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# THE RESILIENT TREASURY: Optimising strategy in the face of covid-19

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## About this research

*The resilient treasury: Optimising strategy in the face of covid-19* is an Economist Intelligence Unit report, supported by Deutsche Bank. Our analysis explores attitudes among corporate treasurers towards the drivers of strategic change in the treasury function, the macro and financial risks that impact strategy, the effect of negative interest rates on investment plans and the regulatory initiatives that are currently top of mind for treasurers. The study also analyses the technologies that treasurers are using today, the skills that the treasury function requires and approaches towards cyber security. Finally, it identifies the priorities that treasurers will pursue up to 2025.

The report is based on a survey of 300 senior corporate treasury executives conducted between April and May 2020. Of these, a third of respondents represent companies with an annual revenue of at least US\$5bn. The 2020 survey also includes findings from previous Economist Intelligence Unit corporate treasurer surveys in this series, conducted between 2015 and 2019.

Executives were drawn from three regions (North America, Asia-Pacific, Europe and the Middle East and Africa) and a broad range of sectors, including aerospace/defence (2.3%); agriculture and agribusiness (4%); automotive (7.7%); chemicals (6.7%); construction and real estate (5.7%); consumer goods (7%); energy and natural resources (7%); entertainment, media and publishing (6.3%); financial services (7.7%); healthcare, pharmaceuticals and biotechnology (7.3%); IT and technology (7%); logistics and distribution (4.7%); manufacturing (8.0%); professional services (1.7%); retail (5%); telecommunications (7%); and transport, travel and tourism (4.7%).

As part of the research, we conducted a series of in-depth interviews in May 2020 with senior treasury executives from around the world. Our thanks are due to the following for their time and insight (listed alphabetically):

- Rando Bruns, head of group treasury, Merck KGaA
- Charles Cao, group treasurer, Ant Financial
- Neil Peacock, global head of cash management, ABB
- Anita Polzhofer, head of treasury, Arup
- Jim Scurlock, head of cash management, Microsoft

## Executive summary

No sooner had treasurers started to implement strategies for 2020 than the economic picture for the year changed irrevocably. The covid-19 pandemic spread across the globe at extraordinary speed and treasury plans had to alter dramatically. The treasury function had to quickly shift to a remote working environment and switch focus away from long-term cash forecasts in favour of shorter-term and more regularly interrogated forecasts to get an accurate picture of cash and liquidity. Covid-19 has also impacted treasurers' short-term concerns about the outlook for the macro global environment and the likely consequences. Furthermore, non-core treasury activities, such as sustainable finance, are lesser priorities in the present climate.

In order to highlight the forces that will shape and define both the priorities of the future and the corporate treasury function itself over the coming decade, the first chapter of this report discusses the financial and macro risks that are impacting strategy and investment plans. The second explores the regulatory initiatives that are currently top of mind for treasurers and their implications. The third examines the technologies that treasurers are using today, the skills that the treasury function requires and approaches towards cyber security. The final chapter identifies and discusses the priorities that treasurers will pursue up to 2025. In each chapter we compare results from this year's survey with those from previous years where relevant.

### Key findings

- **Macro risks will drive change within the treasury function and specifically the way in which strategy is defined.** Respondents believe pandemic risk driven by covid-19 will have the most impact on corporate treasury, not just in the short term (43%), but also in the medium term (27%). Other pandemic-related risks also poll strongly: global economic growth concerns are high on the list (31%) and geopolitical risks are deemed problematic by a quarter of treasurers (25%) in the medium term.
- **Due to the current climate of uncertainty treasurers plan to diversify investment portfolios.** The survey shows that the pandemic has pushed a variety of risk management techniques to the fore. Liquidity risk, foreign exchange risk and mitigation of interest rate risk have become vital to navigate increasingly volatile markets. Meanwhile, a focus on counterparty risk is critical for supply chain management as smaller suppliers face tough times as a result of the sudden economic downturn. Treasurers say that over the next 12-24 months they plan to increase investments in long-term instruments (55%), bank deposits (48%), local investment products (48%) and money market funds (47%).

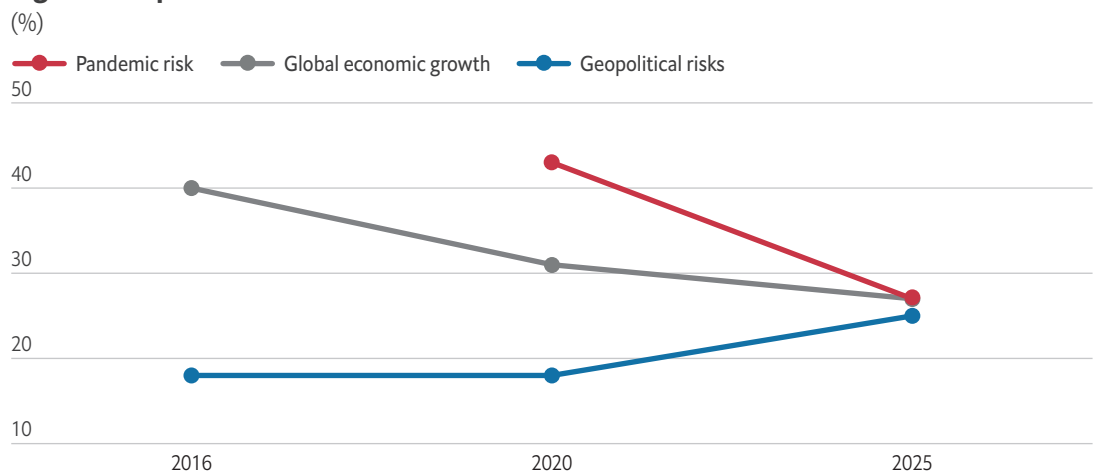
- **The replacement of the London Interbank Offered Rate (LIBOR) for lending and borrowing, and other Interbank Offered Rates (IBORs), is the most challenging regulatory initiative for treasury.** Thirty-eight percent of respondents in this year's survey consider it to be the main challenge for their function. Other regulatory initiatives whose impact will need to be managed include General Data Protection Regulation (GDPR, cited by 32%, up from 29% in 2019), the OECD's initiative against base erosion and profit sharing (BEPS, 31%, up from 18%) and the Markets in Financial Instruments Directive (MiFID II, 30%, up from 7%).
- **Digital transformation, accelerated by the pandemic, continues to impact the corporate treasury and there is increasing reliance on technology day-to-day.** Treasurers are increasingly seeing new technologies as a way to bridge existing data issues in the "Know Your Customer" (KYC) process, for example. The majority of treasurers (74%) have identified the use of new technologies as the most useful action to improve the KYC process. This is a significant jump from 58% in 2018.
- **As corporate treasurers wade deeper into their data strategy, concern over data quality has grown.** The survey found that 78% of treasurers say they are either very or somewhat concerned about the quality of data, which is up from 69% only a year ago. Internal data issues stem from having to link up numerous systems and software. Externally, the lack of standardisation on electronic bank account statements is particularly problematic.
- **Treasury priorities for the future will be shaped by macro risks, regulatory changes and emerging technologies.** The utmost priorities on the treasury agenda in 2020 are managing relationships with banks and suppliers (32%) and collaborating with other functions in the business (32%). Looking ahead, our survey suggests that the data-driven approach of treasury will allow the function to become an even more supportive and proactive partner to the rest of the business. By working with banking partners, suppliers and third parties to optimise processes, treasury can collaborate more closely with other business functions to drive corporate growth.

## Chapter 1: Strategic changes in treasury

Corporate treasurers and their departments are facing a number of headwinds, both internal and external. These will impact their investment and development strategies for the future. Our survey results show that the top three drivers of strategic change for the treasury function in 2020 are changes to internal company strategy (27%), new regulatory requirements (26%) and changes in the macroeconomic environment in key markets (25%).

Looking ahead, there is a growing sense among treasurers that expansion into new markets will be the core driver of change by 2025, with over a third (34%) expressing this view. But regional distinctions highlight a divergence in world views about the future direction of strategy in different markets. Expansion into new markets is a major consideration in Europe, the Middle East and Africa (EMEA, 38%), in contrast to Asia-Pacific (APAC), where 36% of respondents cite disruption caused by technology as the top driver by 2025.

**Figure 1: Top macroeconomic and financial risks, 2016-2025**



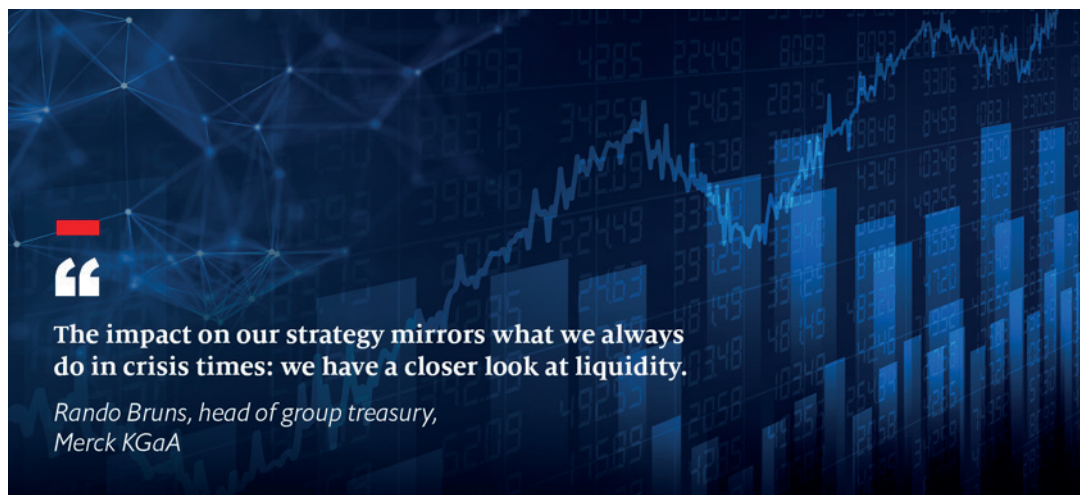
Source: Economist Intelligence Unit survey

### Covid-19

The “new normal” for corporate finance globally will be shaped by covid-19, our survey reveals. The top three risks to a firm’s finances in 2020 all have ties to the disease: pandemic risk (43%), global economic growth (31%) and inflation/deflation risk (23%). This will necessitate robust forms of risk management by the treasury function.

Apart from being the top risk for 2020 across all regions, pandemic risk is also top of mind for treasurers in the medium term (27%) alongside concerns about global economic growth (27%) which will, in turn, impact cash flow and liquidity forecasting.

This was corroborated by our interviewees. “Our chief financial officer has requested that we really build up our cash forecasting



**The impact on our strategy mirrors what we always do in crisis times: we have a closer look at liquidity.**

*Rando Bruns, head of group treasury,  
Merck KGaA*

capabilities,” says Anita Polzhofer, head of treasury at Arup, a UK-based multinational engineering consultancy. This is supported by the corporate treasury’s emphasis on big data analytics for analysing and processing data and the growing use of artificial Intelligence (from 25% in 2019 to 32% in 2020—see chapter 3).

The need for liquidity buffers will be no less pressing in the short term, asserts Rando Bruns, head of group treasury at pharmaceutical manufacturer Merck. “The impact on our strategy mirrors what we always do in crisis times: we have a closer look at liquidity, whether we need more of a liquidity buffer and whether markets are available in those times for refinancing and similar actions.”

The impact will also be felt over the long term. Charles Cao, group treasurer at online payment services provider and credit payment firm Ant Financial, explains: “The pandemic will have an impact on our treasury strategy in the next five years. The most fundamental change will be on treasury infrastructures, particularly around payments and bank account management.”

## Macro risk implications

Corporates are increasingly concerned about the global economic fallout from coronavirus rather than the pandemic itself. This is unsurprising given the level of uncertainty surrounding the outlook for developed and emerging economies after the worst is over. As Mr Bruns of Merck explains: “We have three businesses—healthcare, life science and performance materials. Where it hits us a little more is in our healthcare and performance materials sectors, while life science is least affected.”

However, the level of concern regarding global economic growth differs across regions. It is cited by 39% of treasurers in EMEA as a critical risk for managing their firm’s finances, while only 24% of APAC respondents agree. Geopolitical risk is a more pressing concern for APAC respondents than other regions (as cited by 22% compared with 17% in North America and just 14% in EMEA).

“We already have a trade war under discussion. As the pandemic starts to fade, will that amplify the trade war? That is a worry,”



comments Mr Cao from Ant Financial. “This could lead to some weaker economies having even bigger trouble, which will then have a knock-on effect for corporates that have invested in these markets. Certain countries already incur some currency restrictions. If that further strengthens, it will be a big concern.”

Since 2016, when concern over the outlook for global economic growth was cited by treasurers as the top risk (at 40%) to their firm’s finances, it has been relegated to second place in 2020 as a result of covid-19. The pandemic has also eclipsed other risks that were previously high on the corporate agenda: environmental, weather and climate risks were only treasurers’ sixth most pressing risk for 2020 (19% versus 10% in 2016). Even in the medium term, environment and climate-related risks are cited as the fourth biggest risk (25%).

Notably, environmental, social and governance (ESG) factors do not feature in the top three aims of treasury strategies, according to the 2020 survey. “I think ESG has been put on the back burner a little bit given the more immediate focus that we have to have on cash

and liquidity,” comments Ms Polzhofer at Arup.

### Negative rates

Europe has been used to negative interest rates since 2014 when the European Central Bank (ECB) lowered its policy rates into negative territory for the first time. Today, negative interest rates appear to be closer than ever in markets such as the UK and US as central banks struggle to prevent a major and long-lasting recession after covid-19. Mr Cao explains: “Even though a lot of people say that it is impossible for the dollar to come into negative interest territory, corporate treasurers need to be prepared for that.”

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Charles Cao, group treasurer, Ant Financial



Inevitably, negative interest rates have implications for cash management and funding. There is evidence that treasurers globally are preparing themselves for this eventuality. Our survey reveals that 45% intend to expand or modify investment strategies for excess cash while 41% plan to raise funding at low interest rates. Respondents also report an increasing risk appetite in response to low interest rates (40%). The proportion intending to modify their investment strategies for excess cash dropped from 69% in 2016, however. This suggests treasurers are now more comfortable using a variety of different instruments as part of their cash management portfolio.

### De-risking and outsourcing

Prevailing uncertainty around the future direction of interest rates and inflationary trends on a global scale suggests treasurers will be more inclined to spread risks within their cash management portfolios and protect margins. Our survey shows that over the next 12 to 24 months a sizeable proportion of the treasury community plan an overall increase in an array of different instruments, including long-term investments (55%), bank deposits (48%), local investment products (48%) and money-market funds (47%).

Diversity of investment products is a key consideration according to Mr Bruns. "In terms of cash, we do money market funds, we do a little bit with banks and we do commercial paper a little bit as well. Our strategy is to diversify, and that approach has not changed due to either the pandemic or the negative interest rates." A favoured



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Rando Bruns, head of group treasury, Merck

strategy of corporate treasurers, the mixed risk-management approach resonates across a broad spectrum of different firms. "The majority for us, certainly at the moment, is in money market funds, and otherwise bank deposits," comments Ms Polzhofer. "Neither of them generate much interest, but the important thing is to diversify in order to reduce your risk."

Diversifying risk will likely require structural adjustments by the treasury. Our survey results suggest that outsourcing treasury

activities can play a part in corporate strategy, particularly if treasurers are looking to reduce costs, gain additional expert insight on hedging or bring efficiencies to existing treasury structures. For example, 44% of treasurers expect to outsource technology services in the areas of tax and treasury accounting in 2020, but by 2025 this number falls to 33%, which suggests that treasury will continue to develop requisite technology services in-house.

With the prospect of a prolonged economic downturn now in the offing, interest rate risk management will be another activity high on the technology services outsourcing list for the treasury in 2020 and up to 2025, according to 43% and 44% of survey respondents respectively. This marks a shift from our 2015 survey when the main treasury activities to be outsourced were foreign exchange risk management (54%) and cross-border transactions (52%). Five years later, these are far lower on the agenda (at 34% and 35% respectively). This indicates that a combination of new treasury strategies and technologies at the corporate treasurers' disposal have made these two activities simpler to manage in-house.



## Chapter 2: Regulatory challenges

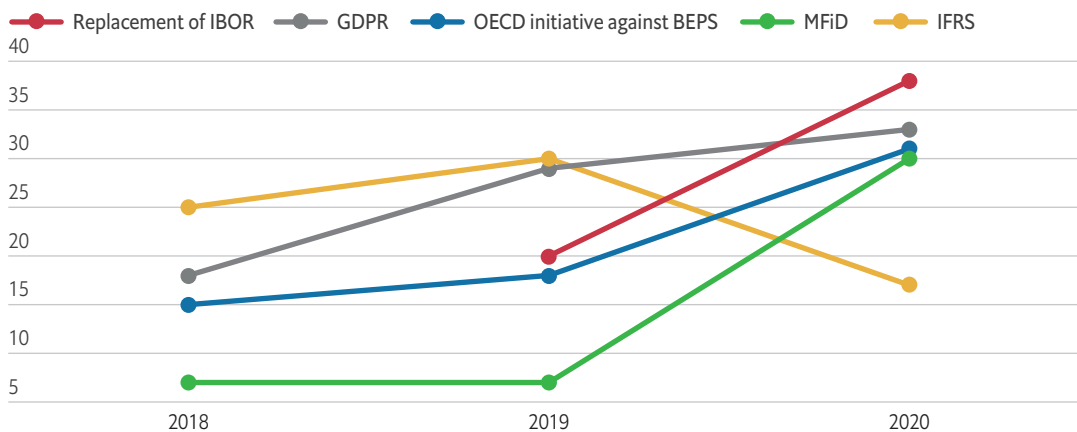
Corporate regulatory priorities and concerns are prone to shift quickly. This is symptomatic of the competing regulatory challenges and burdens that corporate treasurers face in any one financial year.

The landscape this year is no less lively than in previous years. Whereas in 2019 the

International Financial Reporting Standards (IFRS) <sup>9</sup> were the biggest regulatory concern (30%), in 2020 the replacement of the London Interbank Offered Rate (LIBOR) and other Interbank Offered Rates (IBORs) is the primary focus for treasurers (38%).

**Figure 2: Which regulatory initiatives are most challenging for your treasury?**

(%)



Source: Economist Intelligence Unit survey

### Move away from LIBOR

Having existed since the 1970s, the pending end of LIBOR as a global benchmark for lending and borrowing is a major concern among treasurers given that regulators in the US and UK expect financial firms to have completed the transition to alternative risk-free rates (RFRs) by end-2021.<sup>2</sup>

Complications brought about by covid-19 could potentially further delay the transition. “The market conditions are really interesting for us to

do some interest rate swaps, but we’re worried about what’s going to be the next LIBOR if we do a three year lock in, for example,” says Mr Cao. “That will also change our funding strategy platform and give a different way of looking at the interest rate risk.”

As an added layer of complexity to managing interest rate-related risk, corporates find that they are monitoring market activity for a replacement benchmark to use, but this can be challenging where several possibilities exist

<sup>1</sup> Only 17% of respondents cited IFRS 17 as a concern in this year’s survey—it will replace IFRS 4 as the primary accounting standard for insurance contracts in January 2021.

<sup>2</sup> Apart from LIBOR, other IBORs for term interest rates will also be reformed: for example, the Euro Interbank Offered Rate (Euribor) and Euro Overnight Index Average (Eonia).

depending on the region. The move away from LIBOR ranks as the top concern in North America and APAC (41% and 45 respectively), for example, but appears to be less of an issue for corporates in EMEA (27%).

With a variety of possible replacements still in play, treasurers lack clarity over what the future may hold. Despite the uncertainty, some corporates have already switched to other benchmarks that are widely regarded as established alternatives to LIBOR. As Jim Scurlock, head of cash management at technology company Microsoft, explains: “We changed all of our intercompany lending systems to use SOFR [Secured Overnight Financing Rate]<sup>3</sup> from the Federal Reserve for all of our USD interest rate calculations globally.”

### Out with the old, in with the new

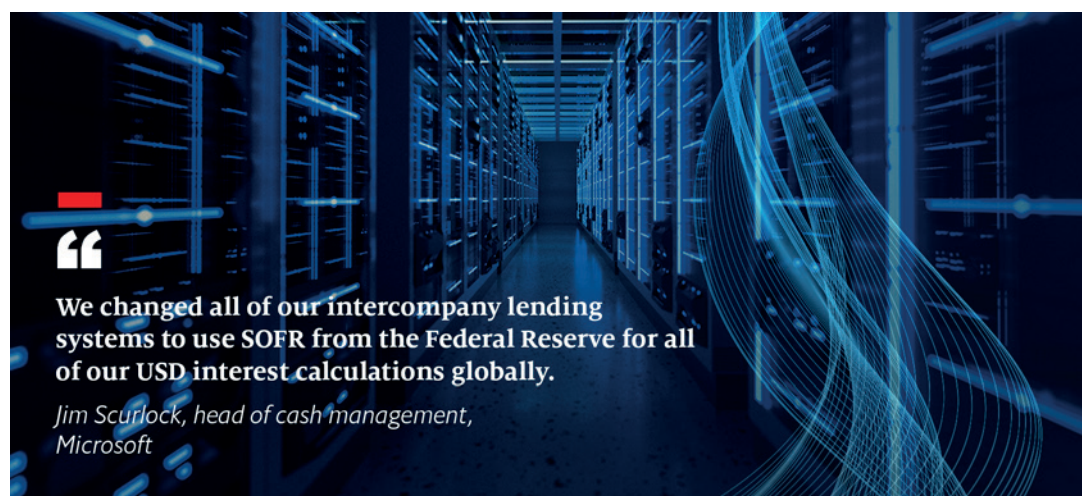
After LIBOR, treasurers still view General Data Protection Regulation (GDPR) as a challenge

(33%). GDPR is now more of a concern than in 2019, when it was cited by 29% of respondents, and it remains the second highest priority for treasurers even though there are systems and structures in place to deal with it. That said, Brexit does not appear to top anybody’s agenda as only 15% of treasurers globally regard it as a challenge for their function at present.

Neil Peacock, global head of cash management at ABB, a multinational technology group specialising in power and automation, comments: “We threw a lot at the GDPR project and it was very high profile in the company. I think because we did an awful lot early on we feel quite comfortable with the level it’s at today, but it wasn’t popular at the time”.

### Transparency-led compliance

Transparency around business practices remains in the spotlight after years of regulatory probes in the US, UK and Europe.



<sup>3</sup> The SOFR has been published by the US Federal Reserve Bank of New York since 2018 and is an established alternative to LIBOR.



**We threw a lot at the GDPR project and it was very high profile in the company.**

Neil Peacock, global head of cash management, ABB

The OECD initiative against base erosion and profit sharing (BEPS) and MiFID II<sup>4</sup> and Markets in Financial Instruments (MiFIR) regulations represent the third and fourth top global regulatory concerns that treasurers have at present (31% and 30% respectively).

A number of large corporates are still spending a significant amount of time on the OECD's BEPS initiative, with many firms looking into their existing business models and assessing their sales and marketing strategies. Mr Scurlock of Microsoft explains: "We moved many of our legal entities to a limited risk distributor to build out local substance within some specific markets." As such, they can now "invoice and collect directly."

The regulatory burden will continue to affect different parts of the treasury function in different ways and could lead to further structural adjustments. Our survey shows

that in 2020 the functions most affected by regulatory actions and initiatives are funding strategies (25%), overall operating model (25%) and cash/liquidity investment policies (24%). Looking ahead to 2025, cash/liquidity investment policies are expected to become the most impacted treasury function (29%).

Funding strategies remain a focus for a quarter of treasurers (25%), which is tied with a return to the top three for capital allocation and group capital strategies (25%). In 2018, by contrast, the latter was the area most identified by treasurers as being impacted by regulation (35%), ahead of liquidity structure (31%) and cash/liquidity investment policies (28%).



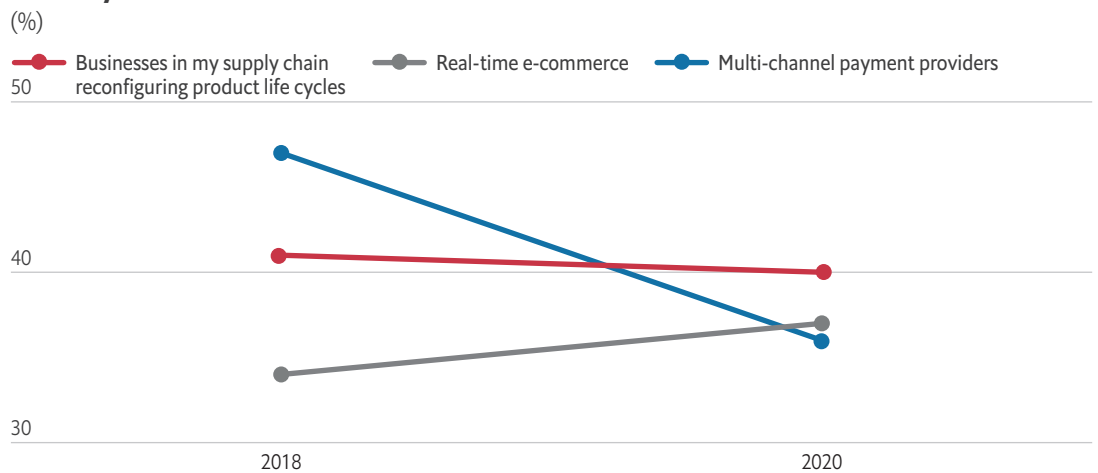
<sup>4</sup> Markets in Financial Instruments Directive II was introduced by the European Union in 2018 for the regulation of over-the-counter and off-exchange trading activities for many different assets. Originally announced in 2004, before several rounds of modifications, the legislative framework is designed to protect investors by increasing transparency around different transactions. MiFID II also sets out rules on research generated and commissioned by different banks and trading houses.

## Chapter 3: Adapting to new technological norms

Digital transformation—both within and outside their business—continues to impact corporate treasury. Real-time e-commerce is cited by 37% of respondents as one of treasury’s most impactful business model disruptions (see figure 3), likely accelerated by pandemic-related lockdowns and social

distancing. This marks a shift from two years ago when multi-channel payment providers were cited as the top disruptor by 47% of respondents compared with 36% this year. Such business model changes combined with technological advances are shaping the way treasury operates.

**Figure 3: Which disruptions to existing business models do you think will affect the treasury function the most?**



Source: Economist Intelligence Unit survey

### An integral role

Treasurers already rely heavily on technology to execute and improve their day-to-day processes. For the “Know Your Customer” (KYC)<sup>5</sup> regulatory initiative, the growing importance of technology is evident: the use of new technologies to bridge existing data issues is cited by 74% of respondents as the most useful way to improve the process,

up from 58% of respondents in 2018. Ant Financial’s Mr Cao has his sights set on one in particular, believing that “blockchain will be the best technology to help treasurers and banks address the KYC issue”. With the support and oversight of regulators, he feels the technology can be applied to existing processes.

This could help streamline and align a process that Mr Peacock believes varies dramatically

<sup>5</sup> “Know Your Customer” is a standard in the investment industry that ensures investment advisors have detailed information about their clients’ risk tolerance, investment knowledge, and financial position: <https://www.investopedia.com/terms/k/knowyourclient.asp>

from bank to bank. “Some of our banks have got it down to a tee where it takes just a few weeks and they seem to be able to get documentation without even asking us. There is the other extreme, too, where banks are bogged down in their own internal processes and it seems to take forever. But it has improved dramatically over the past couple of years.”

Digitalisation of their businesses has given treasurers access to vast amounts of data. Insights generated from a data lake—created by pulling all data to a centralised and unstructured repository where treasury has a single view of it—can be used to optimise treasury activities. “The amount of data that we were consistently digesting was almost

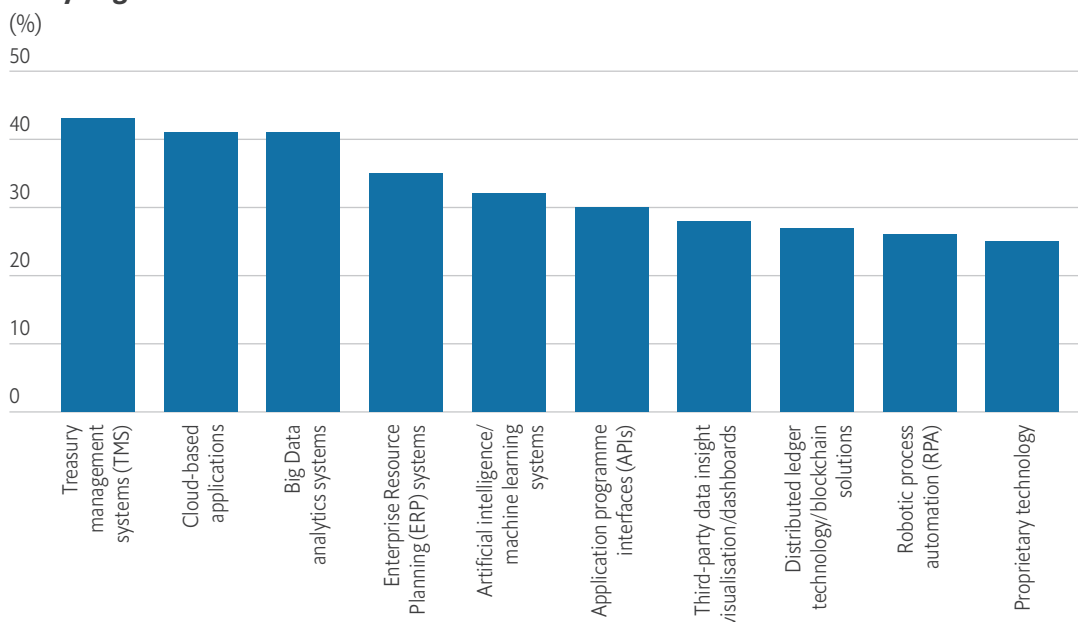


**The amount of data that we were consistently digesting was almost doubling every single year.**

Jim Scurlock, head of cash management, Microsoft

doubling every single year,” explains Mr Scurlock of Microsoft. “This helped spur our digital transformation journey.” In recent years, treasurers have focused on understanding the value of data and have developed strategies to become more data-driven.

**Figure 4: Top technologies used by the treasury department for processing and analysing data**

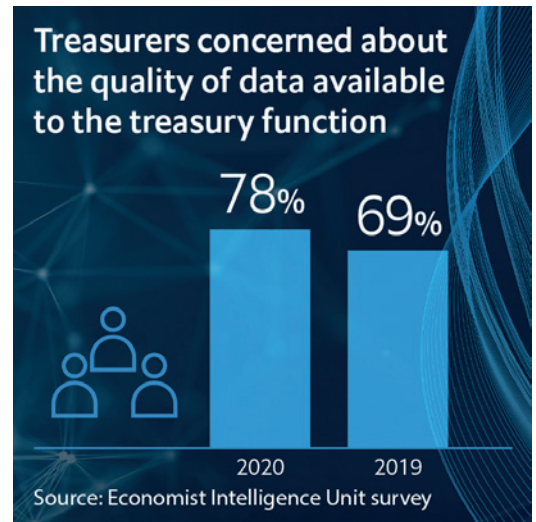


Source: Economist Intelligence Unit survey

Respondents state that treasury management systems, big data analytics systems and cloud-based applications remain critical to this endeavour. In this year's survey—as in 2019—these technologies were cited as the top three used by treasury to process and analyse data. With most employees working remotely during the coronavirus pandemic, cloud technologies have proved essential. Indeed, remote access to business systems and data has allowed many organisations to continue “business as usual”.

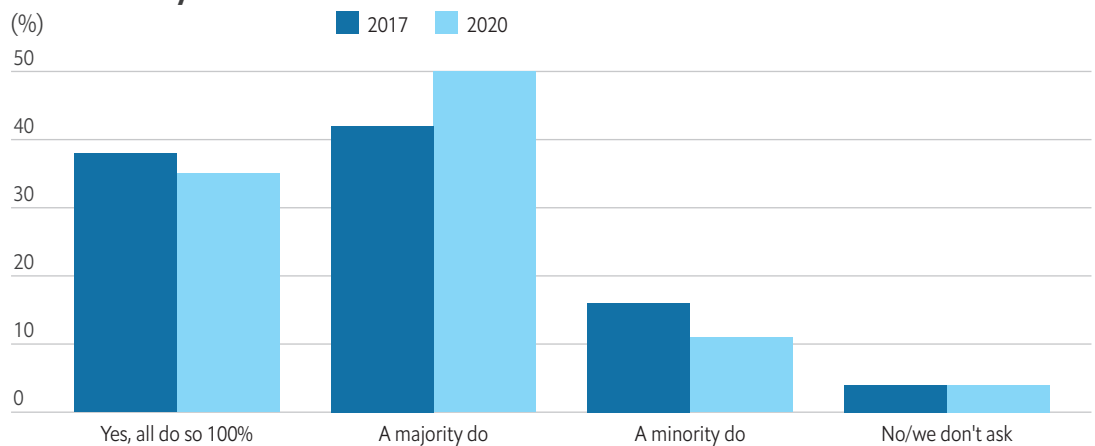
### Two sides of the data coin: Quality and cybersecurity

As treasurers wade deeper into their business data there is a growing focus on data quality. Over three-quarters (78%) of treasurers are concerned about the quality of data available to the treasury function, up from 69% in 2019. Deemed a major issue by both smaller and larger businesses, this high degree of concern transcends company size.



Internally, connecting multiple systems to ensure that the correct data flows into treasury is one of the biggest data quality challenges treasurers face today. Both ABB's Mr Peacock and Merck's Mr Bruns report that integration projects they are working on at their firms require the consolidation of between 30 and 40 different management software.

**Figure 5: Do your third-party users and suppliers undergo penetration testing to check for hackability?**



Source: Economist Intelligence Unit survey



With external data, the lack of standardisation on electronic bank account statements can be a frustration for corporate treasurers. “Every electronic bank account statement is different,” says Mr Bruns. “You have to find out which information is in which field and how you can use it. This work is intense, painful and slow.”

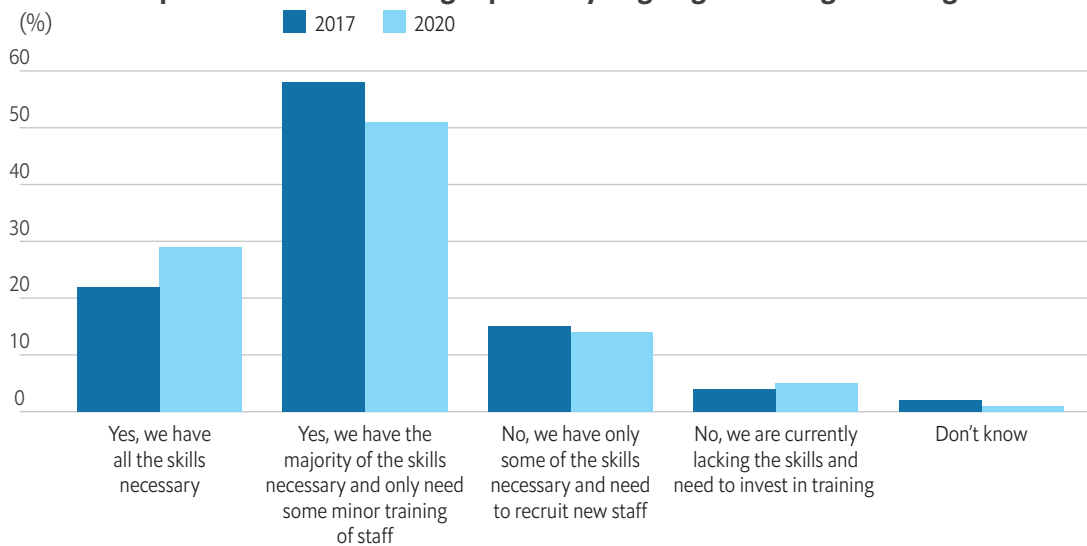
As treasurers become more reliant on real-time data and remote data systems, concerns about cybersecurity—the focus of our survey in 2017—return to the fore. Third-party users and suppliers present particular vulnerabilities: to check for hackability, corporations often now conduct penetration testing. This is a technique in which experts are hired to attack company systems from the inside and the outside to reveal any areas of weakness.

A host of regulations, including MiFID and the revised Payments Service Directive (PSD2), mandate penetration testing. This has driven the increase in the percentage of respondents

indicating that a majority of their third-party users and suppliers undergo testing (50% in 2020, up from 42% in 2017 when some of these regulations were just introduced). In this year’s results, North America is ahead of EMEA and Asia-Pacific on this issue. Some 42% of North American treasurers indicated that all third-party users and suppliers undergo penetration testing compared with just 30% in EMEA and 32% in APAC.

To safeguard transactions with external parties, corporate treasurers are taking many approaches. At Microsoft, Mr Scurlock shares how they’re using “tokens”, physical security devices that help authenticate digital banking users. “Many of our users around the world needed ‘tokens’ in order to be able to release and execute payroll, so we partnered very closely with our teams to make sure that in specific markets payroll could be executed,” he explains.

**Figure 6: Do you feel that your treasury department has the necessary skill sets to meet the new requirements and challenges posed by ongoing technological change?**



Source: Economist Intelligence Unit survey

## Skills for technological change

Amid the digital transformation across businesses, having the correct skills within the treasury function to take advantage of new technologies and available data is critical. “The largest group within my treasury now are people that work with systems,” says Merck’s Mr Bruns. “In terms of staffing we need the external input of specialists, but then you have to scale up the knowledge within your team and really work with the data hands-on. The success you can have with this is really kind of game changing in terms of the internal processes.”

Overall, it appears that the treasury function’s efforts to upgrade their tech and data skills are starting to bear fruit. Respondents to this year’s survey are more confident than respondents in 2018: 29% say they have all the skills necessary to meet new requirements and challenges posed by ongoing technological change compared with 22% in 2018. The survey found that corporate treasurers in North America have the highest level of confidence here at 46% compared with 21% each in EMEA and Asia-Pacific.

Continuing to enhance treasurers’ technological skills will be imperative. “In terms of long-term trends, the technological part is clearly key,” says Mr Bruns. “Within the treasury function, I can see corporates increasingly exploring the field of e-payments.” An inability to adopt and adapt to these systems due to a lack of skills is no longer excusable.

## Conclusion: Treasury priorities for the future

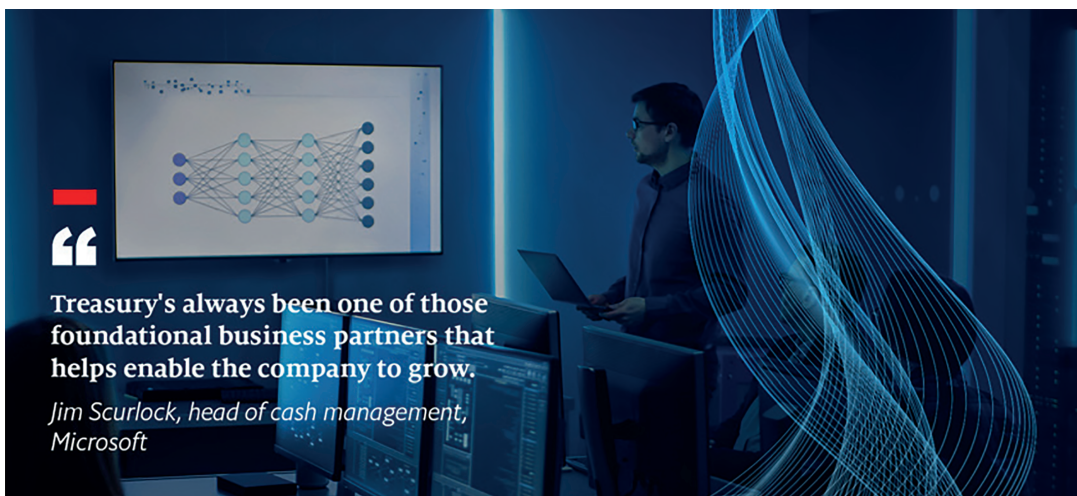
While the treasury department continues to grow and evolve it is met with an increasingly onerous array of challenges to navigate, including those around regulatory changes and emerging technologies. Nevertheless, the skills and tools exist within treasury for the function to continue to protect company cash while also extending insight and strategy to support corporate growth.

The covid-19 pandemic has drastically altered business plans in 2020. It has placed a certain level of strain on treasury processes, but in many ways the challenge it presents has been managed by traditional treasury skills—by gaining visibility over cash and ensuring access to lines of liquidity. It is clear that pandemic risk will be on the treasury checklist for years to come, but it is one of many risks the department faces and will continue to manage.

The transition away from LIBOR is understandably a pressing concern given the anticipated deadline at the end of 2021 and lack of clarity around an industry standard

replacement rate. For treasurers, this requires digging into the data—identifying any exposures in current contracts that are underpinned by LIBOR and planning to move these exposures to one of the new market benchmarks. Dialogue with peers, banking partners and regulators can help bring clarity on the LIBOR transition.

As they carve out their priorities for the future, treasurers are balancing their core function with more strategic activities and considerations. Two priorities are foremost on the treasury agenda this year, the first of which is relationship management with banks and suppliers (32%). With banks, relationship management will be critical as corporations transition away from LIBOR, manage KYC and optimise day-to-day functions remotely during the pandemic (such as payroll). With suppliers, treasury can support them by providing alternative finance processes, says Mr Peacock of ABB. “We see approved trade payables as really helping our smaller suppliers cope with their cash, liquidity and financing issues.”



The second, more strategic priority for this year is collaboration with other functions (also cited by 32% of respondents). “Treasury’s always been one of those foundational business partners that helps enable the company to grow,” comments Microsoft’s Mr Scurlock. “We’re constantly communicating what we’re seeing in the market to many of our partners within the business, including corporate finance, corporate strategy, investor relations, our sales and marketing organisations and more.”

Technology has an important role to play in supporting treasury’s strategic priorities. Automation frees up treasurers to spend time analysing data and establishing trends. Many treasurers have or are in the process of establishing data lakes that contain vast quantities of data from internal and external sources. This can be further enhanced through deeper collaboration with other parts of the business. “I would hope treasury becomes more involved with the business as there’s only so much data that comes into the treasury management systems,” says Ms Polzhofer. “By collaborating with other functions in the business we can see and



**By collaborating with other functions in the business we can see and access much more data and work together to figure out the best way to utilise the data for the business.**

Anita Polzhofer, head of treasury, Arup

access much more data and work together to figure out the best way to utilise the data for the business.”

By overlaying data lakes with analytics tools and functional dashboards, treasurers are in a position to gain far greater visibility over all relevant processes. This intelligence will not only optimise the treasury function but also add first class strategic support to the business. As a world of scenario and predictive analysis opens up, even outcomes as negative as the fallout from the current pandemic will be baked into treasury planning for the future.

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