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The Treasurer

ACT TREASURY EXCELLENCE AS STANDARD

THE MAGAZINE OF THE ASSOCIATION OF CORPORATE TREASURERS

ISSUE 3 2022

TECHNOLOGY: NEW RISKS, NEW REWARDS

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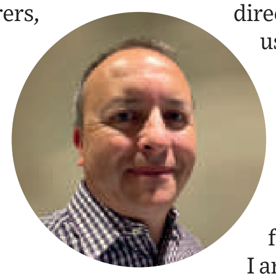
TREASURY EXCELLENCE AS STANDARD

TECHNOLOGY AND THE TREASURER

Are new risks and new rewards the new normal? Technology is touching everything that we do in our working lives – and treasury is no exception. But if this is the new normal, then what's next? This is the question we pose in our main feature article – the new opportunities and threats of technology in treasury.

In a wide-ranging review of the tech and data landscape, technology writer Lesley Meall investigates the many possibilities that are being opened up for treasurers, whether through application programming interfaces and embedded finance or robotic process automation. But no, the robots won't be stealing treasury jobs any time soon – in fact, they will potentially be making work, from wherever you are based, much more interesting (see page 7).



And life is set to get even more 'interesting' as organisations around the world grapple with the triple threat of inflation, interest rates and recession; treasurers are demonstrating real leadership in how they deal with the financial pressures that surround them. But, as you will see in Gavin Hink's insightful article on preparing for recession, it is an opportunity for treasurers 'to shine' (see page 13).

Keeping with the leadership theme, we spoke to members of the Association of Corporate Treasurers' Future Leaders in Treasury group and asked them where they see changes coming in the next few years. Their perspectives are both illuminating and insightful, with considerable emphasis on technological change (see page 25).

We always like to hear from treasurers about their experience, so in this edition we highlight two treasury departments, both winners in the Deals of the Year Awards earlier this year. The team at Adecco, the Swiss-based recruitment consultancy, shares its experience of innovative fund raising as part of an acquisition (see page 30), while Agnė Masiulytė, senior director of treasury at Vinted, takes us through a day in the life of the rapidly growing pre-loved fashion e-commerce business (see page 48).

On a personal note, this is my first issue as editor of *The Treasurer* as I take over from Christian Doherty, whom I am pleased to report will still be contributing to the magazine – read his report on the red-hot recruitment market for treasurers (see page 16).

It was with sorrow that we learned of the passing of Her Majesty, Queen Elizabeth II. As a professional body with a Royal Charter, the ACT is proud to serve the Sovereign as well as our treasury community around the world.

Philip Smith

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looks at career planning to help you reach your goal of becoming a treasury leader

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writes about how businesses will become the new challengers through embedded finance

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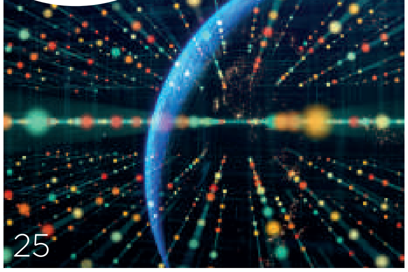

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BEST PRACTICE

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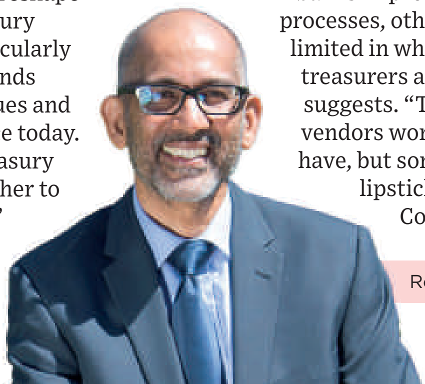
NEW TECHNOLOGY, NEW THREATS: THE NEXT NORMAL?

Balancing risk and reward is nothing new for treasurers, but the rapid advance of new technologies creates greater possibilities while exposing more gaps. Lesley Meall investigates what's next for treasury technology

Avatars. Central bank digital currencies. Invoice tokenisation. Machine-learning algorithms. Metaverses. Natural language processing. Underwater data centres. Quantum computers. Corporate treasurers have eyes on a wide range of technology with potential to reshape their future treasury infrastructure, but they are particularly interested in innovations and trends that could help them address issues and overcome the challenges they face today.

"There are still gaps where treasury and technology could come together to more effectively solve problems," says Royston Da Costa, assistant group treasurer at Ferguson plc, a North American plumbing and heating products distributor. Treasury dealings with banks can offer some prime examples: "Payments, bank feeds, cash pooling and trade finance are just a handful of the areas where, in my view, we still haven't got tech-savvy solutions," he says.

If banks improve their systems and processes, other vendors will be less limited in what they can do to help treasurers address pain points, he suggests. "There are good software vendors working with what they have, but sometimes it's about putting lipstick on a pig," says Da Costa. "I still have to pinch ›



Royston Da Costa

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Philipp Leitner

> “THERE ARE GOOD SOFTWARE VENDORS WORKING WITH WHAT THEY HAVE, BUT SOMETIMES IT’S ABOUT PUTTING LIPSTICK ON A PIG”
>
> **ROYSTON DA COSTA**

myself about payments. It’s 2022 and we still struggle with value dating and with beneficiary confirmation of receipt.”

Gap analysis

This also applies to know your client (KYC) procedures.

For Robert Scriven, treasury and financing director at Capricorn Energy, a UK-based oil and gas exploration and production company, procedures around KYC and anti-bribery/corruption are the areas where more tech-savvy solutions would be most welcome. “It seems there is no progress here and it’s a massive headache for everybody,” says Scriven. There are various repositories that aim to take some pain from KYC processes, but at the moment, he says, they don’t really solve the problem.

Global standardisation of KYC procedures across all financial institutions would do the trick, but is unlikely – and not the only option. “We need adoption of a standard way of verifying and transmitting documents electronically, and one organisation to step up,” says Scriven, with SWIFT in his sights. “It has the widest set of relationships,” he says. SWIFT already has a global platform for sharing KYC data, used by 6,000 financial institutions, and could steer the sector towards a common standard for document verification and delivery.

Treasurers are increasingly aware of how much potential there is to address their pain points by leveraging technology. “It’s helped us to eliminate low value and inefficient processes that we had to run manually in the past,” says Da Costa. “It’s also allowed us to focus more on value-added processes, advising the business and getting more involved on the commercial side.” It can liberate time for and improve the quality of analysis and strategy planning, and enrich this with a better understanding of risks and the data underlying decision-making, he adds.

Intelligent automation

This can be seen in the application of machine learning (ML) to cash management. “We started implementing ML capabilities in cash-flow forecasting because the benefits are significant,” says Philipp Leitner, co-CTO and MD at ION Treasury, provider of cloud and on-premise treasury management systems (TMSs). With ML algorithms, he says, cash forecasts can be generated 3,000 times faster than manually, while neural networks can make cash forecasts more accurate by as much as 10%.

“Better predictions can free up money,” says Leitner, adding that ION Treasury was the first TMS provider with a cash-flow forecasting solution using ML with a neural network – and he’s keen to sing its praises. “Increasing cash forecast accuracy by 10% on a $75m average cash balance that’s invested at 2% leads to a $150,000 gain per year.” Recent ION Treasury innovations using ML involve transaction tagging, reconciliation and anomaly detection for payments.

More will become possible in the future, as ML capabilities are increasingly applied in treasury, because of their strengths in data analysis, finding patterns and solving difficult mathematical problems. “A TMS powered by ML can suggest alternatives for trading, hedging or optimising the capital structure. ML algorithms can find outliers and alarm the user in areas such as anti-fraud, sanction screening, security and operations,” says Leitner.

Recent research by PwC finds data analytics and visualisation tools embedded across corporate treasury, aided by ML and other artificial intelligence techniques, along with other tech-enabled developments such as application programming interfaces (APIs), blockchain and robotics process automation (RPA). "Tech is increasingly important for treasury, and a treasurer will not last long in their role if they are not seen embracing it," says Sanjay Bibekar, director, treasury advisory, PwC.

Automation is spreading and getting smarter, and building on tech such as ML and RPA to power trends such as hyperautomation. "Organisations are transitioning from a loosely coupled set of automation technologies to a more connected automation strategy," says Gartner analyst Cathy Tornbohm, and new tools are emerging to support this. Treasurers may want to stay close to IT and monitor automation plans that may impact on their corporate enterprise resource planning (ERP) system or TMS.

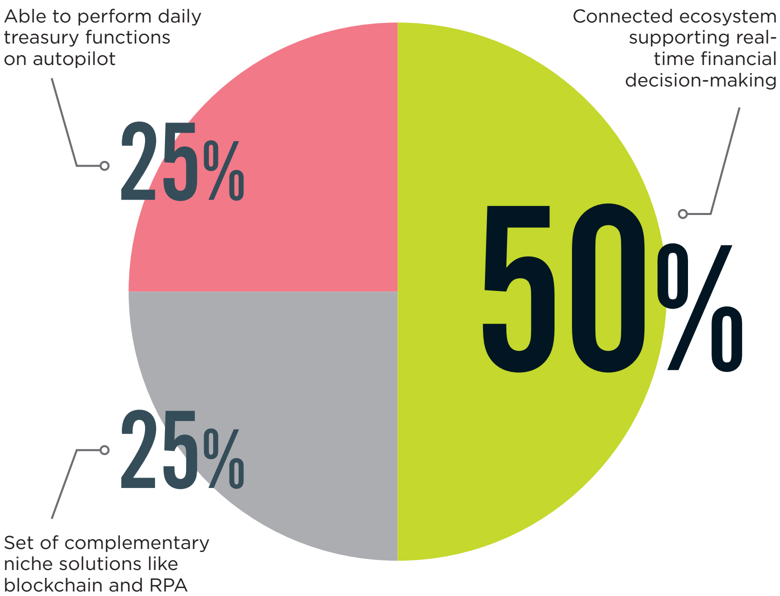
Exploiting APIs

APIs and the integration they can facilitate are another enabler on the journey from automation to hyperautomation. The API has already done wonders for connectivity – by allowing separate software applications (such as ERP and TMS) and services (such as those provided by banks) to talk to each other and share data more quickly, easily and economically than would otherwise be possible – and they're being used to offer corporate treasurers a number of benefits.

"We are investing a lot in APIs," says Jean-Baptiste Gaudemet, senior vice president of data and analytics at Kyriba, a web-based cash and treasury management solutions provider. Its enterprise liquidity platform unifies treasury, risk management, payments and working capital. They're connected in quasi real time by APIs originating from and providing access to data from banks, ERPs and various other software and services outside Kyriba, which manages the APIs on behalf of its customers.

Some TMSs, ERPs and other systems now sit within an ecosystem of interconnected API-enabled 'plug-and-play' software applications that can extend each other's functionality, although the benefits aren't always easy to access for treasurers with complex global infrastructures. "APIs allow us to open up the application," says Gaudemet. Kyriba, for example, has created a development portal with a portfolio of APIs openly available to support and enable systems connection.

Tech is enabling different futures for corporate treasury



Source: *PwC's 2021 Global Treasury Survey*, 16 August 2021: Base 187

Collaborative innovation

"Anyone can engage with us through the APIs," continues Gaudemet. The APIs are catalogued, documented and supported by explanatory videos. "Even without talking to us, anyone can consume those APIs and create an integration with Kyriba, so the potential is massive." This approach can be powerful from a business model perspective, for innovation and for users such as corporate treasurers, because it can help to keep a system that you have invested in at the cutting edge.

"Whatever the size of Kyriba, we simply can't do everything internally. When it comes to innovation, we will always need to look outside of our organisation for new smart and creative solutions we can then integrate with APIs," says Gaudemet – although it is also true for any software developer or service provider. The open availability of the APIs and the critical mass of its customer base both help Kyriba to attract and unlock the potential of other, often more specialised fintechs that can complement Kyriba. ›

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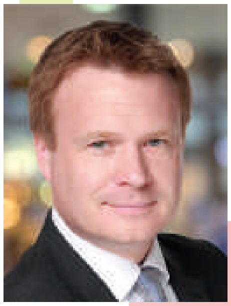
Nils Bothe



Examples range from Sis ID (a collaborative platform for securing payments) to Copper (a secure gateway to investment in digital assets). "Our job is to facilitate access to such innovative solutions. We're not crypto-technology experts and we're not a custodian," says Gaudemet. But Copper does have an app for that. So, treasurers can use Copper to invest in cryptocurrency, integrate this into their Kyriba cash management, and consolidate the liquidity balance across fiat currencies, cryptocurrencies and money market funds.

How many will do this remains to be seen.

Mixed blessings

Cryptoassets can seem like a mixed blessing for treasurers, but so can other tech with potential to address their pain points. Take APIs and in particular, bank APIs.

Da Costa says: "Over the past few years all I've heard is APIs, APIs, APIs. But we've got SWIFT and we're happy with our MT940s." So, setting up individual APIs for myriad banks and software vendors has not seemed particularly appealing. But Da Costa recently saw a development in this area that does impress him: FinLync, an API aggregation tool that can do the heavy lifting.

90%
Expect APIs to be relevant to their function in the next two to three years

45%
Believe 'lack of technology' is a key challenge

61%
See budget constraints with implementing new or upgraded technology

57%
See the need for relevant skills as a main challenge

Source: *PwC's 2021 Global Treasury Survey*

"Many teams are dealing with issues that come from having multiple bank relationships which, compounded by various TMSs, can cause a snowball effect," says Tahreem Kampton, ex-Microsoft corporate treasurer, and FinLync's adviser. This situation can leave treasury and departments including IT and payroll with a complex patchwork of connectivity. This API issue may be much easier to overcome for corporates and for service providers such as banks.

Kerstin Montiegel, global head, client connectivity, at Deutsche Bank, says: "Integration with FinLync makes it much easier for corporates to adopt our banking APIs and shortcut the road to automated real-time treasury." With FinLync's quick and easy plug-and-play access to any ERP or TMS, more treasurers may be able to access benefits such as real-time payment tracking and liquidity management, and faster, more informed decision-making.

New tech, new threats

Clearly, it's not all sunshine and roses as treasurers embrace digital technologies as a basis for data networking, connecting systems such as ERP and TMS to the cloud, digitalisation of payment transactions, everything as a service and other routes to efficiency and effectiveness. "This creates new threats and vulnerabilities, along with a growing need for appropriate security measures," says Nils Bothe, partner,

finance and treasury management, corporate treasury advisory, at KPMG, Germany.

Cybercrime is now highly organised and focused. So, with changing working practices and myriad gateways, points of attack and areas of vulnerability for treasurers to be mindful of, where should the focus be? Tech is part of the solution but, says Bothe: "Apart from an up-to-date IT security structure, the first and most important step in protecting against cybercrime is to educate and raise awareness among employees. Only those who know the tactics of fraudsters can protect themselves against cybercrime."

As we move from the new normal to the next normal, treasurers are likely to see more automation and more emerging technologies as part of their day-to-day working lives. But whatever technology you are exploring or thinking of exploiting in and around the treasury function, today or tomorrow, you'll need to consider both the potential benefits and the downsides, and ensure that all members of the treasury team – and others in the business – also appreciate them.

Lesley Meall is a freelance journalist specialising in the technology sector

DIGITAL ASSETS: NO GOLD RUSH

Treasurers are interested in the possibilities offered by digital assets, but that doesn't mean they are rushing to embrace cryptocurrency. Michael Aandahl, head of treasury digitalisation at IKEA, says there are three important aspects for treasurers to consider:

- Should we, as a company, accept cryptocurrency as a payment form by business partners, banks and customers?
- Should this become part of the treasury asset classes?
- Is this something we can use for cross-border payments?

There are other matters to consider, too, in areas such as brand management. "There's still a perception of crypto as a black-market currency, and some environmental, social and governance issues to consider," says Aandahl, as cryptocurrency processes are very energy-consuming. Similar concerns are shared by Da Costa: "We are interested, but don't want to break new ground. We will be comfortable as close followers of cryptocurrency."

Decisions on cryptocurrency will, both say, be driven by business needs, and early adopters tend to be in sectors such as tech, where cryptocurrency isn't far from the core business. Da Costa sees initiatives such as JPMorgan's cryptocurrency (JPM Coin) and the prospect of central bank digital currencies (CBDCs) as possibly enabling wider crypto uptake, particularly for cross-border payments. Although impetus from at least one big 'fiat' CBDC may be needed.

Meanwhile, blockchain technology that enables cryptocurrencies (such as Bitcoin) is already being used to support other initiatives that can benefit treasurers, such as enabling execution of smart contracts. The underlying technology may also address some liquidity issues by helping to free up non-liquid assets such as unpaid invoices. Marco Polo network, for example, tokenises payment obligations and invoices, which can make invoice financing faster and easier while reducing costs, risks and delays in trade finance.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Display screens at the New York Stock Exchange on 29 April 2022 show the falling value of stocks

ARE YOU RECESSION-READY?

Reviewing FX policies, hunting down cash and open communications with your banks are just some of the steps treasurers need to take as the risk of a serious economic downturn grows, finds Gavin Hinks

It is now impossible to open the business pages or read anything about prospects for the UK and global economies without coming across the 'R' word: recession.

The word's entry into business discourse has corporate treasurers on high alert up and down the country. And that should be no surprise. The economic landscape has changed dramatically. Supply chain disruption to policies in China and war in Ukraine, a cost-of-living crisis and record levels of inflation have all served to feed a narrative that economies may be about to enter negative growth.

"You wouldn't call it a perfect storm," says Karlien Porré, leader of Deloitte's UK treasury advisory services, "but today's environment is unlike one many CFOs will have ever experienced before.

"Do I call it a panic? No. Is it something to take seriously? Yes."

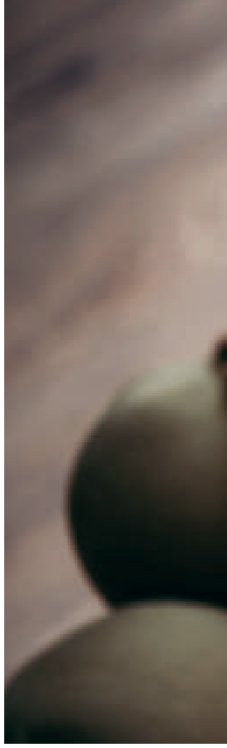
A significant moment then, and more of the high-state readiness business has practised in recent years, states Pedro Madeira, interim group treasurer at Wilko, the DIY and hardware chain. "It has been a constant narrative of being prepared for Brexit, prepared for COVID-19 and now being prepared for potential recession. In essence, it feels like a prolonging of the past five or six years."

There is a constant stream of data suggesting recession is on the horizon.

In July, the UK's Office for National Statistics (ONS) figures revealed the consumer prices index for inflation was 9.4% in the 12 months to June, up from 9.1% in May.

July saw business activity grow for the 17th consecutive month, according to S&P Global's flash purchasing managers' index, but there ›

Xinhua/Alamy Live News



was a warning that this is the 'weakest' growth over the period. Chris Williamson, S&P's chief economist, says growth is at a "crawl". "Forward-looking indicators suggest worse is to come," he adds. The ONS logged GDP growth of just 0.8% for the first quarter of this year, slightly down on the same quarter in 2021.

This all leaves much for treasurers to mull. The core mission – ensuring there's the right amount of cash in a business at the right time and in the right place – remains the same. But now there is added urgency.

FX in view

Take FX. There is a strong belief among many that FX strategies need to be crafted for any eventuality. Madeira agrees: "Exchange policy needs to be determined by the needs of the business and not so much by the fact that there's a recession."

But if a business changes tack in response to recession, then a review of FX may be necessary. Porré points out changing tack on products and pricing or adapting supply chains may have consequences. "That is quite removed from a treasurer, but it might impact the source of goods and hence currency exposures," she says.

This is key to Porré's advice. The treasurer may be tasked with guarding and shepherding cash, but that may be affected by strategic business decisions driven by recession. A close watching brief needs to be maintained on the 'levers' companies use to respond.

"

DO I CALL IT A PANIC? NO. IS IT SOMETHING TO TAKE SERIOUSLY? YES"

Liquidity and cash

Most of all, though, experts see a renewed emphasis on the treasury basics of cash, liquidity and, as a result, working capital. "Treasurers must anticipate liquidity needs and look at cash forecasting – short term and long term – to ensure that they have visibility on their needs for cash," says Mathieu Vincent, a treasury adviser with Mazars. "If you are able to see your cash position at group level, on a day-to-day basis, you can better allocate your cash."

0.8%

GDP growth for the first quarter of 2022, as logged by the Office for National Statistics

Speak to any adviser and they stress these needs: cash forecasting, visibility and the ability to consolidate cash in a single place for redistribution to where it is needed. Some advisers talk of launching a 'hunt' for cash.

That may not seem so strange. A fragmented group may have cash in many places not always immediately visible to the centre. That places a premium on technology, some form of dashboard, that allows the treasurer to see what's at hand. And in straitened times good technology will allow for daily cash forecasting.

But there may be other internal sources of cash. Madeira says that a search inside a business for more cash will often produce results and help ward off a "liquidity crunch".

Cash, he says, can be improved through a review of payment practices (companies could be paying bills early), aligning payment cycles with receivables cycles and adjusting payment terms. There are also big-ticket items such as reviewing capital expenditure programmes to

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FX strategies need to be prepared for any eventuality

> "TREASURY CAN'T REALLY FORECAST CASH FOR THE BUSINESS WITHOUT THE BUSINESS WORKING WITH TREASURY"

see if they are entirely necessary, though he concedes that will be a difficult conversation. Madeira considers factoring a last resort.

But a lot of this advice may come down to internal culture, what the professionals dub a 'cash mindset'.

"A lot of time we spend with the business is trying to get them to understand how their decisions affect cash," says Madeira. "Treasury can't really forecast cash for the business without the business working with treasury." That leads Madeira to another observation: treasury projects work better with senior management sponsorship. A CEO asking the business to work with an important treasury project has a higher chance of success than a treasurer chivvying for help alone.

This all speaks of deepening bonds internally, between treasury and other parts of a business. But no discussion of relationships, or liquidity, can take place without considering a treasurer's relationship with banks.

Banking on banks

It goes without saying that a treasurer should seek the best terms possible from their bankers, though many experts will warn that the best terms are long gone, while financing has already become harder to obtain and is more costly. But there are more moving parts to the banking relationship once the financing facility is agreed.

For Jon Bramwell, an expert in debt advisory with Grant Thornton and formerly of HSBC, treasurers must maintain excellent reporting standards because scrutiny from banks will now only intensify. They should monitor covenant forecasts and revisit their facility agreements to understand whether they provide enough cash and at the right time, and remember banks remain focused on reaching net zero targets. Treasurers should also fully understand the terms of their agreements. This may prove crucial to an auditor's going concern statement, which will reflect financial viability 12 months into the future.

It's also important to understand a bank's risk-rating model and how it might affect not only current facilities, but facilities in the future. And underlying all of this is good communication with banking contacts.

"Don't just speak to the relationship manager you know," says Bramwell. "You should always look to go one or two levels above that. When you really need something, you should feel like you've got the ability to speak to somebody with clout."

Consistent messaging from a company to its bankers is also critical. It's no use a treasurer and the CFO telling different stories; that will only unnerve bankers. Good communications are a must, but they should be well judged.

"It is always important to have those open conversations with your banks," says Porré. "But equally, it is important to consider the right timing and prepare for well-informed conversations covering potential issues as well as solutions."

Treasury is a demanding job, though undoubtedly skills have been honed over the past five years as treasurers tracked from one economic crisis to another. A recession will add yet another to the list. But, as Porré adds, it will also thrust treasurers back into the "limelight".

Gavin Hinks is a freelance business journalist

JOBS MARKET RUNNING HOT

Post-pandemic demand is creating a buoyant market for treasury jobs, but employers need to think carefully about what they offer, with flexibility and career opportunities topping candidate demands, discovers Christian Doherty

Jessica Timelin is clear: "I've worked in treasury recruitment for 11 years, and this current period is unprecedented in terms of how busy it's been. Since 1 January this year, it hasn't stopped."

As senior operating director for corporate services and finance at Michael Page, she knows the treasury recruitment market as well as anyone. "It's a perfect storm – even during the pandemic amid hiring freezes – because treasury's so important in terms of managing cash and liquidity. As we come out of the downturn, we see the immediate need to hire; there's a domino effect whereby anyone who leaves has to be replaced.

"And there's a lot of pent-up demand in part because a lot of the projects that got put on hold during COVID-19 are now ramping up – whether they be TMS implementation or requests for proposals for banks."

Martha Pierce agrees that the recruitment market is running hot. As the head of treasury at Pure Search's CFO Practice, she believes the delayed repercussions of COVID-19 are now being felt. "During the pandemic other projects went on hold and treasury became front and centre; the board wanted to know: 'What's our liquidity?'

"And I think because treasurers were delivering that information daily to senior leaders, if your treasurer wasn't good enough at delivering that, then you're possibly going to invest in that area as we come out of COVID."

And it's not just improving the quality of treasury teams – finance transformation projects and treasury management system (TMS) implementation need to be delivered. "Some businesses may have felt they were caught short by COVID-19 and need to beef up their treasury resource. And then you've got fast-growth businesses that might be private equity-backed that want to put a treasurer in there," Pierce says.

"AS WE COME OUT OF THE DOWNTURN, WE SEE THE IMMEDIATE NEED TO HIRE; THERE'S A DOMINO EFFECT WHEREBY ANYONE WHO LEAVES HAS TO BE REPLACED"

JESSICA TIMELIN

Race to the top

That energy is reflected at corporate level. One treasurer at a large food business says their most recent recruitment effort took place earlier this year at the senior analyst level: "I was certainly surprised at the salary level and competitive market, which meant we therefore needed to offer a broad role with transparent progression to the next level to attract good talent."

Clearly, securing a good candidate in such a market is a serious challenge, and one that involves more than simply offering more money. Now, Pierce says, salary is often trumped by two factors that are often linked: working arrangements and opportunities for development.

"Hybrid working is one key," she says. "From a hiring perspective it tends to be the majority are offering three days a week in the office, with some saying four. The reality on the ground is more like two days. And speaking to treasurers about how they run their teams, most are back in the office in varied ways, so it depends on the individual teams."

The food treasurer's experience reflects this. "Being strict, such as demanding five days a week in the office, would certainly be a competitive disadvantage now," they say. "Therefore, we need to be pragmatic. The key aspect is to drive the right culture: if teams are motivated, committed and clear on priorities and flexible, being precise on days in the office versus days working from home is less important."

"Our official line is working from the office three days a week," says Joe Peka, treasurer at Urenco. "In practice, we are working one or two days a week when the whole team can work together on team activities, have one-to-one meetings and have unstructured discussions."

Meanwhile, one treasurer in a property company that recently set out a three-day office/home split says that flexibility is now a given; it's a two-way street. "We are flexible week to week – but if someone only wants to work from home, then they are not the right person for a property company."

And while they haven't had to flex this yet to attract people, the property treasurer says: "I think this is the right balance and I do attribute a lot of benefit to being in the same physical office for at least part of the week for collaboration, development, training, culture and so on."

REGIONAL VARIATIONS APPLY

The generalised offer of more flexibility is already upending well-defined regional trends – traditional catchment areas and limits may no longer apply. That has had an impact on regional recruitment trends. "It's definitely easier to recruit," says Jessica Timelin.

"London's always been a candidate-rich pool anyway, but if you've got a client in the north Home Counties or Cambridge, for instance, you do get people living in north London who might consider that – previously they wouldn't have. And, of course, from an employer perspective, they've got more choice, which is a good thing."

"I've seen this happen more than I ever did before COVID-19," agrees Martha Pierce. "I have a group treasurer in Scotland that's now got a London job. I've seen South East-based companies bring on people from the north, so it has opened up the rest of the country.

"You've got candidates from Brighton coming to London twice a week; pre-COVID that would have been very difficult, but that's changed, and it's opening up the country a bit more."

Pierce gives the example of Home Counties treasury teams that might have struggled to access London talent – despite their proximity – now finding that a little easier. "That means you can focus on finding the right job as opposed to simply being led by location."

"I think those regional changes are mostly positive," say Joe Peka. "We can recruit from a broader geographical area, as some candidates can see themselves travelling a larger distance if it's only for a couple of days. For individuals who want to come to the office more frequently, they also have the flexibility to do that as well."

"ANY RECRUITER THAT WANTS FULL OFFICE ATTENDANCE WILL HAVE A SMALLER POOL TO RECRUIT FROM"

JOE PEKA

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Developing talent

And that development point is the second big enticement. "For the businesses that recruit well, offering new hires the chance to shadow their financing, get involved with the CFO's strategic initiatives and perhaps handle more complex banking relationships is an important selling point," says Timelin.

"So, if you're looking to hire, ask what shadowing, coaching and exposure to strategic aspects you can offer. You might not let them do it, but what can you show them?"

Timelin says in her experience the opportunity to get involved in technology implementation and external relationships offers a hugely attractive chance to round out a gap in an ambitious treasury manager's CV. But offering that needs senior treasurers to take a deliberate and structured approach.

"In that senior treasury manager market, which is buoyant, if you can show a candidate that you'll expose them to the debt capital markets and give them an insight into that, that's a good offer – because these younger treasurers usually want to get to the top job in treasury and they know they need that exposure in order to achieve it.

"The chance to grab some exposure to debt, or owning bank relationships, or vast international currency transactions – if they don't already have it – is compelling."

Peka has already carefully designed a plan to ensure that time in the office is well spent. "We are not worried about technical development, as running courses and training sessions remotely has worked in the past," he says, but admits that building connections with non-treasury team members requires more effort.

"Typically, the business now uses the days that the whole team is in the office to connect to non-treasury team members."

TREASURY SALARIES

	FTSE 100	FTSE 250	Multinational	SME
London	Typical	Typical	Typical	Typical
Group treasurer	£165,000	£115,000	£125,000	£95,000
Assistant/deputy treasurer	£115,000	n/a	£88,000	n/a
Treasury manager	£82,000	£70,000	£78,000	£65,000
Treasury accountant	£78,000	£57,000	£73,000	£50,000
Treasury dealer	£63,000	£46,000	£57,000	n/a
Treasury analyst	£52,000	£43,000	£52,000	£47,000

Source: *Hays UK Salary & Recruiting Trends 2022*

But he does sound a note of caution: "Flexibility, once given, is difficult to rein in, though, and any recruiter that wants full office attendance will have a smaller pool of individuals to recruit from or will need to offer a much better compensation package."

For the property company treasurer, like any episode of major change, there are two sides to the coin: "Our recruitment has gone OK so far, although clearly salary expectations are higher. I think COVID-19 has caused more people to take stock and think about what they want to do next – which has led to some of my staff moving on; but has led to other talent being available."

Christian Doherty is a freelance business journalist and former editor of *The Treasurer*

The Business of Treasury

See the Association of Corporate Treasurer's research at treasurers.org/hub/research/business-of-treasury-2022

HOW TO BECOME A TREASURY LEADER

While there's no exact blueprint for success, you can shape the career you want, says Sally Percy

Anyone who wants to make it to the top of the treasury profession will need technical expertise in a wide range of areas. Depending on the nature of their organisation and sector, as well as the size of their treasury, this expertise is likely to include knowledge of cash management, corporate finance, hedging strategies and investment, plus familiarity with tax and accounting. Professional qualifications – such as the Association of Corporate Treasurers' (ACT's) Diploma in Treasury Management (AMCT) – provide a strong foundation for developing this expertise, combined with practical experience in the workplace.

Becoming a technically competent treasury professional requires a huge amount of time and effort. Nevertheless, it's arguably still the easy stage of the journey towards becoming a treasury leader. What can be much harder is career management – knowing what opportunities to seize and when – and building the interpersonal skills and professional network that underpin long-term success.

Many treasurers aspire to become group treasurer one day. Others may have greater ambitions – perhaps they have the CFO or even the CEO role on their radar. And that's not unrealistic. Plenty of CFOs were once corporate treasurers, including Adrian Marsh, CFO of packaging company DS Smith, and Lucie Harwood, CFO of technology company Abundia Global Impact Group. Ronan Dunne, now chairman of Six Nations Rugby, spent his early career in treasury, before rising up the ranks of telecommunications company Telefónica UK to become CFO and CEO. He later moved to US-based Verizon, where he spent five-and-a-half years as CEO of its consumer group.

Career planning

Regardless of your aspirations, it's important to understand which skills and experience you will need to achieve your goal and have a plan for getting them. Experts often advise getting a broad base of experience, especially early in your career. This doesn't necessarily mean that you regularly need to move organisations, but it might mean getting involved with new projects – both inside and outside of treasury – and taking secondments to other departments.

Strategic initiatives, such as acquisitions and transformation programmes, can provide opportunities for you to broaden your skill set within the context of your organisation. Meanwhile, the implementation of a treasury management system can be a platform for collaborating with the IT team.

A stint overseas could help to enhance your understanding of the organisation's operations in other markets. Try to learn as much as you can from the projects you're involved with by asking questions, listening to other members of the team and challenging yourself in terms of the responsibilities and tasks you take on.

Of course, it's not always possible to grow within your present organisation. Sometimes it will be necessary to move if you want to further yourself. When weighing up a potential new role,

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don't be seduced by impressive-sounding job titles, however. Instead, make sure you really understand what's involved with the potential new role. The prospect of being deputy treasurer might seem appealing, but will it equip you with the necessary commercial, finance and leadership skills to progress in the long term?

Also, don't forget the importance of CPD to your career. By attending courses and reading widely, you will stay up to date on the latest developments in treasury and beyond. Studying for an advanced qualification, like the ACT's Advanced Diploma in Treasury Management, can help you to develop the strategic thinking skills that will take you to the highest levels in treasury. It can also enable you to feel more confident about interacting with important organisational stakeholders, including senior management, banks, credit rating agencies and investors.

Leadership and management

Clearly, being a treasury leader requires leadership and management skills. You will need to manage and motivate others to give their best so that the business can achieve its objectives. This will only be possible if you are skilled in areas such as collaboration, communication, influencing, listening, presentation, project management, teamwork and time management. See *The Business of Treasury* report in *The Treasurer*, Issue 2, page 32.

Some of these skills are likely to come naturally to you; others less so. Fortunately, just like technical skills, you can learn these vital leadership and management skills through development programmes and practise them in the workplace.

The ACT offers treasury and cash management qualifications, as well as training. Find out more at learning.treasurers.org

Today there is an expectation that leaders will be empathetic and inclusive, as well as genuine proponents of diverse thinking. Make sure you understand the value of diversity and know how to detect and combat unconscious bias. To encourage people to bring forth their best ideas, it's vital to create a psychologically safe environment that supports open debate.

You may want to learn how to be a coach, mentor and sponsor to the people within your team in order to inspire the next generation of treasury talent. Self-awareness underpins good leadership, so keep reflecting on your leadership practice as you advance up the career ladder.

Treasury is known for being a demanding profession, which is associated with long working hours. For that reason, physical and mental wellbeing is another priority, especially given the rise of hybrid working practices that have often increased the amount of time that treasurers spend at their desks. Burnout is a very real problem for treasurers, as well as other finance professionals. In fact, a study by digital accountancy platform LemonEdge found that nearly a quarter (23%) of financial service workers are concerned about their health or mental health.

As a leader, it's your job not only to look out for any signs that your team members may be struggling, but also to keep yourself as fit and well as possible. That's why it's important to eat healthily, get enough sleep and exercise, take breaks, avoid working weekends and switch off your email when you're on holiday.

Build relationships

Treasury might be a highly technical function, but ultimately it is also a relationship business. So, your success as a treasury leader will depend not only on how well you lead the treasury team, but also on the quality of the relationships you build with your peers in other functions and organisations, as well as your key banking partners. Keep networking throughout your career, both formally and informally, including on social media and at industry events.

There's no exact blueprint for success as a treasury leader. Every treasurer who makes it to the top will have taken a slightly different route to get there. But if you can effectively combine technical expertise, planning, networking and leadership skills, you have the foundation for the best possible treasury career – and the kind of career that will work for you.

"WHEN WEIGHING UP A POTENTIAL NEW ROLE, DON'T BE SEDUCED BY IMPRESSIVE-SOUNDING JOB TITLES"

Sally Percy is author of *Reach the Top in Finance: The Ambitious Accountant's Guide to Career Success*, a leadership contributor to Forbes and former editor of *The Treasurer*

GETTING AHEAD WITH TECH

Future leaders in treasury are being confronted with dramatic shifts in the economic and technology landscape, testing their core skills and adaptability, says Courtney Huggins, director of group treasury at Canary Wharf Group

Now that we are nine months into 2022, it's surreal to think about the changes the world has gone through in recent years. The effects of COVID-19 have been far reaching and the pandemic has fundamentally changed the way we work and live. Treasury professionals across the globe were challenged to immediately transition to working remotely, and during 2022 we have made the slow transition back to 'normality'.

But as we come out of the COVID-19 pandemic, we are moving directly into a challenging and shifting macroeconomic backdrop and likely global recession. Global inflation is at a 40-year high, leading to an increasing interest rate environment that many treasury professionals have not yet encountered in their working life. Adding more pressure to the looming recession, we are seeing a paradigm shift in the bond market in terms of both funding costs and volatility across issuance windows, and hesitancy in deploying credit in the banking sector at a time when liquidity is key.

97m

By 2025, 85 million jobs may be displaced by a shift in the division of labour between humans and machines, while 97 million new roles may emerge that are more adapted to the new division of labour between humans, machines and algorithms

With the financial risk of this tumultuous backdrop, adaptable treasurers with strong fundamentals will be essential for business success. Core foundational treasury skills through Association of Corporate Treasurers (ACT) qualifications, which include economic context, can support younger treasury professionals in navigating through disruption and uncertainty. Honing soft skills such as negotiation, persuasion and collaboration will be key in building strong banking relationships, as these may be put to the test as covenants get tighter and liquidity becomes paramount.

Exponential growth

However, technology is the one area that has stood out during and since the pandemic.

Technology has become exponentially more important over the past few years, providing professionals with the ability to accomplish their roles remotely and allowing businesses continuity. This heavy reliance on technology and automation showed how much we can still achieve even when away from the office.

However, what will this exponential growth in technology, automation and artificial intelligence (AI) mean for future treasury professionals?

One of the biggest challenges for future treasurers is the risk that automation and AI will take over many of the basic tasks in treasury, and this reallocation of tasks from human to machine has already started. A 2020 World Economic Forum paper stated that by 2025 the time spent on current tasks at work by humans and machines will be equal. They also forecast that roles in accounting and bookkeeping will be increasingly redundant by 2025.

Even though machines may become a bigger part of the landscape, treasurers will still require core treasury knowledge to understand and check the work of machines. Also, learning skills like coding will help to future-proof treasury careers. Soft skills will also become ever more important, and we are already seeing a huge shift in employers seeking treasury professionals with a high level of emotional intelligence and adaptability.

Although this next chapter will be challenging for most, it will also be an opportunity for treasurers to come to the forefront and demonstrate the real value of the treasury profession to businesses.

Find out more about the ACT's qualifications and training at learning.treasurers.org

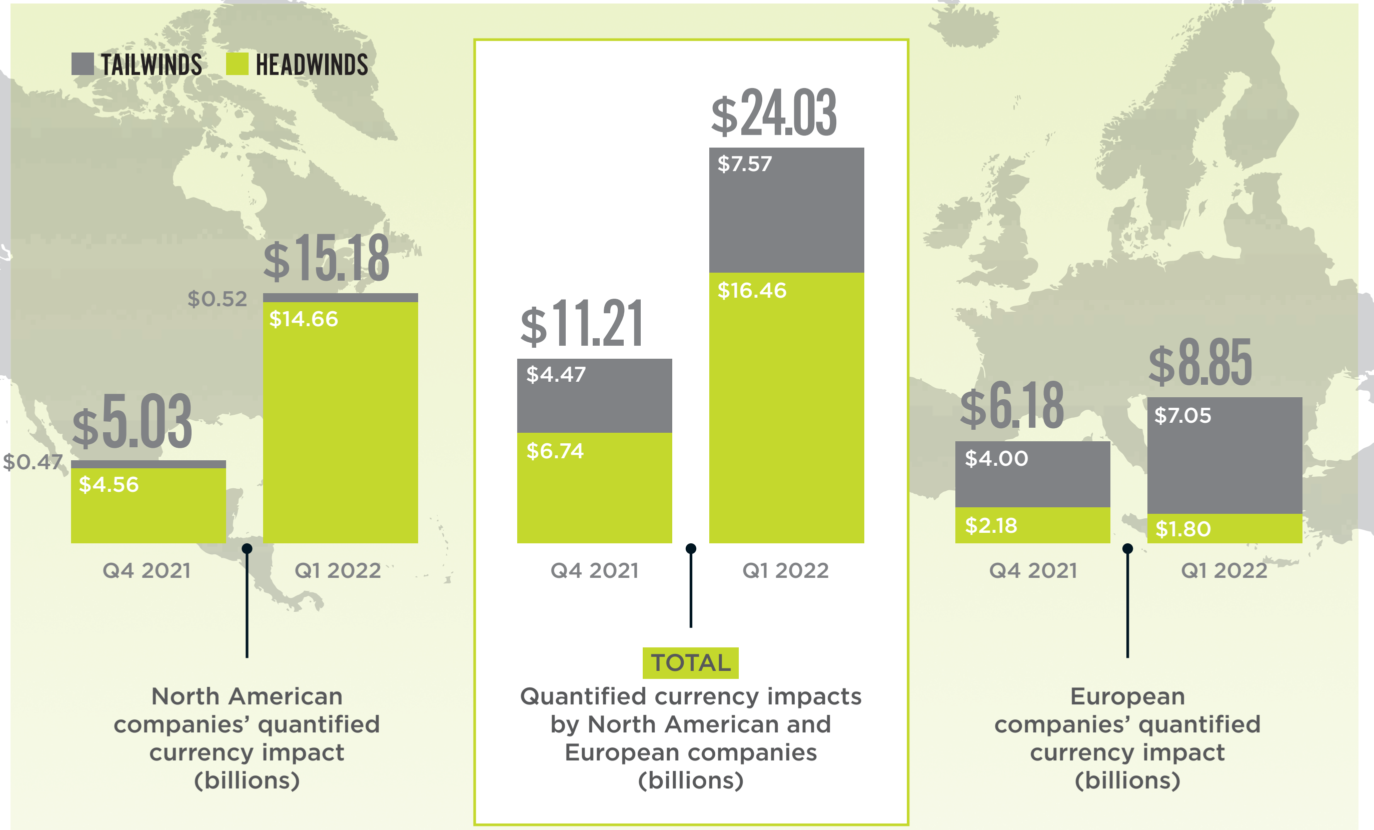
Courtney Huggins is director of group treasury at Canary Wharf Group, ACT Vice President and ACT Future Leaders in Treasury group chair

Source: weforum.org/reports/the-future-of-jobs-report-2020/in-full/executive-summary; Shutterstock

IN DETAIL:

FX VOLATILITY WREAKS HAVOC FOR MULTINATIONALS

North American and European corporates see $24bn impact of currency fluctuations



Source: Kyriba's *Currency Impact Report*, July 2022

Kyriba's *Currency Impact Report* (*CIR*) reveals $24.03bn in total impacts to earnings from currency volatility in the first quarter of 2022. The combined pool of corporations reported $16.46bn (up 144% on Q4 2021) in headwinds (negative impacts) and $7.57bn (up 69% on Q4 2021) in tailwinds (positive impacts) in Q1 2022. North American companies reported $14.66bn in collective headwinds in Q1 2022, a 221% increase compared to the previous quarter. Conversely, European companies reported a 17% decrease in negative currency impacts, with companies reporting $1.80bn in FX-related headwinds.

The Russian ruble was the currency most mentioned as impactful by both North American and European companies.

"A strong US dollar may reduce inflationary pressures over time, but currently FX volatility is wreaking havoc on the overseas revenues of multinationals," said Kyriba's Wolfgang Koester. "The combination of a strong dollar and continuous increased currency volatility are clear signals to CFOs and treasurers, indicating the need for faster, more refined financial controls. While the *CIR* focuses on the largest US and European corporations, they are not the only corporations who feel the effects of a strong US dollar."

Note: Kyriba's *Currency Impact Report* is a quarterly report on the impacts of FX exposures among 1,200 multinational companies based in North America and Europe, with at least 15% of their revenue coming from overseas.

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FUTURE LEADERS: How technology will change treasury

Increasing automation, artificial intelligence and data analytics are all on the agenda as treasurers adopt technology like never before. *The Treasurer* asked four treasury leaders around the globe about what lies ahead in this new digital world

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Around the world, the ACT's future leaders are looking to artificial intelligence and machine learning to provide greater insight and deeper data analysis

THE MIDDLE EAST

ROSHUN TULKENS FCT, GROUP TREASURER, MANTRAC GROUP

I'm the group treasurer for Mantrac Group, an authorised Caterpillar dealer, selling across three continents with revenues close to $2bn. I head the treasury, trade finance and insurance departments. My main responsibilities involve raising debt, cash/liquidity management, risk management, customer financing and treasury operations. Prior to Mantrac, I was head of treasury at RB covering 60-plus countries across Latin America, Africa, the Middle East and Asia-Pacific. Responsibilities included all areas of international treasury and risk management. I am a Fellow of the Association of Corporate Treasurers (ACT).

I'm hoping technology continues to have a positive impact within the treasury department and the wider business. As more firms continue to work in the 'new normal', with a mixture of home and office working, processes that require manual intervention now should become more automated.

With new tech like machine learning and robotic process automation technology, we can transfer a lot of heavy lifting to computers, leaving treasury professionals with more time to make strategic decisions. I'd like to see focus on reducing paper-based instruments, especially cheques, which we still widely use in the Middle East and Africa, particularly with government spend and post-dated cheques to secure collections.

Trade finance is also very document-heavy, particularly with the Middle East being a key trading hub. Within our personal lives, app usage is a key component of organising and accessing data – treasury management systems (TMSs) have already started following suit, with apps to approve payments or view dashboards. This could go further, perhaps with banks and fintechs using app-based technology for know-your-client updates or sharing company information with multiple banks. We have already seen solutions like DocuSign helping multinational companies where signatories are based in multiple locations, but in the UAE particularly, not all banks accept this, so hopefully this will change in the short term.

Technology has accelerated change and eased discussions around the implementation of tech, which is fantastic. As our business and environment changed, so did the ways of working and the impact on treasury processes.

For example, during COVID-19 some African jurisdictions stopped clearing cheques, so it meant people moved to mobile money and eWallets to make payments. As a treasury function, we had to make sure the payment acceptance infrastructure continued to operate efficiently, not just in the major cities but also in remote locations.

As a company we implemented many cloud-based solutions, with virtual software implementations over Teams as business travel was prohibited. COVID-19 also accelerated the move to shared service centre models as many operations were previously managed remotely, so allowing an easier transition to low-cost jurisdictions.

When hiring new talent for my team, I'm looking at digital prerequisites such as TMS experience, strong analytical skills (Excel, Power BI, PowerPoint, Visio, etc) and vast e-banking experience, plus the use of other platforms such as 360T and FXall and banking tools (supply chain finance portals, trade platforms).

Additionally, depending on the position, the experience of implementing technology is vital, as it demonstrates a good understanding of how these solutions work and how it touches various areas of the organisation. More recently skills such as coding or creating bespoke solutions is much more relevant, particularly with junior staff; it can be a huge benefit to the company if bespoke solutions can be developed and created in-house.

"The experience of implementing technology is vital, as it demonstrates a good understanding of how these solutions work and how it touches various areas of the organisation"

ROSHUN TULKENS

“There is an increasing emphasis on the treasury team to have systems in place to provide real-time solutions and real-time insight”

NAGAM AL-KADHI

EUROPE

NAGAM AL-KADHI, TREASURY MANAGER, LOGICOR EUROPE

My career started in the City of London working in HypoVereinsbank, then UBS, and I was first introduced to treasury when I started working for Cargill in 2008. From there I moved to a wealth-management company, then to aviation and now the real estate sector.

In my current role working for Logicor, I am leading the implementation of a best-in-class liquidity solution and banking platform with a vastly rationalised account structure. The result of the project will be a truly leading-edge virtual bank account structure.

There is an increasing emphasis on the treasury team to have systems in place to provide real-time solutions and real-time insight. Technology is key to this – meaningful data will ensure that treasurers can concentrate on the strategic issues and leave the repetitive, simpler tasks to be undertaken through automated processes.

TMS systems need to deliver best-market practice processes as standard. Currently, different providers have different processes, so it will be important to have a standardised practice that will simplify the processes – I see this as a key requirement for the future.

When looking to the future, I think we are moving to a fully automated world.

In terms of how this will affect my company, we are already asking our stakeholders to update their technology, and this will lead to liquidity being automated and guaranteed, automation of simple and repetitive tasks, simplification of complex tasks, integration of systems and data, embedded controls, frequent and relevant information, and more responsive and greater consistency of data across geographies.

Remote working is highly dependent on the infrastructure. The pandemic was a catalyst that pushed the evolution of remote access forward by several years. Connectivity, cybersecurity and governance are some of the many aspects that we had to go through in an exceptionally short time.

Even before the pandemic, cloud-based applications were becoming the industry standard over client-hosted systems. This, in a way, allowed an easier and quicker transition. I remember in the past when we used to exercise disaster recovery drills! We rarely used laptops, and remote access to the company’s server was like cracking a safe. Once we moved to using cloud-based systems through laptops, the geographical location became less important.

Communication was a challenge and real-time face-to-face interaction remains vastly superior to messaging. Although the infrastructure for virtual meetings existed for years, the applications available weren’t necessarily adequate. As we came to learn later, it is actually a rather effective and extremely efficient tool of communication. It is true to say that it will not entirely replace real-life interaction, but I argue that some topics would be more suited for the virtual medium, for example, when reviewing technical data where the participants can interrogate the data on their own terminals independently of the presenter.

When looking at recruitment, I think treasury requires mind agility and conceptual thinking. I view it as a craft rather than a science. There are many technical skills required to execute the wide range of tasks and interactions with other departments. However, new recruits will need to have the right attitude to learning and above all, a curious mind that has affinity to change.

Data and systems literacy are very important to the job, which I often find more than satisfactory among new graduates. Finally, one has to keep in mind that individual qualities have to be complementary and as a manager you need to put together a diverse team that complements each other in skill and temperament. ›

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AFRICA

BOKAMOSO DIKGANG CERTTF, OPERATIONS MANAGER, FIRST NATIONAL BANK BOTSWANA

I was born in Botswana and completed my Bachelor in Economics at the University of Botswana. I have taken a number of postgraduate qualifications including the Certificate in Treasury Fundamentals (ACT), and I am a member of the Botswana Institute of Chartered Accountants and of the ACT.

I am currently employed by First National Bank Botswana as an operations manager. My responsibilities include facilitating the management of cash centre processes and ensuring adherence to quality standards in the centre. I also manage and control all administration, cash management and logistics, cash product and solutions, and risk-related activities.

Emerging technologies, such as industrial robots, artificial intelligence and machine learning, are advancing at a rapid pace. These developments can improve the speed, quality and cost of goods and services. Within my firm, technological automation and digitisation are key target areas, which will drive operational efficiency and effectiveness. This will greatly improve customer service by significantly reducing the turnaround times for services.

From 31 December 2023, all banks in Botswana will cease to accept cheques for deposit and/or encashment. People will therefore need to move to the use of EFT, SWIFT, ATM Visa card, eWallet, cash and digital currency. This will mean the wide use of online platforms for transactions that require high technological advancement on the side of banks as financial service providers.

> **"I would expect my team to have data-analysis skills, advanced computer skills, robotics, financial engineering and business intelligence skills"**
>
> BOKAMOSO DIKGANG

Flexible work or remote working environments have impacted the selection of remote work collaborations, leading to a significant rise in the use of applications like Microsoft Teams, Zoom and any other desk and remote communication networks. Physical meetings have reduced in frequency due to effective online collaborations being as efficient but less costly, as no transportation and office accommodation costs are incurred.

During the pandemic there was an immediate need for everyone to be able to work from home – this included having the right equipment and the right technological (cloud) solutions. The use of this technology had to be adopted quickly. In addition to adapting to this new way of working, we also had to sharpen our skills in the use of Teams and Zoom for communication, presentations and information sharing.

I think even as we move back to a hybrid working environment, the skills we have learnt will continue to be useful and the ways of working we have adopted will become part of our working routine.

When looking at treasury skills, I would expect my team to have data-analysis skills, advanced computer skills, robotics, financial engineering and business intelligence skills. From a team dynamics point of view, I can see the advantage of hiring someone with coding skills, as this would help with our goal of automating our processes, data mining and data-analysis activities.

A key aspect of treasury is being able to obtain business intelligence reports to make informed decisions based on advanced analysis, and having people with complex analytical skills in my team would support this.

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More information on the ACT's Future Leaders in Treasury group can be found at treasurers.org/futureleaders

"We are experiencing a tsunami of data collection, but that is useless without analysis"

VERONIQUE LAFON-VINAIS

ASIA

VERONIQUE LAFON-VINAIS HONFCT, EXECUTIVE DIRECTOR, CAREERS DEVELOPMENT AND CORPORATE OUTREACH, THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY

I am a former international banker who decided to switch careers about 15 years ago to work in higher education. I now work at the School of Business and Management of the Hong Kong University of Science and Technology, teaching finance courses to undergraduate and postgraduate students; I also hold several administrative roles for the school. Currently I am executive director, careers development and corporate outreach, and I am also the co-director of our new BSc in Sustainable and Green Finance, the first degree programme in Asia focused on this major growth area.

Before joining academia, I worked for 20 years in international debt markets, arranging large debt financing transactions in Europe (Paris, London), the Americas (US) and Asia (Hong Kong), covering every debt instrument from plain vanilla commercial paper to highly structured project finance.

At the pace of change we are experiencing, it is hard to predict the landscape in the coming years, but let me whip out my crystal ball. Current trends show a high pace of digitisation across all industries, which is likely to continue despite hiccups in the supply chain of the electronics industry. Expect more data collection through electronification – think radio-frequency identification chips and drone imagery – which will of course require data analytics and serious technological infrastructure upgrades. If we assume that the data collected can be usefully analysed, this could lead to real-time data feeds and real-time cash-flow observations. Another important area to watch out for is quantum computing with all the implications it entails for a massive change in tech infrastructure and cybersecurity.

For us in higher education in Hong Kong, the switch to remote teaching and working was prompted by the 2019 student protests. In line with a lot of other companies, we tested a variety of systems before investing in the Zoom platform and monitoring the implementation to prevent Zoom-bombing and other issues. From an educational perspective, we also invested in hardware to support our online teaching. For example, we invested in a digital classroom, and we equipped our classrooms with audio and video equipment to provide high-quality sound and video to the students.

Regarding the skills needed to work in treasury, my own view is that, even more than coding/programming, treasury will need data analysts. I think that is the most critical stumbling block. We are experiencing a tsunami of data collection, but that is useless without analysis.

Of course, a basic understanding of some coding language will be useful. I would watch out for the quantum computing space – this has the potential to completely revolutionise technology.

How global recruitment giant gets the job done

From COVID-19 to raising an award-winning bond issue and tackling geopolitical uncertainty, Adecco Group's treasury team takes everything in its stride

To say that it has been a busy two years for Liam Ó Caoimh MCT and his colleagues in Adecco Group's Zürich-based group treasury operations would be an understatement. First, the global recruitment and HR group needed to weather the COVID-19 storm in 2020. Then, in 2021 it launched and completed its largest ever corporate transaction when it acquired engineering consultancy AKKA for €2.2bn. And now, like every other international corporate group, the head of treasury operations is having to operate in the highly volatile environment caused by geopolitical instability, financial markets volatility and inflationary pressures.

Adecco's treasury operations have been at the heart of these challenging times – ensuring the group's business units had sufficient resources to continue to operate during the COVID-19 crisis, pulling together an innovative financing arrangement for the AKKA acquisition and now carefully monitoring all aspects of treasury during a time of unprecedented volatility.

"We update our CFO regularly on where the debt markets are, running regular analyses of how much it would cost us to issue a five- or 10-year bond if we were to go to the markets tomorrow," Ó Caoimh says. "We have an investment management dashboard, which tells us where all our money sits, updated every week, by counterparty and investment, as well as a more general treasury dashboard, which tells us where the money sits by jurisdiction."

The Adecco Group has operations in some 60 countries spread across the Americas, Europe, Middle East, Asia-Pacific and China. As well as the main brand of Adecco, the group also includes LHH and now Akkodis, the result of acquiring AKKA and then integrating it with another business unit, Modis.

Bridge finance

Prior to announcing this deal, Adecco Group's treasury team was asked to put in place a €1bn bridge finance facility, which it did in a remarkably swift six weeks. Once the deal was announced, Adecco returned to the markets to raise €1.5bn through a seven-year and 10-year bond, each for €500m, plus an inaugural hybrid five-year bond for a further €500m. The success of these issues was recognised earlier this year when Adecco scooped the Bonds Above £750m award in the Association of Corporate Treasurers' Deals of the Year Awards.

The group treasury team is nine-strong, including two members based in Prague as well as the main team in Zürich, Switzerland, where Adecco has its head office. It is, Ó Caoimh says, a small team, considering the group is a €20bn turnover business. "The team has been on a journey for a couple of years now," he says. "The year 2020 was all about COVID-19 measures and deep, close daily communication with the operating companies to make sure treasury was doing everything it could to help them. That was intense."

Liam Ó Caoimh

During the COVID-19 crisis, like many other corporates, Adecco raised a bond as a precautionary measure – there was a widespread fear that day sales outstanding would worsen, which could have had implications for organisations such as Adecco, which were required to still pay their temporary workers every two weeks. But for Adecco, those fears did not materialise, and the company was also supported by the proceeds of an earlier disposal in December 2019, which had been earmarked for a share buyback, but now was able to provide an additional cushion. However, as Ó Caoimh says, the team's workload still skyrocketed, a situation that continued into 2021.

"During 2021 and 2022 we've had so many elements to deal with, one on top of the other. It's been all go, with no let-up in the urgency to complete the various treasury initiatives, not least the acquisition financing."

Resilience

Throughout this period, Ó Caoimh says the team always showed strength and resilience to deliver high-quality treasury services to the countries while

The Adecco Group's head office building in Zürich, Switzerland

"A super-intense year, but the whole team has relished the new challenges and learnings"

LIAM Ó CAOIMH MCT

all the time managing group strategy and operations. It was, he says, "a super-intense year, but the whole team has relished the new challenges and learnings that come about with major corporate events that directly impact treasury, with the spotlight truly shining on the whole Adecco treasury team".

It is work that has been recognised both inside and outside the group – banks involved in the syndication of the AKKA bonds have commended them for their innovative approach. "We are able to complete all in front of us because we have really collaborative relationships with other group functions, such as accounting, legal, investor relations and IT. We own initiatives together in a real sense of cooperation and teamwork, and we work hard maintaining this team ethic. It is an ethic that permeates to the banks, legal counsels and other partners we work with during the course of our treasury operations."

As head of treasury operations, Ó Caoimh reports to Estefania Rodriguez, Adecco Group's SVP Global Tax & Treasury, who in turn reports to the group's CFO, Coram Williams. Understandably, the group's board of directors has been incredibly focused on the group's treasury position. This is reflected in its focus around counterparty risk. Once the group had raised the finance for the AKKA deal, treasury was tasked with investing it until the deal had completed. This saw the team incorporate the classic security, liquidity and yield principles.

"We had implemented a new counterparty risk model in 2020 and this supported us greatly in being able to monitor the counterparty risk daily," Ó Caoimh explains. "With a substantially enlarged investment portfolio, we had to onboard more banks and money market funds with which to invest this extra cash, undergoing all the KYC with all these new counterparties, and investing in products giving slightly higher yield than term deposits, all with accounting, tax and external auditor sign-off."

The ACT Deals of the Year Awards for 2022 will open for entries in September

All hands on deck

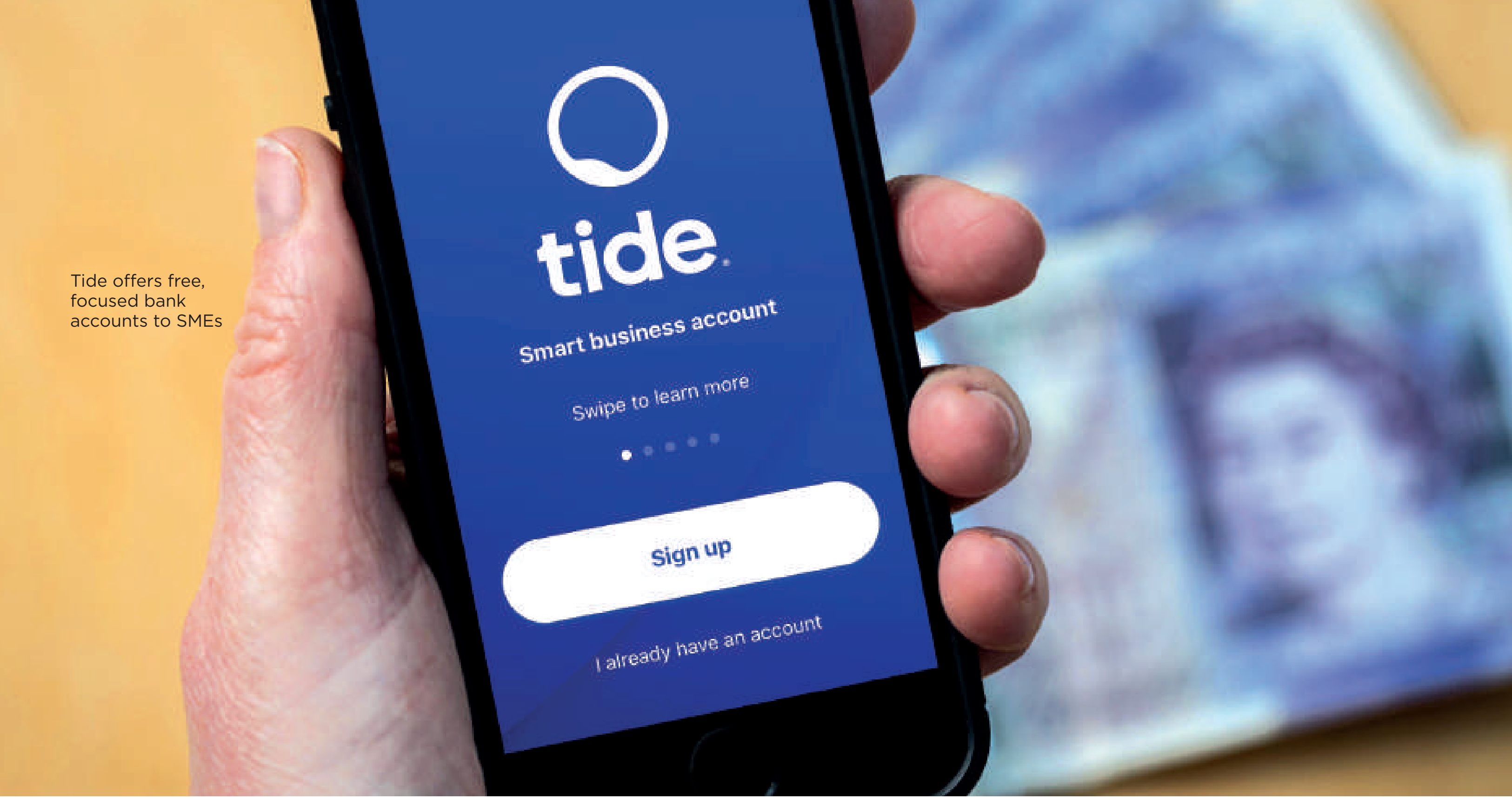
This focus on risk filtered through to the closing-day operation, which saw payments made to the individual owners at AKKA as well as the institutional shareholders. "In advance, group treasury made test payments to each seller and confirmed with banks the IBANs and BICs," Ó Caoimh says. "On the day, the official closing was delayed into the afternoon, but we still managed to make all payments with same-day value. At the same time, we had to raise new Adecco equity on the stock exchange of €72m and subsequently transfer this equity to certain sellers also for same-day value. This was only made possible with all hands on deck."

On top of this, the treasury team increased the group's revolving credit facility from €600m to €900m – although the group treats this as a back-up standby facility only. Ó Caoimh says that despite the extra work involved, the move was "best practice" due to the increased size of the business.

The treasury department has a classical segregation of duties split of front and middle/back office, with the front office team handling all the trade executions and bank relationships with the middle/back office team taking care of the settlement, reporting, hedge accounting and compliance related to the trades. The team is very multicultural with six nationalities being represented and has experienced a long period of stability, which has allowed them to grow strong together and be well prepared for the future of the new working environment.

Philip Smith is editor of *The Treasurer*

KEYSTONE/GAETAN BALLY



Tide offers free, focused bank accounts to SMEs

View from...
Embedded finance

In the new world of hyper-personalisation, businesses will become the new challengers in financial services through embedded finance, says Philipp Buschmann

Over the past decade, challenger banks like Monzo, Revolut, N26 and Starling have revolutionised banking and finance by putting customer experience front and centre.

But for the first time in their short history, the challengers – now established pieces of the finance furniture – are being challenged themselves by a new wave of banks, fintechs and, most excitingly, businesses.

The pain points the challengers were focused on solving have more or less been solved. What they've done is incredible and the world is genuinely better for it. Today, customer-centric, tech-first, mass-appeal banking is the norm. Even the traditional banks have finally caught up.

But banking customers are no longer satisfied. Change begets change and now there are new pain points. Modern consumers want seamless, personalised services. They want recommendations. They want their bank to act like their Facebook, Netflix or Amazon accounts.

Philipp Buschmann is co-founder and CEO at AAZZUR

This goes for business account holders just as much as it does personal account holders.

With this at the forefront of their mind, two main groups are rising up to meet the challenge.

CHALLENGER BANKS ARE GETTING PERSONAL

The 2010s were all about mass appeal. But as we go through the 2020s, the emerging theme is broad appeal – but for targeted audiences.

For businesses, this might not seem particularly new. Traditional banks have offered business accounts for decades, while most challenger banks quickly established a business offering as soon as they had a foot in the door.

That offering has become increasingly specific over the past few years, with Starling and Revolut both providing separate business accounts for limited companies and sole traders.

This was just a sign of things to come. Now banks are being created to serve the needs of specific communities; banks like Daylight, Tomorrow and Fardows

serve LGTBQ+, socially minded and Muslim customers, respectively.

But this is not just about creating a bank and saying it's for a certain audience. It goes well beyond marketing. It is about offering genuine features that appeal to different communities. For example, Daylight provides debit cards with an account holder's chosen name, no matter what their ID says. Tomorrow customers automatically invest in renewables and social initiatives, with every €5 they spend restoring a wheelbarrow's worth of natural habitat. Fardows allows account holders to borrow money in a completely halal-compliant way.

This focus is being seen in business banking, too. There are organisations like Tide, which offer SME-focused banking and have integrated with almost all major accounting software, so any business spending is automatically uploaded. Further to this, it has partnered with companies like Smart Pension, LawBite and CMME (formerly Contractor Mortgages Made Easy), so its users have access to genuinely useful SME-focused financial services.

But it goes much deeper than this – there are now banks for different professions, too. In the US, there are a number of challenger banks aimed at doctors such as BankMD, which offers loans specifically for opening new practices, and Panacea, which provides refinancing designed specifically for medical, dental and veterinary school debt.

Then there are banks for musicians, like Nerve. As well as financial features targeted at the sometimes chaotic life of a creative, it also syncs with Spotify to show streaming and follower data, and offers a networking feature to aid work discovery and artist collaboration.

This level of specificity also makes it far easier for challenger banks to become profitable – something they've famously struggled with. Research shows customers are willing to pay up to 20% more for hyper-personalised financial products.

This is something non-fintechs and more traditional businesses have realised, too.

Alamy

GETTING PERSONAL

The reason embedded finance is going to be so successful – it is predicted to be worth $3.5 trillion by 2030 – is because of the personalisation options available.

Businesses can behave like hyper-specific challenger banks and target communities that share a passion, interest or career, but they can go further than that. They can target individual members of their own customer-communities. Think how Google monetises search and social media monetises relationships. Businesses will soon be doing the same thing, but with spending data.

For example, if you purchase a flight or a hotel, chances are you'll also be in the market for travel insurance, holiday money, budgeting tools and everything else involved in a trip abroad. Businesses can offer these options right at the point of need, triggered by specific purchases, emerging spending patterns or even geolocation. This hyper-personalisation offers a vastly superior level of customer experience and I'm certain it will soon become the standard.

DIGITAL BUSINESSES FOLLOW SUIT

Interestingly, the other group of challenger-challengers will be mostly made up of non-financial businesses.

Now, thanks to embedded finance – the embedding of financial products into mostly non-financial spaces – almost any business from any sector can gain access to new financial products for their customers. Across the UK, Germany and Belgium, 75% of retailers are already using embedded finance, while 56% are planning to introduce further financial services in the near future. These include business loans, cards, virtual accounts, wealth management, insurance, cross-border payments, FX and more.

Businesses can essentially become one-stop shops for financial services, allowing their customers to conduct all of their financial business on their site and platform. They can even become banks themselves – something modern consumers have an appetite for. According to one report, most consumers under the age of 55 would be willing to open a bank account with non-banking providers like Amazon, Google, Starbucks and Uber.

This is done by simple application programming interface integration, making it considerably quicker and cheaper than building these services from scratch. Businesses can offer buy now, pay later via companies like Klarna and Afterpay; access payment rails and digital wallets from Railsr and Treezor; and offer financial exchange and transfers from Wise. The list goes on.

Plus, due to companies like AAZZUR, which builds vast ecosystems of financial services, multiple products can be embedded with just one integration.

LESS CHALLENGE, MORE COLLABORATION

When the challengers emerged last decade, their aim was to truly challenge the status quo in banking, which they did and then some.

But this new wave of challengers is less focused on challenging the work done by Revolut, Monzo and co. Instead, it is building on the work to offer customers new levels of choice and control in their finances via innovative, personalised features that they actually need.

So, what now for the original challengers? They're still going to play a huge part. The beauty of this new era is that it's all about collaboration. Through embedded finance, open banking and Banking as a Service, fintechs, banks and businesses can all collaborate for their own and their customers' benefit.

The only ones left behind will be the ones unable or unwilling to get involved.

Managing cash, liquidity and supply chains in the Middle East and North Africa

Effective liquidity management helped companies to stand fast during the global financial crisis and COVID-19 pandemic, and can provide the resilience required to weather an uncertain future in the face of geopolitical and economic headwinds

In a rapidly changing world, treasurers across the Middle East and North Africa (MENA) region are looking for solutions to their working capital and liquidity challenges, while also increasingly seeking to contribute to their companies' environmental, social and governance (ESG) agendas.

While some Middle Eastern countries and states have seen revenues increase in line with oil prices, net purchasers in North Africa and Pakistan have faced soaring costs. Rising interest rates that have been neutral or even negative for more than a decade are pushing up the cost of borrowing at a time when companies' liquidity may be squeezed, and/or they are seeking to invest in transition projects to support their net zero and sustainability objectives.

Treasurers are therefore looking to their banks to help support changing liquidity dynamics and provide ESG-friendly products on both sides of the balance sheet. This has been a major focus for Citi. For example, Citibank NA Abu Dhabi Global Market (ADGM), a branch of Citibank NA, offers clients a unique location for sustainable friendly investments with attractive interest rates.

Balancing cash, funding and ESG objectives

"Treasurers need innovative, flexible payments and cash management solutions across the company's regional – and often global – footprint," says Steve Buonvino, Citi's corporate and public sector sales head for MENA. "Furthermore, many corporations in MENA are expanding their business models to operate direct-to-consumer, and therefore need to leverage emerging digital and real-time payments in MENA as efficiently as possible to support customers' need for real-time fulfilment, streamline processes and, crucially, contribute to healthy working capital dynamics."

For example, countries such as Egypt and the UAE have emerged to become world leaders in e-commerce. Use of digital wallets is expanding quickly, and through its UAE Payment Gateway, Citi has been one of the first banks to support clients operating as merchants; likewise, the bank was an early adopter of Instant Payments in the UAE (UAEIP). Clients such as flydubai have benefitted from this significantly by enabling customers to pay for tickets electronically, including those without a credit card. flydubai has reduced its collection costs, while providing a better service to customers.

Citi has also further cemented its digital collections offering in the Middle East by integrating with multiple electronic bill presentment and payment local market platforms such as Jordan's eFAWATEERCom, Bahrain's Fawateer and 1BILL in Pakistan. Citi Jordan also supports direct debits and instant payments, enabling clients to improve working capital and cash-flow forecasting.

Contributing to the achievement of ESG objectives continues to climb treasurers' agendas and is becoming a key consideration as they ponder their cash and liquidity strategies.

Citi recently announced the launch of new deposit products designed to assist clients in investing excess cash as part of their sustainability agenda. The two new deposits – Sustainable Time Deposit and Sustainable Minimum Maturity Time Deposits – are designed to help deliver competitive yields and are based upon Citi's green and social bond frameworks, seeking to support the UN Sustainable Development Goals.

Leading the way in the adoption of this ESG-linked solution in MENA was Etihad Airways[1], as it became the first client to sign on to Citi ADGM's Sustainable Deposit Solution.

Increasing supply chain resilience

As companies look ahead to an uncertain future, they are looking to building liquidity and risk resilience, including ESG risks, both in their own business and across their supply chains. Supply chain resilience has become a key focus not only for many organisations but governments as well, as disruption has increased. Resilient supply chains help procurers to mitigate risk by seeking to anticipate and address issues proactively, and by seeking to quickly adapt to disruptions while seeking to mitigate increasing operating costs.

This is also an area with significant potential for ESG impact. Supply chain finance (SCF) programmes can offer an effective means of encouraging suppliers to embrace environmental audits, and the usage of automated SCF platforms can provide greater efficiencies in terms of reducing manual intervention thereby reducing the risk of fraud, but also reducing the usage of paper while providing benefits such as assigning individualised pricing per supplier.

"Over the past year, Citi has further expanded its supply chain and working capital finance activities to enable clients to incentivise sustainable business practices across their supply chain and extended the reach of its programmes to new suppliers, including multi-tier financing, to reflect the depth and complexity of clients' supply chains and support grass roots producers," says Yusuf Ali Khan, Citi's head of trade and working capital solutions for MENA. "Citi has also extended its automated trade products by offering an Electronic Trade Loans platform in Egypt, Jordan, Lebanon and the UAE, enabling rapid digital access to trade loans to facilitate global trade and manage working capital."

Supporting regional and global growth

Treasurers are keen to ensure that they can support the business growth strategy through the right cash management and funding capabilities, while centralising visibility and control over liquidity and risk. In addition to cash, liquidity and ESG products, many companies are seeking advisory services as they grow into new markets, particularly those with geopolitical challenges, such as Lebanon, Pakistan, Egypt and Tunisia, or currency and capital restrictions.

Few local and regional banks combine the strength of balance sheet, expertise, commitment to ESG-linked borrowing and investment solutions, and ability to support real-time and digital payments across corporates' required footprint. Citi has a presence in 11 markets in the Middle East and North Africa: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Pakistan, Qatar, Tunisia and the UAE, as well as representative offices in Saudi Arabia and Iraq. These offices provide comprehensive cash, liquidity and risk management solutions across multiple currencies and countries, and connect seamlessly into the bank's global network covering 95 countries.

"Economies in the Middle East are going through one of the most transformational periods in recent history, with exponential growth in e-commerce, ongoing economic diversification and an increasing focus on ESG issues," says Jagadeshwaran Kothandapani, Citi's cash management and interim head of treasury and trade solutions for MENA. "Treasury, finance and commercial teams are having to adapt their activities at speed to help meet these new challenges, with new payment and collection methods, centralised cash and liquidity management, and digitisation more important than ever. Citi plays a unique role in helping clients to adapt and thrive during this period of dynamic change, through our global network, local presence and close regulatory relationships."

1. citigroup.com/citi/news/2022/220726a.htm

(L–R) **Jagadeshwaran Kothandapani** is cash management and interim head of treasury and trade solutions, MENA, at Citi; **Steve Buonvino** is corporate and public sector sales head, MENA, at Citi; and **Yusuf Ali Khan** is head of trade and working capital solutions, MENA, at Citi

Fintech in the Middle East

What are the trends for fintech in the Middle East? Two reports shine a light on progress in the region

Earlier this year, consultancy firm KPMG reported in its *Pulse of Fintech* report how the fintech ecosystem in the Middle East continued to evolve. The report highlighted two fund-raising deals that took place in the second half of 2021 as an indicator of things to come: a $75m fund raising by Bahrain-based crypto fintech Rain, and a $50m fund raising by UAE-based Tabby, the buy now, pay later fintech.

The KPMG report went on to predict that deal sizes would continue to grow in the Middle East, primarily in the payments sector. This was part of a wider prediction of a stronger focus on fintech deal-making in underdeveloped regions. "Investors will ramp up their targeting of jurisdictions considered to be underdeveloped in terms of financial services – making more deals in regions like Africa, Southeast Asia, Latin America and the Middle East," the report said.

At the same time, SGP, the IT and technology recruitment group, found that the fintech sector in the Middle East is growing rapidly, with a compounded annual growth rate of 30%. It predicted that 800+ fintech companies from subsegments including payments, open banking, regtech and compliance, smart lending, insurtech, blockchain and cybersecurity solutions for the financial industry, will raise more than $2bn in venture capital funding.

"Since 2017, when only 30 regional fintech companies raised less than $80m, the Middle East has seen significant growth as a fintech hub, both for investors and tech-savvy innovators," SGP's report, *2022 Market Report: Fintech MENA & UAE*, said. "With almost half of the 400 million people in the region under the age of 25 years, we believe the push for digital-first solutions across sectors like payments, banking and lending will continue to surge."

However, SGP reported that the growth of fintech in the MENA region is not evenly distributed. Most fintech activity in MENA is concentrated on the digital payments segment, followed by remittances, digital lending and digital banking. Jurisdictions such as the UAE, Israel and Morocco have introduced bespoke regulations for payment services. In some instances – such as in Egypt – e-payments have become mandatory for some transactions, such as those involving public institutions and private companies. Likewise, some regulators have started to embed fintech products into several governmental services.

Most of the fintech deals (32%) and funding (49%) across MENA in 2021 were focused in the UAE. According to an IBS Intelligence report, the UAE is home to almost 50% of the region's fintech companies.

"Within the UAE, Abu Dhabi is recognised as a top fintech hub, home to Abu Dhabi Global Market (ADGM), which created the first fintech regulatory regime in the region," the SGP report said, adding that ADGM's RegLab is the world's second most active fintech sandbox, a low-risk environment in which to test innovations.

Currently in the UAE, payment companies dominate the fintech industry, representing around a quarter of all fintech companies, significantly outpacing its closest competitors, blockchain and insurtech. Fintech companies in emerging sectors like open banking and data/artificial intelligence remain relatively few at present, but SDG predicts these areas will grow in importance over the coming years.

Read the KPMG report at bit.ly/3RxMZfm
and the SGP report at bit.ly/3wNh7ev

Philip Smith is editor of *The Treasurer*

UAE LEADS IN INDEX OF MODERN FINANCIAL TECHNOLOGIES

-

FinxAr, launched by the Arab Monetary Fund, is an index of modern financial technologies in Arab countries.

The index identifies the efforts of Arab countries in enabling and promoting fintech adoption.

The UAE leads the Arab countries in the general index, achieving an average of 75%. The general index consists of six sub-indices, including policies and legislation, the demand side, access to finance, financial markets infrastructure, talent development to support innovations, and collaboration and partnerships.

UAE **75%**
Saudi Arabia **65%**
Bahrain **64%**
Tunisia **55%**
Egypt **52%**

Source: Arab Monetary Fund

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BEST PRACTICE

Expert answers to today's challenges

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INNOVATION PAYS ITS WAY

With technology driving rapid development, payments might be one of the fastest-changing areas of finance, but why now? asks **Sarah Boyce**

TREASURY OPERATIONS

For many banks and corporates, the payments business was traditionally regarded as 'sticky' – it was complicated to move supplier. So, as long as pricing was more or less at market rates and the service was acceptable, the topic of payments was generally ignored by both the bank and the corporate – a classic 'if it's not broken, don't fix it' mentality.

As a result, this rather unexciting corner of the financial services universe had received little attention and as a consequence lacked investment during the latter part of the 20th century. For investors and fintechs looking for fields where opportunities were plentiful, it was seen as ripe for reimagining.

Make no mistake, there is huge investor appetite in this space; according to a recent Accenture report, *Growing payments to new heights*, a survey of payments experts at banks, payments processors and fintech companies, "venture capital firms and payments disrupters are positioning themselves for a surge in payments innovation, with the sector attracting a strong stream of investment".

The report goes on to say that payments-focused fintechs attracted nearly a third (32%) of total fintech funding raised in 2020. Meanwhile, funding allocated to payments fintechs grew 63% between 2018 and 2020, compared to the 20% rise in total fintech funding.

But it is not only investors spotting an opportunity that is driving the developments in payments:

- Regulators wanted to open up access to the payments infrastructure to new entrants, driven by regulatory changes resulting from the global financial crisis and a general recognition across a number of countries that payment systems were outdated.
- The rise of new payment systems (such as Faster Payments in the UK, real-time payments in the US via The Clearing House and the Unified Payments Interface in India) enabling more services becoming available, especially in the B2C space.
- The rise of the fintech, harnessing the rapid developments in technology for the specific purpose of reimagining the delivery of financial services with the objective of improving the customer experience.

The most attractive propositions for customers are the ones that will be profitable – which takes us neatly back to investors seeing an opportunity in the payments space.

DIFFERENT REASONS

When surveyed, solution providers have identified different reasons that they consider to be driving developments in payments. For banks, the number one driver is the adoption of new technologies such as artificial intelligence and cloud computing. For fintechs, it is the launch of central bank digital currencies (CBDCs), while for payments processors it is changed consumer behaviours and expectations.

This may influence where they will focus their efforts, for example, fintechs on CBDCs; banks on Banking as a Service, but curiously they don't consider competitor behaviour to be as high on their agenda as perhaps some more traditional organisations that pay very close attention to their peers, might expect. This reinforces their interest in creating disruptive and innovative solutions rather than looking at marginal differences with peers when considering areas of focus.

Lastly, before looking at some specific developments, it's worth spending a couple of minutes on the work coming from the G20 via the Financial Stability Board (FSB), which is the G20 conduit for all things related to financial

PAYMENT SOLUTIONS ARE BEING DEVELOPED TO ADDRESS FOUR KEY AREAS:

Transparency: Adoption of ISO 20022 standard will enable richer data flows facilitating straight-through processing, automated reconciliations, etc. Corporates should make sure they factor this standard into any systems developments from now on.

Access: The development of open banking solutions, such as the use of APIs and open-source technology, will result in lower barriers to entry, simplification of payments processes and new entrants offering different services.

Speed: Real-time payments may improve cash management, but the corporate infrastructure needs to be able to support it in order to take advantage of the benefits available.

Cost: Automation of processes, faster processes, improved data visibility and increased competition from incumbents as well as fintechs should result in lower costs to the organisation.

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"As with much else in the payments ecosystem, cross-border payments processes have remained broadly unchanged for decades despite being cumbersome, costly and slow"

markets. This matters because ultimately, national financial authorities, such as the NY Fed or Financial Conduct Authority in the UK, broadly adopt the FSB approach and that filters down into the entire financial market – the end of LIBOR is a recent example. So, although it may seem rather theoretical and disconnected from the market, work emanating from the FSB will impact the real economy in due course.

CROSS-BORDER PRIORITY

As with much else in the payments ecosystem, cross-border payments processes have remained broadly unchanged for decades despite being cumbersome, costly and slow. However, the value of cross-border payments globally is estimated to increase from almost $150 trillion in 2017 to over $250 trillion by 2027, and the G20 has made enhancing cross-border payments a priority.

The FSB identified the main issues as high costs, low speed, limited access and insufficient transparency – and the main causes of these issues can be summarised as:

- Lengthy transaction chains (depending on the country corridor and payment process);
- Fragmented data standards and lack of interoperability;
- Complexities in meeting differing compliance requirements, anti-money laundering and countering the financing of terrorism;
- Different operating hours across different time zones; and
- Outdated legacy technology platforms.

The FSB has established a road map to address these issues – an enormous global project that will take many years to implement, but corporates need to understand the direction of travel and how their payments solutions providers are responding. More on the topic can be found at Cross-border Payments – FSB (fsb.org). It will be interesting to see just how the road map (supported by technological developments) will change how payments are settled, received and managed in the future, and how traditional views on money and money transmission may be turned upside down.

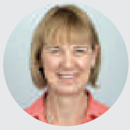
NOT JUST TREASURY

The global payments ecosystem is undergoing extensive change, with the resultant opportunities for corporates, but it is important to ensure that solutions can be implemented across the organisation. Payments, and the accompanying data, do not sit purely in treasury. For treasurers, this presents the chance to create their own payments road map, drawing on the work of the G20 and the FSB, and applying it to their own organisations and needs, both current and planned.

Innovation often happens away from the 'traditional' centres: emerging markets are often an excellent generator of innovation as they leapfrog the traditional infrastructure and move directly to the latest innovations.

From a treasurer's perspective, improved data/payment cohesion will enable manual processes such as reconciliations to be more easily automated. However, one of the biggest barriers to change is possibly inertia, fear of change and specifically lack of understanding how secure systems might be. If the payments ecosystem is to move forward at pace, payments solutions providers must ensure that the treasury has confidence in the security of the system – and the treasurer must not be afraid to ask the questions to ensure that they are comfortable.

The range and scale of change in payments is almost overwhelming, but there are plenty of opportunities – if I were to offer one piece of advice from my years in the industry: 'understand your problem and then find a solution for that'. Don't get caught up in the hype, whether it is CBDCs or application programming interfaces (APIs), but identify your needs and then ask your banks and technology vendors what they can do to help.



Sarah Boyce is associate director of policy and technical at the Association of Corporate Treasurers

BIODIVERSITY AND NATURAL CAPITAL

By integrating these concepts, companies can better understand geopolitical and macroeconomic risks

ESG

Companies might feel they have a lot on their plate, given soaring costs, ongoing supply chain disruptions, labour market shortages and the uncertain geopolitical and macroeconomic environment. Some might also be struggling to adapt their business to accommodate the impact of climate change and the need to improve sustainability. Forward-thinking firms need to add two further considerations to their to-do list: biodiversity and natural capital.

No company wants to add extra burdens to its operations or increase its running costs. However, by starting to think about natural capital and biodiversity now, companies can get ahead of the curve on an issue that is sure to gain greater prominence in the coming years. More importantly, by looking at their business through a biodiversity and natural capital lens, companies can better manage their risks and potentially take advantage of new opportunities.

WHAT ARE BIODIVERSITY AND NATURAL CAPITAL?

Most of us are broadly familiar with the idea of biodiversity – it describes a mix of species that enable stability and resilience within ecosystems. You might think of the rich biodiversity of a coral reef, for instance. But biodiversity also has business consequences. Research has shown that single-species forest plantations are more susceptible to storms, forest fires and disease than mixed woodland; greater variety makes commercial sense.

Natural capital is the global stock of natural assets, such as geology, soil, air, water and all living things. Biodiversity adds to the world's natural capital, by making it richer, and more varied and robust – it effectively acts as a multiplier of the value of natural capital.

These ecosystem services don't come with an invoice, so they are not often part of business decision-making. But a lot of the capital that powers businesses and the global economy ultimately comes from the natural world. The concept of natural capital makes ecosystem services visible and ascribes value to them, and companies can therefore make better-informed decisions that can benefit both them and the wider world.

IT PAYS TO PAY ATTENTION

Ever since the industrial revolution, human activity has been steadily eroding the world's stock of natural capital. We are extracting value from nature at a rate faster than it can replenish itself. Shrinking rainforests and depleted fisheries are just the most visible signs of this.

The long timescale over which natural capital is diminished can make it difficult to assess the risks involved. Perhaps most importantly, the mind-boggling complexity of the natural world counts against it – assessing the impact of any one interaction with nature is extremely challenging.

Understanding biodiversity and natural capital is essentially about risk management. Some of these risks are relatively easy to understand, especially in sectors such as ecotourism (which is impossible if the environment it operates in is degraded), and the food and drink or fashion industries, which depend directly on natural resources. But productivity and resilience for companies in all sectors can be impacted by supply chain risks – we all ultimately depend on natural capital.

GAINING EARLY-MOVER ADVANTAGE

The debate around climate change prompted the Paris Agreement to limit global warming, and numerous standards and frameworks, such as the Task Force on Climate-related Financial Disclosures

(TCFD), which underpins the UK's disclosure climate-related financial information regime for larger companies. Approaches to biodiversity and natural capital are at an earlier stage but are starting to accelerate.

Last year, HM Treasury published an independent review led by Professor Sir Partha Dasgupta on the economics of biodiversity, which sets out ways to account for nature in economics and decision-making, and could form the basis of future government strategy. Our reliance on nature is brutally brought to life in the Dasgupta review. The review demonstrates that in order to judge whether economic development is sustainable, nations need to adopt a system of economic accounts that includes nature as an asset.

A mechanism for change may already exist. A Taskforce on Nature-related Financial Disclosures (TNFD) – analogous to the TCFD – has been created to help businesses understand their biodiversity risks and opportunities, and how to disclose their performance.

At a global level, the forthcoming UN Biodiversity Conference (COP 15) will convene governments to agree to a new set of goals for nature over the next decade to transform society's relationship with biodiversity and to ensure that, by 2050, the world lives in harmony with nature.

PURPOSE-DRIVEN APPROACH

As well as supply chain and regulatory risks, companies also need to consider reputational risks linked to natural capital. Clearly, no company wants to be associated with an oil spill or deforestation. But companies also need to reflect on the everyday impact their business has on the environment and how it is perceived by stakeholders, such as consumers and the wider public.

This is an increasingly important issue given demographic shifts. Millennials are now the largest consumer group by size and spending, and have stronger views about sustainability than previous generations; they expect apparel, entertainment and other brands to share their values.

As a result, many businesses are shifting to a purpose-driven approach and seeking to become better corporate citizens – an idea that aligns with biodiversity and natural capital. In time, a commitment to biodiversity and natural capital are likely to become part of companies' social licence to operate granted by stakeholders affected by the company's activities.

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FIVE KEY QUESTIONS FOR TREASURERS

1. What benefits does my business derive from ecosystem services such as food, building materials or climate stability?
2. What are the potential risks to these ecosystem services in the short, medium and long term?
3. What is the business case for managing the potential risks to these ecosystem services?
4. What frameworks exist for identifying, measuring and valuing risks and opportunities associated with biodiversity and natural capital to inform financial and business decision-making?
5. What cultural change is required to embed biodiversity and natural capital in my organisation and drive change?

LONG-TERM BENEFITS

Integrating the concepts of biodiversity and natural capital into business activities is at an early stage and, given the complexity of nature, many challenges – such as pricing and valuation – remain to be solved. The Dasgupta review and the TNFD clearly indicate the direction of travel, though. Regulation is fast approaching and companies would benefit from understanding their relationship with nature sooner rather than later.

However, valuing nature is about more than just data, disclosure and ticking boxes. The bigger question is why companies need to consider biodiversity and natural capital. Integrating these concepts into business models and decision-making makes companies more resilient and successful. Businesses face many pressing challenges at the current time and these ideas might not seem to be a priority. But understanding companies' relationship to nature would do much to help them understand geopolitical and macroeconomic risks, many of which stem directly from upheavals in the natural world.

Jonas Persson is head of sustainability and ESG finance at Lloyds Bank

PICTET
1805
Asset Management

MONEY MARKET STRATEGIES

The big picture of financial markets was drastically changed in 2022, reports **David Gorgone**

RISK MANAGEMENT

Calm days are over and money market rates are coming back to long unseen but more rational levels. After two years of the pandemic, 2022 started with rising inflation, leading to significant and unpredictable changes in monetary policies. On top of that, Europe was hit by a sudden and largely unexpected war, increasing pressure on inflation and threatening financial stability.

The price pressures turned out to be anything but transitory and persisted month after month. All these factors have required central banks to act quickly, unexpectedly and strongly in order to try to maintain an equilibrium in financial markets and fight the inflationary trend.

All changes require adaptation, but are not necessarily negative.

Financial markets had, until recently, experienced years of extremely low yields and below-target inflation, pushing some investors to significantly increase risk to improve returns or mitigate negative yields. With short rates coming back to attractive levels, money markets have become a more profitable place.

MARKET TURMOIL REQUIRES AGILITY

Market uncertainties and radical policy shifts require fund managers across all asset classes to adapt their strategies to respond to this new environment. This is true for money markets, too. While the risks are lower than other asset classes, money market strategies still face duration and credit risk, which can be significant enough to offset performance. To mitigate these risks, agility becomes key for navigating through a stormy environment and taking advantage of market opportunities.

Active management is one of the tools that allows fund managers to quickly adapt to unexpected market changes; first, to protect the capital, i.e. the current shareholders/investors, and second, to benefit from new opportunities offered by markets in a rising yield context.

MONEY MARKET STRATEGIES AT PICTET ASSET MANAGEMENT

Pictet's philosophy is particularly well adapted to environments such as the one we are currently living in. The official rates in all the four major currencies we manage, namely USD, CHF, EUR and GBP, have been rising at an incredibly fast pace, which opens the window for attractive opportunities in the different markets. Our defensive approach has been particularly efficient at reducing the duration risk.

Investing in multiple currencies hedged back in the portfolios' base currency allows us to take advantage of broader investment opportunities and, together with active management, brings an additional source of return compared to pure buy-and-hold single-currency strategies.

In addition, a wider investment universe enables increased diversification from a credit risk perspective, as well as lower counterparty risk and enhanced portfolio yield.

FUNDS VERSUS TIME DEPOSITS

Being mark-to-market variable net asset value, our strategies instantly reflect evolving market conditions, immediately integrating rate-hike expectations in their offered yield while the rate on a deposit is fixed for an extended period.

Finally, the greater diversification of assets within the strategy will reduce counterparty risk.

David Gorgone is client portfolio manager at Pictet Asset Management

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FUTURE OF MONEY LIES IN CENTRAL BANKS AND PRIVATE INNOVATION

Digital currencies must provide safety, accountability, efficiency, inclusion and openness, says the Bank for International Settlements

DIGITAL

As the shock waves of this year's cryptocurrencies crash reverberate, one organisation suggests the future of the monetary system will be in tried-and-tested institutions combined with the latest technologies to create central bank digital currencies.

The Bank for International Settlements (BIS) says the future of monetary systems lies in "digital representation" of central bank money, using private-sector innovation to provide essential requirements of a currency system: safety, accountability, efficiency, inclusion and openness.

According to Hyun Song Shin, economic adviser and head of research at BIS, a future digital monetary system should be viewed as a tree "whose trunk is the central bank".

"This tree boasts a rich and vibrant ecosystem of private-sector service providers serving users to fulfil their economic needs. The ecosystem is rooted, figuratively speaking, in settlement on the central bank's balance sheet."

Shin's comments come in a special chapter of the BIS *Annual Economic Report 2022*[1] comparing cryptocurrencies to work under way among central banks to create their own digital currencies.

"Innovation is not just a buzzword, or latest fashion"

CRYPTO WINTER

Cryptocurrency has had a torrid time over the past year. Bitcoin is around 70% below its peak value of November while Ether, another cryptocurrency, has shrunk by about 80%. One cryptocurrency, TerraUSD, has been delisted from exchanges.

So tumultuous have the past few months been that observers have dubbed it a 'crypto winter'. The dark moniker has failed to turn all observers. Some believe cryptocurrencies will revive because, unlike in previous crises, there is now more infrastructure – technology, expertise and legal arrangements – in place. Others believe cryptos are as vulnerable to wider economic travails as any other currency.

NOT SOUND MONEY

BIS makes its case for a central bank-led monetary system via a stiff critique of cryptocurrencies and highlighting a number of flaws. BIS says "market turmoil" and the collapse in prices signal cryptocurrencies are "not sound money", and market participants – intermediaries – lack regulation.

Cryptocurrencies also suffer from an acute structural contradiction, BIS argues. To achieve its aim of decentralisation – no central body in charge – anonymised 'validators' record details of a crypto transaction on the blockchain for a fee. The only way fees can incentivise integrity is if they are higher than the potential gains from cheating.

To maintain the fee levels, the capacity of the blockchain – the public ledger for crypto transactions – has to be limited. This centralises control in fewer hands and means the blockchain cannot be scaled to handle more transactions. In the end, BIS argues, cryptocurrencies cannot achieve all three key properties: scalability, security and decentralisation.

As far as Shin is concerned, central banks can harness new technology – tokenisation of money, instant retail payments and new interfaces – while providing "trust".

"Innovation is not just a buzzword, or latest fashion," says Shin. "It should never lose sight of the concrete needs of users in the real economy. Central banks are seeking to push the frontiers of what is possible, adopting new capabilities while ensuring financial services are stable and interoperable domestically and internationally.

1. bis.org/publ/arpdf/ar2022e.htm

Gavin Hinks is a business and financial journalist

DIARY DATES

The ACT is welcoming treasurers to more in-person events this year

ACT EVENTS

9 NOVEMBER | LONDON, UK

ACT ANNUAL DINNER 2022
The ACT's flagship social event of the year, the ACT Annual Dinner, returns to London at the Grosvenor House Hotel on 9 November, enabling the wider treasury community to network face to face once again.
treasurers.org/annual-dinner-22

7 DECEMBER | LONDON, UK

ACT ESG CONFERENCE:
A PRACTICAL GUIDE FOR TREASURERS
Join fellow treasurers to find out how you can develop your ESG strategy to drive business growth and transformation.
treasurers.org/ESG22

16–17 MAY 2023 | WALES, UK

ACT ANNUAL CONFERENCE 2023
We will be celebrating the 20th anniversary of the Annual Conference with a packed agenda and a host of networking opportunities.
treasurers.org/actac23

ACT WEBINARS

Sign up for a free place at one or more of the webinars coming up over the next few months. Visit treasurers.org/events/webinars

ACT TRAINING COURSES

Our four sought-after online live training courses are back this autumn.

18 OCTOBER

TREASURY IN A DAY
An introduction aimed at anyone new to treasury, looking to broaden their understanding of the function or wanting to improve their ability to have better conversations with management, operations and banks, or with treasurers as customers. In just one day you will learn about the role of a treasurer, and will be introduced to key treasury concepts and commonly used financial instruments.
learning.treasurers.org/training/treasury-in-a-day

20 OCTOBER

THE NUTS AND BOLTS OF CASH MANAGEMENT
In just one day you will explore the principles and practices of cash and liquidity management, and their importance to the business and treasury function. This course will give you an overview of the role of a treasurer within the context of business.
learning.treasurers.org/training/cash-management


ACT online training courses resume in October and November

1–4 NOVEMBER

ADVANCED CASH MANAGEMENT
This course covers practical cash management, bank account structures, payables and receivables, liquidity and finance, cash management solutions and real-life case studies.
learning.treasurers.org/training/advanced-cash-management

14–18 NOVEMBER

THE A-Z OF CORPORATE TREASURY
This overview of the fundamentals of treasury management is perfect for new entrants to the profession, bankers and those working alongside the treasury team. Learn about corporate treasury within the context of international markets, and build a deep insight into the core areas.
learning.treasurers.org/training/corporate-treasury

Preferential rates for ACT members and group discounts available.
For more information, visit learning.treasurers.org/training or email learning@treasurers.org

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IN CONVERSATION WITH... HIGHLIGHTS OF 2022

From hybrid working to breaking the glass ceiling, the ACT's 'In conversation with...' series continues to look at diverse and specialist areas within the business and behavioural skill set, reports **Louise Tatham**

LEADERSHIP & CAREER

The series, launched in March 2021, consists of conversations with the Association of Corporate Treasurer's (ACT's) chief executive, Caroline Stockmann, herself a trained coach, along with a variety of guest speakers and experts who talk informally on the behaviours and skills needed to develop a successful career.

Here is a summary of the 'In conversation with...' events we have held in the past 12 months. A blog or recording for all of these sessions is available at treasurers.org/membership-events.

BREAKING THE GLASS CEILING

We were delighted to have Lyn Goddard discuss her experience of working in the music industry and how she championed better diversity and inclusion. Goddard has been a music producer for more than 30 years and is one of the music industry's only female producers. She discussed how the career ladder was different for women, the need to focus on what you *can* do as opposed to the things you can't and the importance of being open to feedback. She advocates having a champion who will support you as you progress up the career ladder, and who you can go to for advice and mentoring.

THE IMPORTANCE OF LEARNING

This event looked at the resources available to those who are approaching retirement or are retired. The speaker, Liz Thackray, chair of the Third Age Trust, spoke about how this volunteer-led organisation brought like-minded individuals together to develop existing, and learn new, skills. As part of this discussion, Stockmann explained the importance of learning as one of the "resource reservoirs" and how it can enable you to be more resilient.

NON-EXECUTIVE DIRECTORSHIPS

This discussion with Louis Cooper, chief executive of the Non-Executive Directors' Association (NEDA) looked at the role of the NED, NEDs and the board, and the NED life cycle. He provided tips on how not to become too operational, the importance of diversity and inclusion, and how NEDs must reflect the organisations they work for, and wider society.

HYBRID WORKING

This event looked at leadership challenges as a result of hybrid working. Geraldine Haley, CEO and founder of GH Consulting, discussed how to create an effective hybrid working culture, including the initiatives to help your working environment, factors to increase effective hybrid working and the challenges leaders must think through as we enter a new era of leadership. It included three tips for leaders to build into their routine to help with hybrid working and discussed the importance of keeping wellbeing at the forefront of your decisions.

Find out more

Visit the member events page at treasurers.org/events/member-events for the latest information on the events we have coming up.

Other business and behavioural skill resources

The ACT has a number of resources to help you to build your business and behavioural skills, including:

- The ACT Career Hub – a resource centre that focuses on key skills to develop your employability, and includes:
  - eLearning courses on a wider range of areas including time management, attitude and mindset, decision-making, communication and project management;
  - Assessments to help you understand your personality and how you work with others; and
  - CV-building tools and interview and elevator pitch techniques.

treasurers.org/careerhub

- The ACT Strategic Podcast series – more than 70 short podcasts providing insight into communications and relationship-building skills. Areas discussed include the value of diverse teams, the power of visualisation, identifying and putting into action our values, and resilience. treasurers.org/strategic-insights-podcasts; and
- ACT mentoring scheme, Mentor Me – a treasurer-to-treasurer mentoring scheme that provides support with your workplace skills, enabling you to seek guidance on the next step in your career with an experienced treasurer. treasurers.org/membership/mentoring

> "Stockmann explained the importance of learning as one of the 'resource reservoirs' and how it can enable you to be more resilient"

Louise Tatham is head of professional development at the ACT

GET INVOLVED AND SPEAK AT ONE OF OUR EVENTS

As the chartered professional body for treasury, the ACT organises a range of digital and live events throughout the year, including breakfast briefings and webinars as well as member events. Speaking at an ACT event will raise your profile within the treasury industry and give something back to your professional association and its members.

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The ACT welcomes non-promotional presentations that provide meaningful takeaways for attendees. Our conferences strongly encourage interactive sessions that generate conversation and topical debate. So, if you are a corporate treasurer and would like to participate, get in touch with Daniel Dowson, senior programme manager – Global Events – on +44 (0) 20 7847 2547 or email at ddowson@treasurers.org

A DAY IN THE LIFE: VINTED

Agnė Masiulytė, Vinted's senior director of treasury, speaks to *The Treasurer* about building a treasury team from scratch and launching a new company in the rapidly expanding e-commerce world

LEADERSHIP & CAREER

It's 9.30 in the morning and the Vinted treasury team is meeting to have its daily briefing session to plan out the day and look ahead to see what is coming down the track. It is a small team – member number three only joined the online second-hand fashion marketplace six months ago – but they are determined to punch above their weight.

Agnė Masiulytė, Vinted's senior director of treasury, joined the Lithuanian company two years ago and was tasked with creating a treasury team from scratch. She took on a second member of the team at the end of 2020, while COVID-19 was still forcing many people to work from home, having set about the task of deciding what would, and what wouldn't, come under her remit.

"This was one of the benefits of starting with a blank page," Masiulytė explains. "There were no systems and no legacy, and minimal relationships with our banks." Masiulytė says they could have continued using spreadsheets rather than a treasury management system (TMS), but she recognised that it was a good opportunity to implement a system before the business grew too large.

Given that Vinted is a fast-growing organisation in multiple markets across Europe and North America, Masiulytė knew she needed to move quickly. "Things change fast, and we needed to be adaptable and responsive to the business needs."

Founded in 2008 by Milda Mitkute and Justas Janauskas to sell unwanted clothes to friends, Vinted has expanded rapidly, breaking into a number of new markets. Backed by six venture capital firms on both sides of the Atlantic, it now operates in 16 jurisdictions, including many European countries as well as the US and Canada. It employs more than 1,200 people and claims an online community of 65 million registered members. As well as 'pre-loved' clothing, the online marketplace also enables its users to buy and sell household furnishings, kids' toys and even something for your pet.

But back in Lithuania, Masiulytė and her team are enjoying their daily half-hour catch-up. "The team was formed during the COVID-19 pandemic when all employees were working from home. Onboarding was not easy, but we found ways to cooperate, for example, having daily morning catch-ups," Masiulytė says. Each morning, the team looks at ongoing tasks, identifying if there are any blockages and how they can be resolved, then they each look at their areas of responsibility and catch up on different projects.

The treasury team sits within Vinted's overall finance function, which is centralised in Lithuania, but this does require input from the businesses around the company. "The Vinted culture is very supportive," Masiulytė says. "If we need any information, we can get the answer very quickly, but that is also expected of us as well! The expectation is always for a quick response, that's a typical tech mindset. We try hard not to be a bottleneck, but we also recognise we need time to prioritise both important tasks, and the less urgent ones as well."

"If we need any information, we can get the answer very quickly, but that is also expected of us as well"

Vinted Go has extensive pick-up point networks, aiming to make it cheaper and more climate-friendly to send items

Vinted's treasury team regularly meets with other teams in the business

65m

Vinted employs more than 1,200 people and claims an online community of 65 million registered members

LAUNCH OF SHIPPING BUSINESS

Earlier this year, the team celebrated success in the Association of Corporate Treasurers' Deals of the Year Awards when it was named best small team. But now the treasury team can also celebrate its role in a new venture, Vinted Go, a shipping business, which was launched in June. The new business is focused on developing products and solutions for more seamless shipping and delivery across Europe, including a platform to help other businesses ship their products in Europe.

"A working group was formed earlier this year, which brought together the shipping business, finance, legal, people and treasury to look at all the things we needed to do, as well as the risks," Masiulytė says. "We looked at what the business needed to prepare and what the business needed from us."

A new group structure was put in place so that there was separation between the Vinted Marketplace and Vinted Go businesses, both of which now sit under the umbrella of Vinted Group. The launch required new companies to be set up in Lithuania and France, which meant opening new bank accounts, and different insurance requirements, for example.

Financing had already been raised at a group level, but this still required intercompany credit lines to make sure that Vinted Go had access to the finance. "We needed to ensure short-term liquidity as well as who had responsibility for forecasting," Masiulytė says.

"Vinted Go is a different type of business, as we will now be selling services to other companies, which brings different challenges for our team to manage." Working with consultants, Masiulytė and her team established credit risk criteria and policies, all of which need to be agreed with Vinted's management and sales teams.

"We aim to establish good processes and controls, but we also need to allow the business to be a business, so we ensured there was alignment between all of the parts of the business."

GOOD PROCESSES, TEAM MINDSET

Masiulytė puts her team's success down to good processes and a team mindset. The team is too small to have the traditional front, middle and back office set-up – instead, it has divided responsibilities between each other using the 'four eyes' principle. "We can cover for each other, but we can also plan our days because we know what we are each responsible for," she says.

Treasury manager Vilgaudas Kaupa is responsible for bank relationship management, insurance and projects like TMS or corporate cards tools for employees implementation. Treasury manager Giedrė Zakarauskaitė is responsible for cash-flow reporting and forecasting, working capital analysis and improvements, cash and investments management.

It is a small team, but one that has already had a good grounding so that it is prepared for future changes such as growth in new markets, more complex business requirements or potential mergers and acquisitions.

"We are ready for growth," Masiulytė says.

The ACT Deals of the Year Awards for 2022 will open for entries in September

Philip Smith is editor of *The Treasurer*

Vinted/Robertas Daskevicius

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FIT FOR THE FUTURE

LEADERSHIP & CAREER

It's great to read about our Future Leaders in Treasury, and indeed to see so many of them progressing through their careers in such an amazing way. So, I thought I would take the opportunity to reflect here on my own personal experience; it's fascinating to look back to where I was, say, 25 years ago.

I remember being identified as a future leader in a couple of organisations around that time, both at Bestfoods and then Unilever, and being very excited that I was being recognised in this way. When it came to it, in the first instance, because of the merger with Unilever, my assigned mentor who I travelled internationally to meet with said he had nothing to say to me as he would not be staying with the organisation.

He could not be bothered even to spend the allocated 90 minutes giving me the benefit of his experience. I thought at the time: this is not leadership. And this directly impacted how I treated my staff during the merger – how I kept communicating with them even when I had no news to share, and how I held an away day that looked to help everyone in their futures, wherever they would land. That was a 'pay it forward' moment.

"I do believe that everyone needs a coach, and probably different coaches at different times"

Having had this experience, I did start to note that much of my views on leadership came from seeing it carried out badly. When people asked about role models, I did not have someone to tell them about. But if you asked me what styles I did not like, then I could be quite articulate!

Unilever invested heavily in leadership programmes at the time, and I have some very memorable moments – and still have connections with those with whom I shared them. A key experience for me was receiving training in coaching – 'coaching for results', to be specific. I was the only person outside HR who received the training, and it gave me some new and really helpful insights, as did the coaches I had at the time and since. I do believe that everyone needs a coach, and probably different coaches at different times.

If I look back to my time at school, I would have been described as serious, academic, hard-working and a follower of rules. Some of those traits remain, but if I look at my personality type (for example, Myers-Briggs or StrengthsFinder testing), an interesting picture is revealed. Over time, I have shifted from a person very much interested in the detail to one who is highly strategic in their profile.

I still work hard, and love learning, but I would not be described by anyone, I think, as that 'serious' type of person I was described as once. I am very much a people person, a 'Woo' in StrengthsFinder terms, and I believe that the coaching I received over the years – and with many great people – opened me up to taking a risk and becoming the person I really wanted to be.

Taking a risk, putting your values out there and standing strong when something is important to you, such as personal integrity (and I have had a few situations where this was the case), allows you to become your full self, and that in turn defines you as a leader. You can be many different types of leader, varying your focus as needed, and no one style is right, but the key thing to leadership, I believe, is that you know your values, and you hold to them and let them live.

Caroline Stockmann is chief executive of the ACT

STRENGTHSFINDER IDENTIFIES FOUR 'DOMAINS' OF LEADERSHIP STRENGTHS:

1 Executing – when teams need to implement a solution, they look to people with executing themes who will work to accomplish the goal.

2 Influencing – when teams need to sell their ideas inside and outside the firm, they turn to people with influencing themes to convince others.

3 Relationship building – to be greater than the sum of their parts, teams turn to people with relationship-building themes to strengthen their bonds.

4 Strategic thinking – when teams need to focus on what could be, they turn to people with strategic thinking themes to stretch their thinking.

Source: gallup.com/cliftonstrengths