is ill equipped to deal with its growing role within the business.

Increasingly, technology is being deployed to help businesses to deal with these challenges. Low-cost, cloud-based applications are putting more sophisticated capabilities into the hands of a greater number of treasurers. And our survey shows that those companies that invest heavily in treasury technology are more confident about the ability of technology to improve a wide range of treasury tasks and their corporate treasury department's ability to meet key performance indicators.

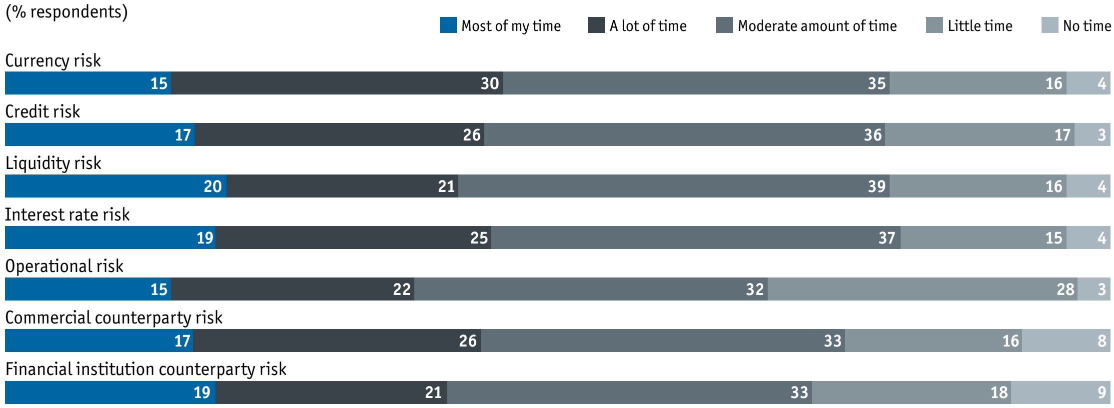
Finally, treasurers are paying closer attention to their bank relationships. There are concerns about the impact of Basel III capital requirements, but treasurers are responding to this by restructuring their relationships with banks. It seems that no one is taking anything for granted anymore.

Appendix: survey results

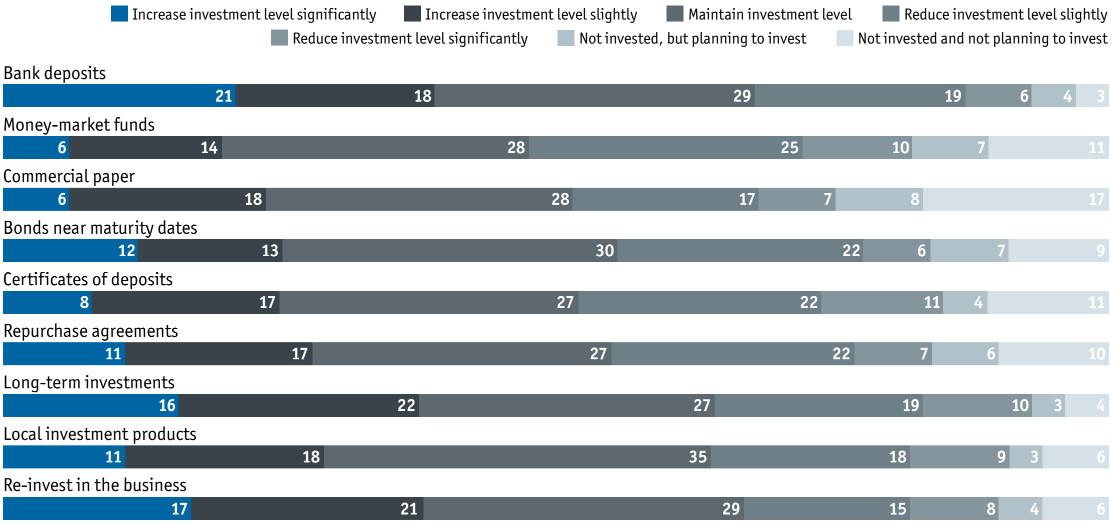
Which of the following do you consider to be the most serious macro risks to your firm's finances over the next three years?
Please select up to three.
(% respondents)



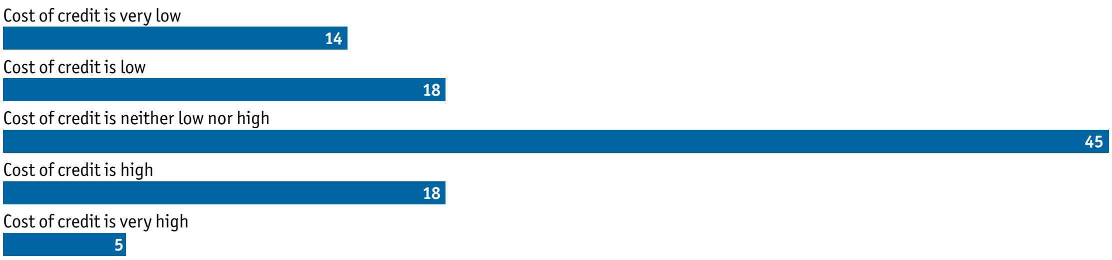
With regard to each of the following financial risks, please indicate how much time you spend on managing each of these risks?
Please select one for each risk.
(% respondents)



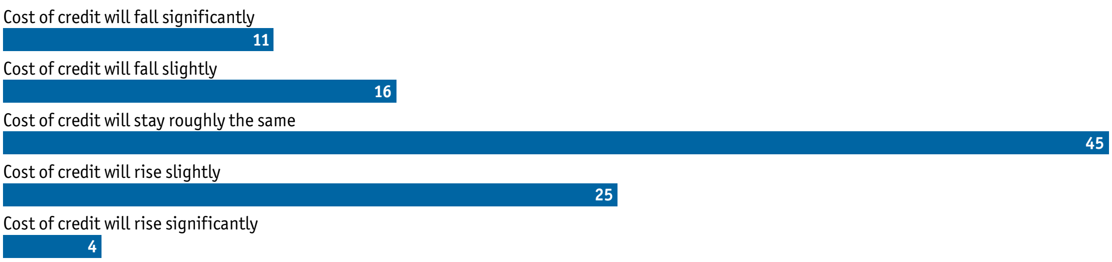
In light of the current macro environment, please indicate your investment plans with regard to the following types of investment over the next 12-24 months? Please select one response per item.
(% respondents)



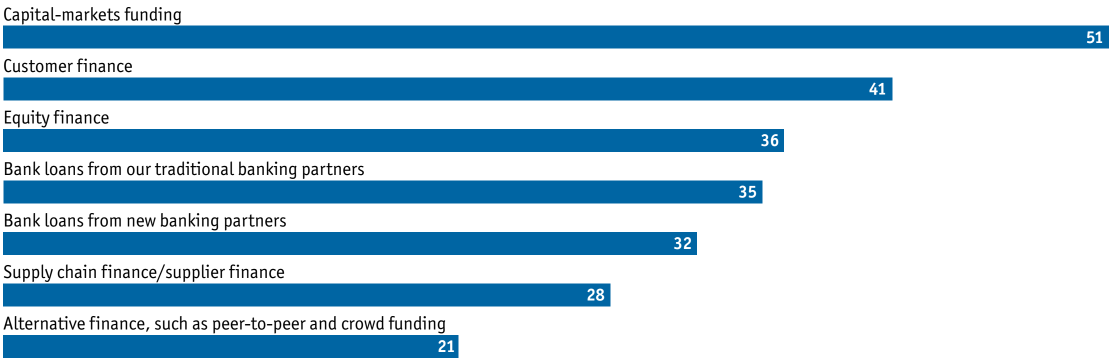
What is your view on the current cost of credit from banks for your company? Please select one.
(% respondents)



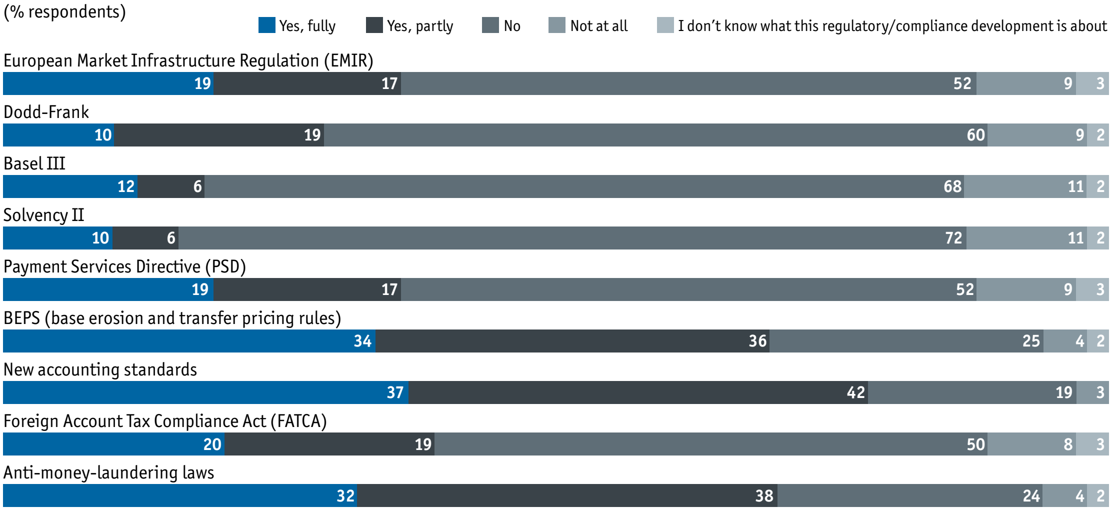
What is your view on the expected cost of credit from banks for your company over the next 12-24 months? Please select one.
(% respondents)



Please indicate whether you expect to use the following methods to raise funds over the next 12-24 months? Please select all that apply.
(% respondents)



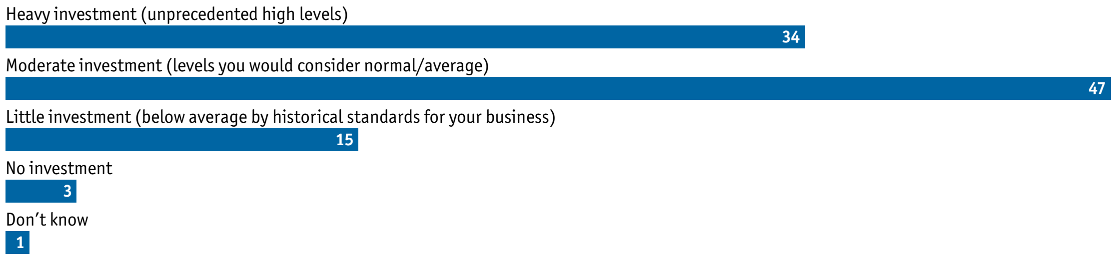
Do you expect the following financial-sector regulations and compliance developments to be worth the costs of implementation? Please select one response per regulatory/compliance development.
(% respondents)



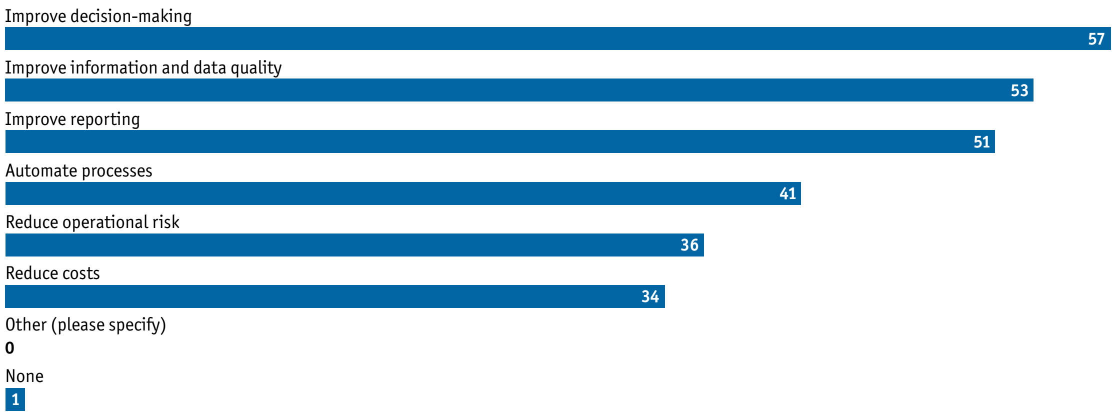
Please indicate how much time and resources you are spending on keeping up with, and implementing, regulatory changes. Please select one.
(% respondents)

Assess the current level of technology infrastructure in your company's treasury department. Please select one.
(% respondents)

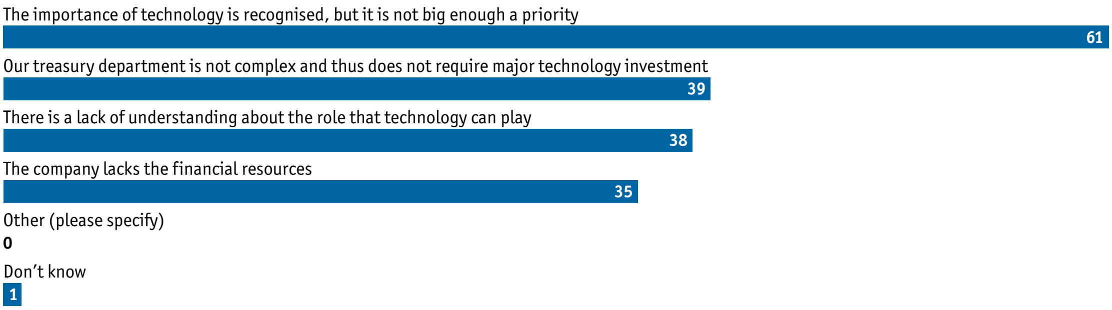
Assess the expected level of investment in the technology infrastructure in your company's treasury department in the next 12-24 months. Please select one.
(% respondents)



Please indicate whether technology in your company's treasury department is able to do the following tasks. Please select all that apply.
(% respondents)

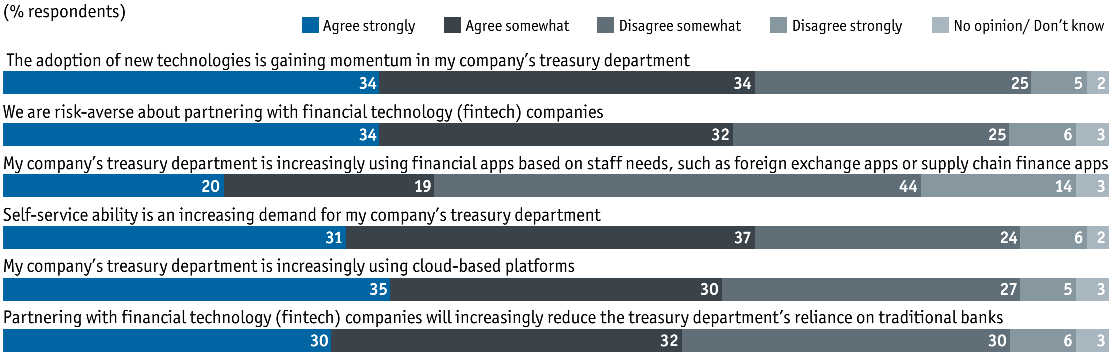


What do you think are the main barriers to making effective use of technology in your company's treasury department? Please select all that apply.
(% respondents)

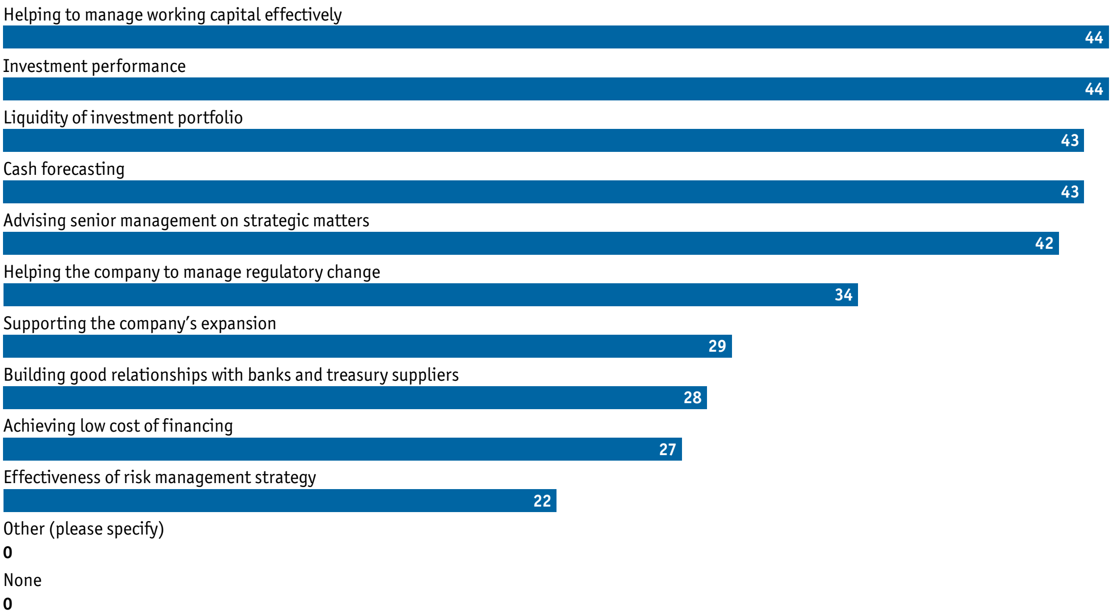


In which areas is your company's treasury department outsourcing technology services? Please select all that apply.
(% respondents)

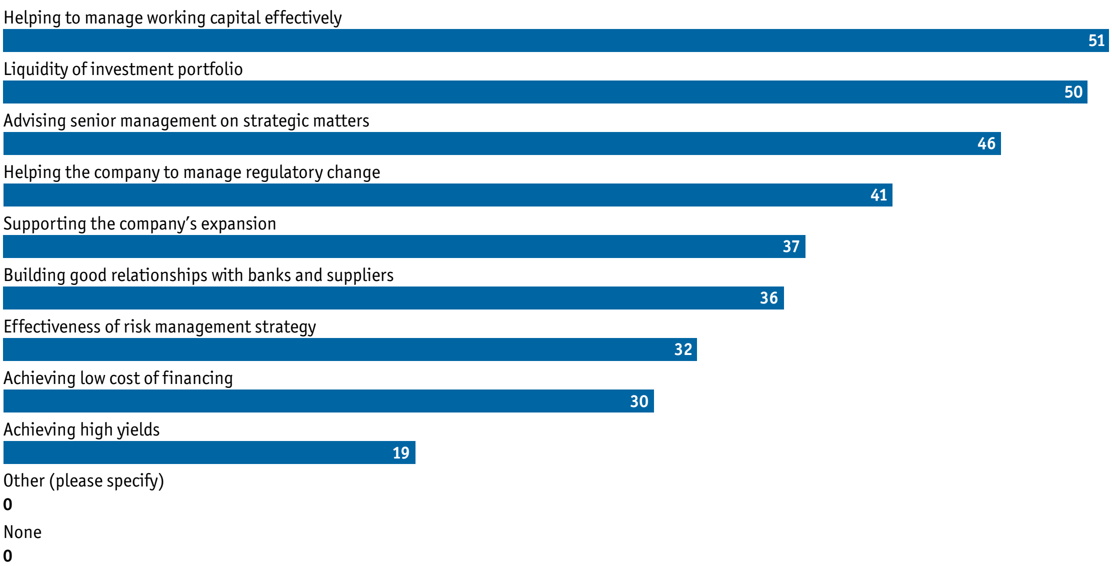
Please indicate to what extent you agree or disagree with the following statements about the use of technology in your company's treasury department? Please select one response per statement.
(% respondents)



Please indicate whether the treasury department in your company has sufficient time and resources to devote to the following key performance indicators (KPI). Please select all that apply.
(% respondents)

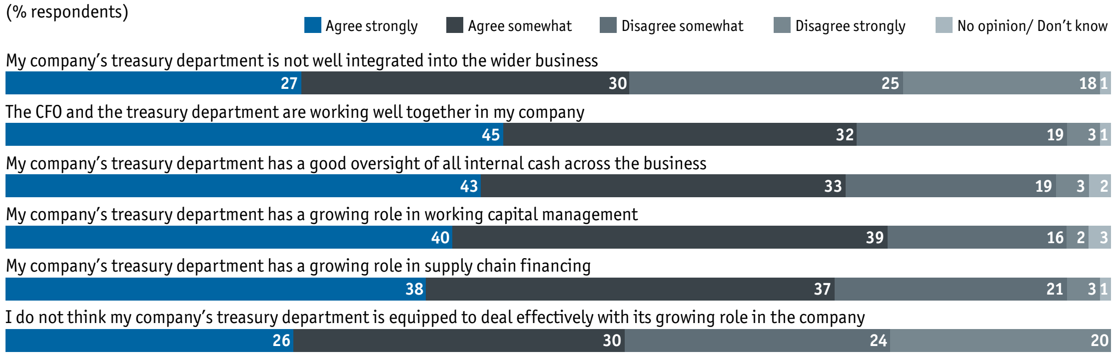


In your opinion, which of the following key performance indicators (KPIs) will become increasingly commoditised in your company's treasury department over the next 12-24 months? Please select all that apply.
(% respondents)

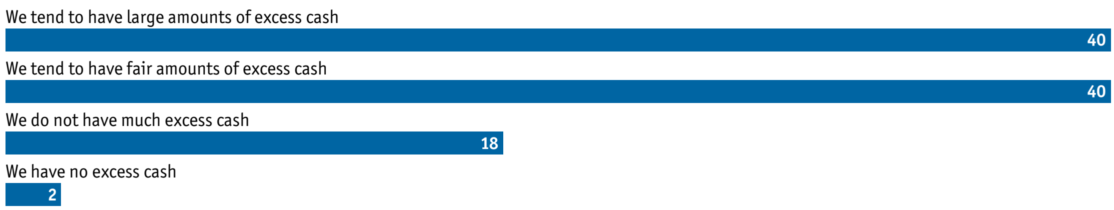


Please indicate to what extent you agree or disagree with the following statements about the corporate treasurer's strategic role in the wider business of your company? Please select one response per statement.
(% respondents)

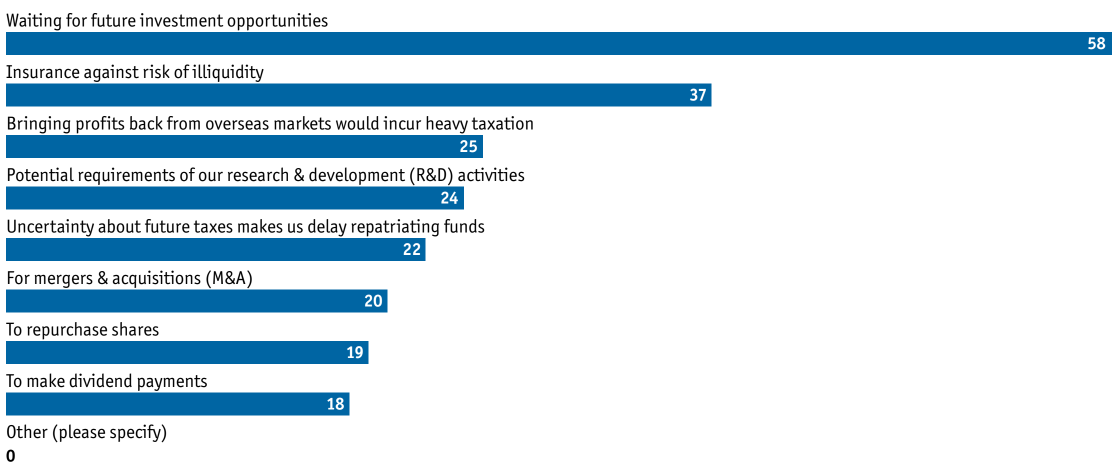
Please indicate to what extent you agree or disagree with the following statements about the corporate treasurer's operational role in the wider business of your company? Please select one response per statement.
(% respondents)

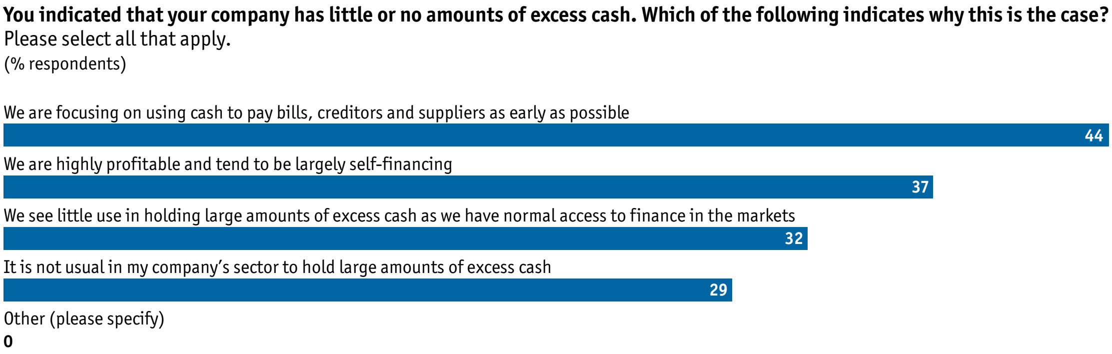


What is your view on your company's liquidity levels? Please select one.
(% respondents)



You indicated that your company has fair or large amounts of excess cash. Why do you hold this excess cash?
Please select all that apply.
(% respondents)




You indicated that your company has little or no amounts of excess cash. Which of the following indicates why this is the case?
Please select all that apply.
(% respondents)
We are focusing on using cash to pay bills, creditors and suppliers as early as possible
44
We are highly profitable and tend to be largely self-financing
37
We see little use in holding large amounts of excess cash as we have normal access to finance in the markets
32
It is not usual in my company's sector to hold large amounts of excess cash
29
Other (please specify)
0

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