



ACT

TREASURY
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TREASURERS ON HIGH ALERT

THE BUSINESS OF TREASURY 2022

10TH ANNIVERSARY EDITION

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Key insights

- Capital and liquidity management remains at the heart of the treasurer's work but, as the coronavirus pandemic recedes, there is a ramp-up across other activities. All this makes the treasurer and their (generally) small treasury team busier than ever. Add geopolitical uncertainty, inflation and interest rate rises into the mix, and treasurers have to be on high alert.
- Treasury has transitioned from reactive to proactive. For the first time ever, more treasurers are defining strategy than are simply responding to requests. Board relations are stronger than ever.
- It's becoming more difficult to recruit and retain staff, and this is likely to intensify in the short to medium term. However, it looks like hybrid working is here to stay, and this could be an important incentive for current and prospective employees.
- Business travel looks set to reduce significantly.
- Mental wellbeing remains a core focus for businesses and treasurers; indeed, it is being normalised as an issue. To a great extent, stigma has been removed.
- More experienced treasurers identify lack of leadership and strategic influencing skills as barriers to career progression; for newer entrants, skills around efficient working practices are the greatest concern.
- Financial risk management, always core to the treasurer's role, has climbed back up the agenda particularly in the light of inflation, market volatility and, more recently, geopolitical issues. There is a generational challenge with large cohorts of treasurers (and their bankers) inexperienced in operating in conditions of rising interest rates and high levels of inflation.

Introduction

This year's research comes at possibly the most volatile period in *The Business of Treasury's* 10-year life. Still recovering from COVID, we are faced with the biggest geopolitical crisis in decades. While our research interviews were carried out prior to Russia's invasion of Ukraine, inflation was already rising. There was a strong sense within the verbatim remarks collected that treasurers already expected more challenges to come, although no one would have predicted the terrible situation the world finds itself in as I write this introduction.

Treasurers deal with risk all the time, and are well placed to face the challenges with which they are regularly presented. The current crisis will, however, have a significant impact on some businesses and, as a consequence, their treasurers. They will be working in a whole new context.

Aside from geopolitical concerns, this year's *Business of Treasury* survey shows that larger teams are expecting to decrease in size, while activity is expected to ramp up in all areas. This is worrying. Unless investment in

technology increases faster than it is doing at the moment, the treasurer and their team will struggle even more to get everything done. Hybrid working may well mean longer hours if not managed carefully. Lay on top of that another crisis...

Having said all this, the treasurer now has a permanent role as adviser to the board. Treasurers have long seen themselves as good business partners, but this year respondents report a real shift. Rather than being last to hear about new initiatives, treasurers are more likely to be involved from the start. This bodes well for the future.

As younger treasurers rise through the ranks, many will ask themselves whether they want a lifetime career in treasury. Our research shows that this generation does value the Association of Corporate Treasurers' (ACT's) qualifications and training more and more, which is an encouraging sign. Many feel that a lack of workplace skills (such as time management) may hold them back but, again, I'm pleased to say that the ACT places a focus on these areas – in addition to technical knowledge and of course behavioural skills – in our qualifications.

We are starting to see a real fight for good talent. However, with new, COVID-accelerated, ways of working, there is a much greater (global) pool of talent to tap into – as long as treasurers come to terms with not working in the same physical space as colleagues! There is a decisive shift towards diverse teams (up 15% year-on-year). This is extremely encouraging, and shows treasurers recognise the benefits of diversity and inclusion within their teams.

Mental wellbeing is no longer a taboo subject, and trust has been built through the past two difficult years. This puts treasurers in a strong position, as will their ever-greater focus on technology. The treasurer of 2022 is telling us that they will increase their value-add, their human touch and their strategic contribution even further, as machines take over the 'grunt work'.



Caroline Stockmann

Chief Executive,
The Association of Corporate Treasurers



1 Everything is high-priority

After several years of change and volatility, it's useful to examine what has really changed, and what hasn't.

This year's survey shows that treasurers continue to overestimate the time they will spend on technology and automation, as well as business strategy, and underestimate the time they will spend on capital and liquidity management.

Does this mean that treasurers can't break free of the daily grind to look at more strategic matters – or simply that, in a year like 2021, who wouldn't be focusing on liquidity?

Looking ahead, treasurers anticipate spending more time on a host of areas. Of these, technology and environmental, social and governance (ESG) are most likely to grow.

This will make treasurers busier than ever, and balance does remain an issue. Flexible working has benefits but also drawbacks: with the majority of treasurers facing a future of hybrid working, there is a concern

that there won't be enough hours in the day to balance a working-from-home agenda while also attending physical meetings and events. Fortunately the majority of treasurers say they will be travelling less in future. This sentiment is strongest in the UK.

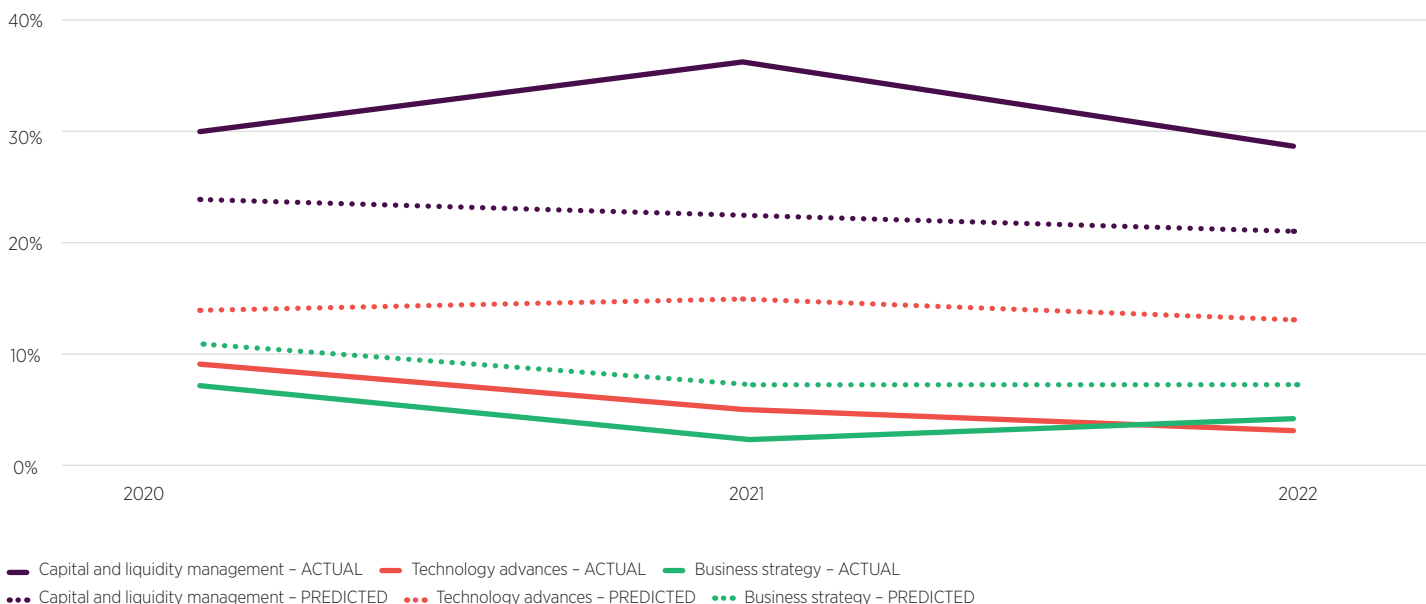
Risks are everywhere

Treasurers got their predictions right in terms of time spent on risk last year, and they think they will spend more time on it in the future. This seems like a sound assumption. Financial risk is at the heart of the treasurer's role, and the events of the past two years, as well as more recent geopolitical impacts such as the Russian

“There is much greater emphasis on liquidity management. We now regularly provide reports and analysis to the board”

- UK treasurer, large corporate

CAPITAL AND LIQUIDITY MANAGEMENT REMAIN KEY: When asked to predict where they will spend the most time, treasurers continue to underestimate time spent on capital and liquidity management and overestimate time on technology advances



invasion of Ukraine, prove why the treasurer has to maintain a laser focus on financial risk.

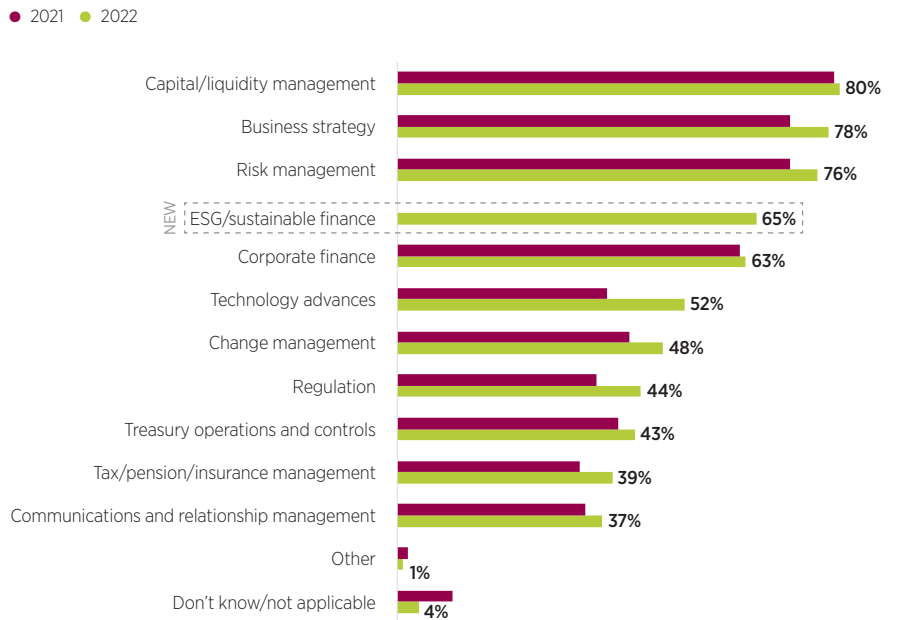
Boards are interested in a similar set of issues to 2021, although they are showing more interest in *everything* in 2022 vs 2021.

Those treasurers who say they are involved in defining strategy have boards who are significantly more likely to have shown interest in treasury operations and controls (50%) and technology advances (47%). This suggests these boards: a) understand the strategic importance of treasury even within the day-to-day; and b) are tuned in to the importance of technology for the treasury function of the future.

Funding

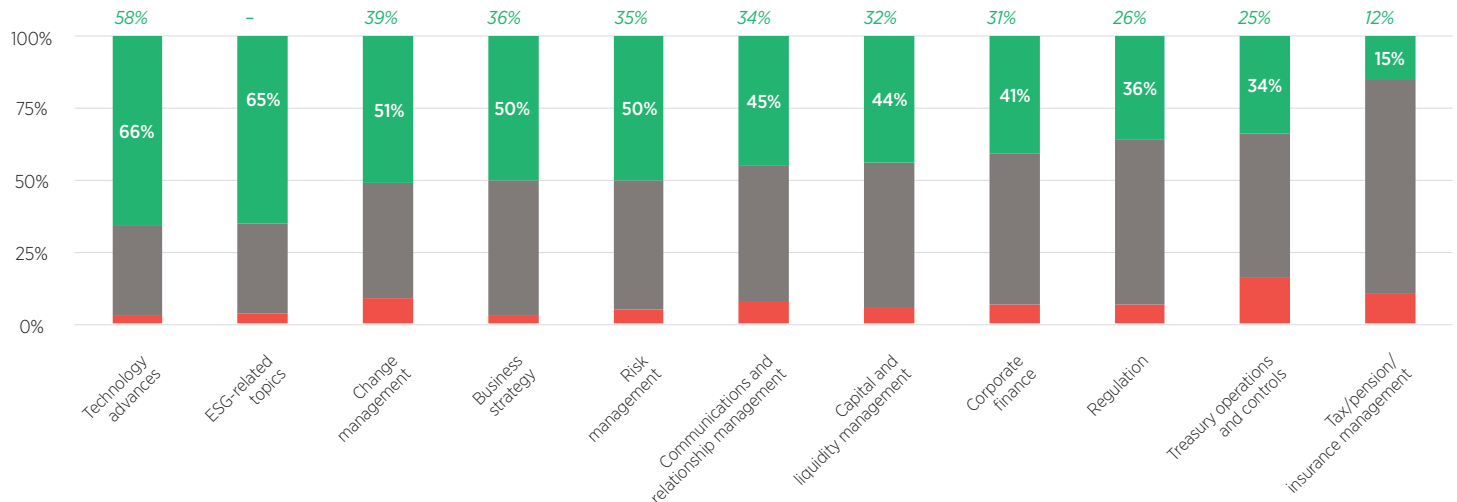
Throughout the 10 years of this report, we've asked treasurers about sources of funding. In the past year, funding has not shifted much when looked at from a global perspective, with the highest relative change in equity capital markets. However, in the UK there has been a significant (8%) shift out of debt capital markets into bank finance and improving working capital, in equal share. Smaller organisations

WHERE BOARDS SHOW INTEREST: When asked where boards have shown interest over the past six months, treasurers say capital and liquidity, strategy and risk management



MORE TIME ON EVERYTHING: When asked where they expect to spend their time in future, treasurers expect all areas to grow. Treasurers anticipate more time spent on all tasks compared to 2021 predictions

Green numbers show percentage in 2021 who expected to spend MORE time in 2022



(<£250m) are less likely to have seen an increase in demand for supply chain finance (17%); large organisations (>£10bn) are more likely to use debt capital markets (75%).

Working capital

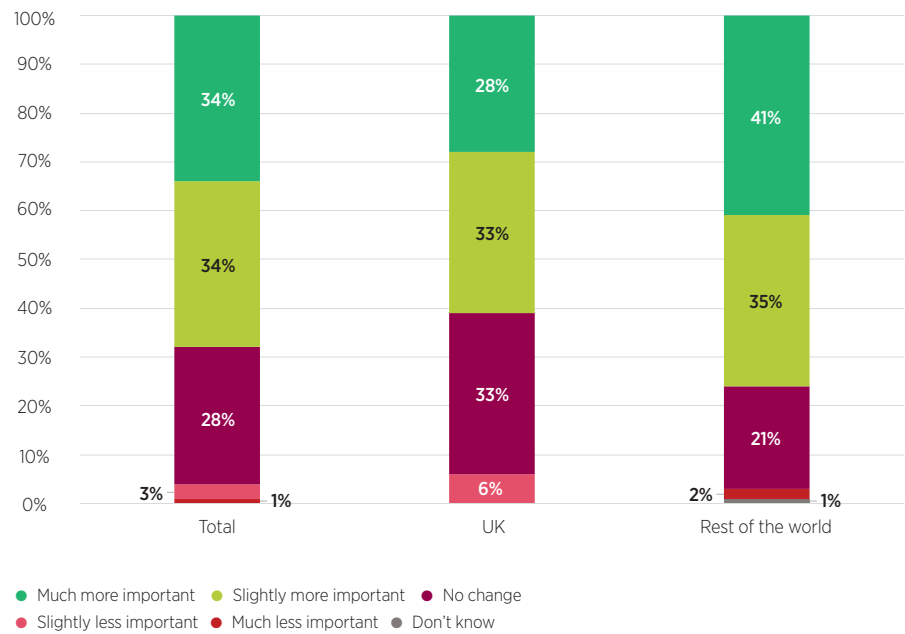
Smaller companies (<£250m) are more likely to regard working capital as a whole as becoming more important over the past 12 months (87%) than larger companies. Working capital is also more important to treasurers who have been in their position for less than five years (72%).

In larger organisations, working capital has still been *somewhat* important over the past 12 months.

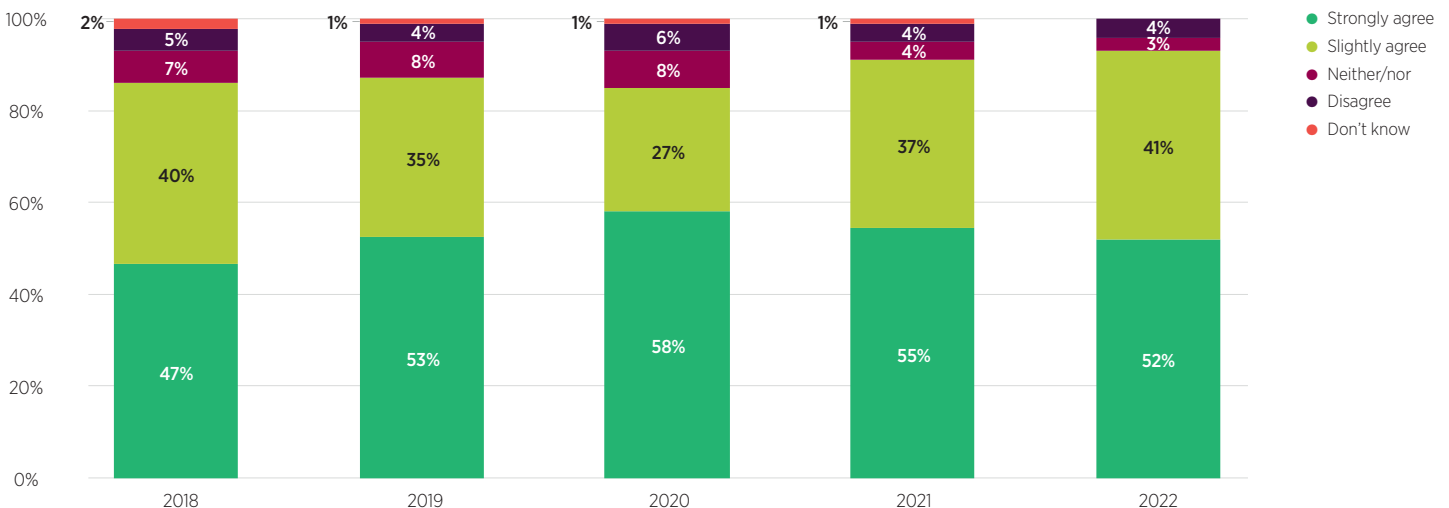
“Risk management is a key challenge – and the general uncertainties of the current global landscape and what that might mean in the short term”

– UK treasurer, smallcap

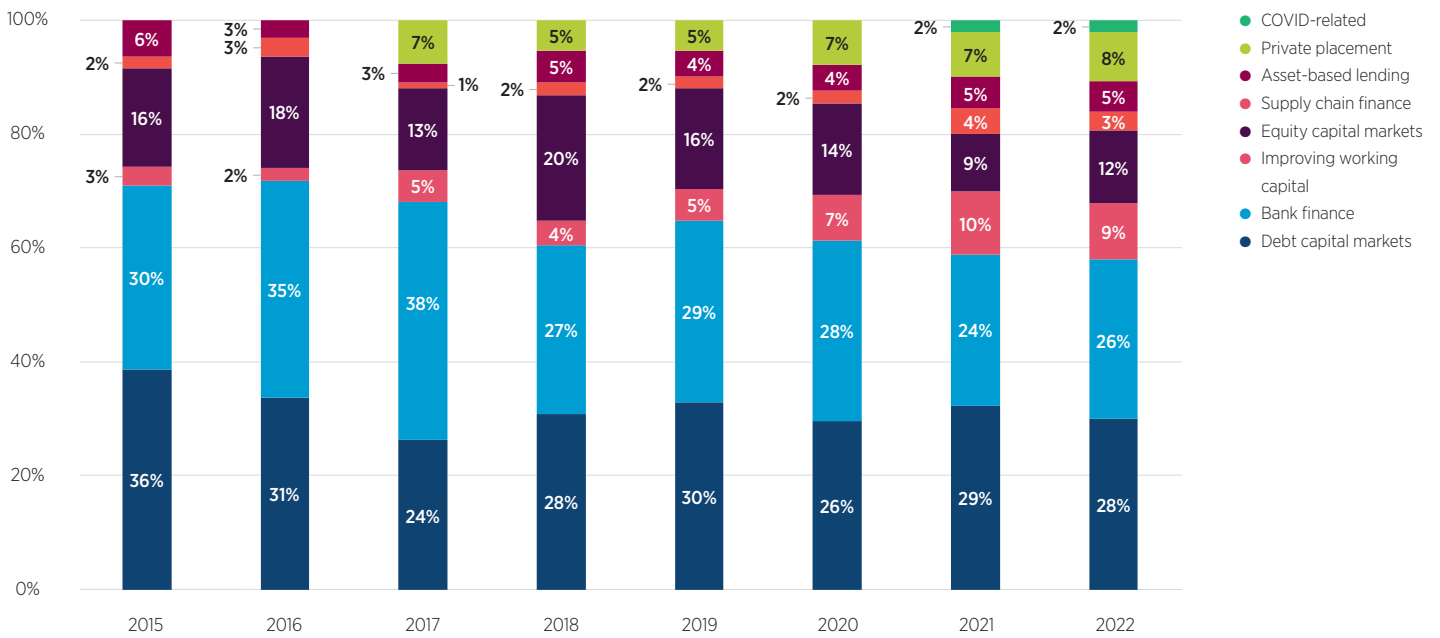
IMPORTANCE OF WORKING CAPITAL: Treasurers in the UK are less likely than others to say that improving working capital has become more important in the past 12 months



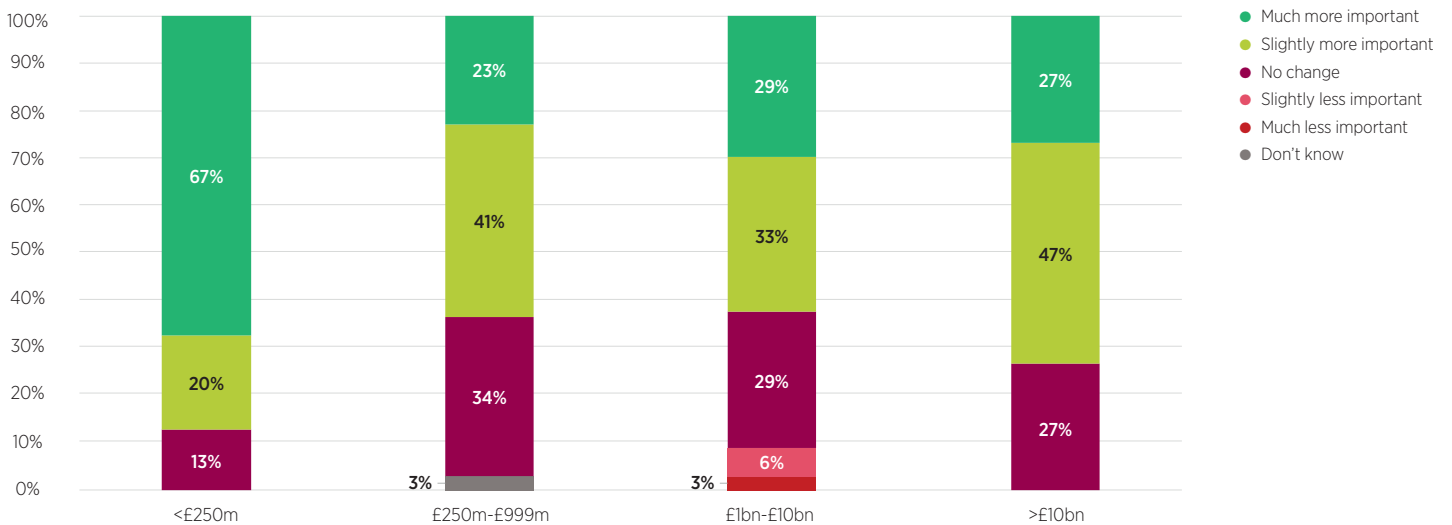
BOARD RELATIONSHIPS ARE STILL CHANGING: When asked whether the treasury function is seen as a strategic business partner, the answer is conclusive, with 93% agreeing



GLOBAL FUNDING TRENDS: When asked about sources of funding, treasurers say that long-term funding trends are unaffected by short-term events



WORKING CAPITAL FOR SMALLER COMPANIES: When asked about improving working capital, smaller company treasurers are more likely to think that working capital has become more important over the past 12 months



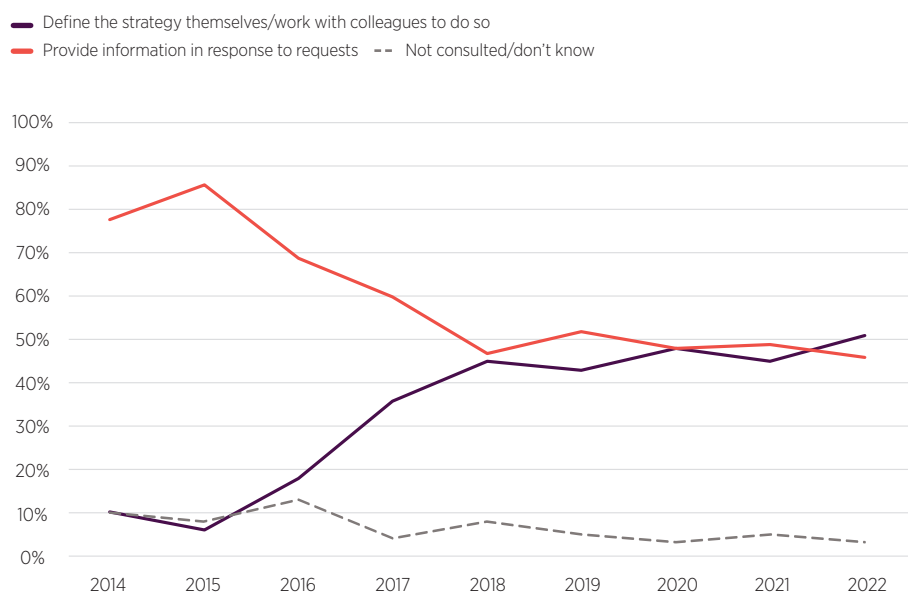
2 Beyond COVID... uncertainty, and a greater strategic role

We can now say with confidence that treasurers have become more influential as a result of the pandemic. For the first time in nine years treasurers are weighing in more on defining strategy rather than just providing information to contribute to it. That said, it is treasurers with greater longevity in a role who are most likely to be involved in defining strategy (66%).

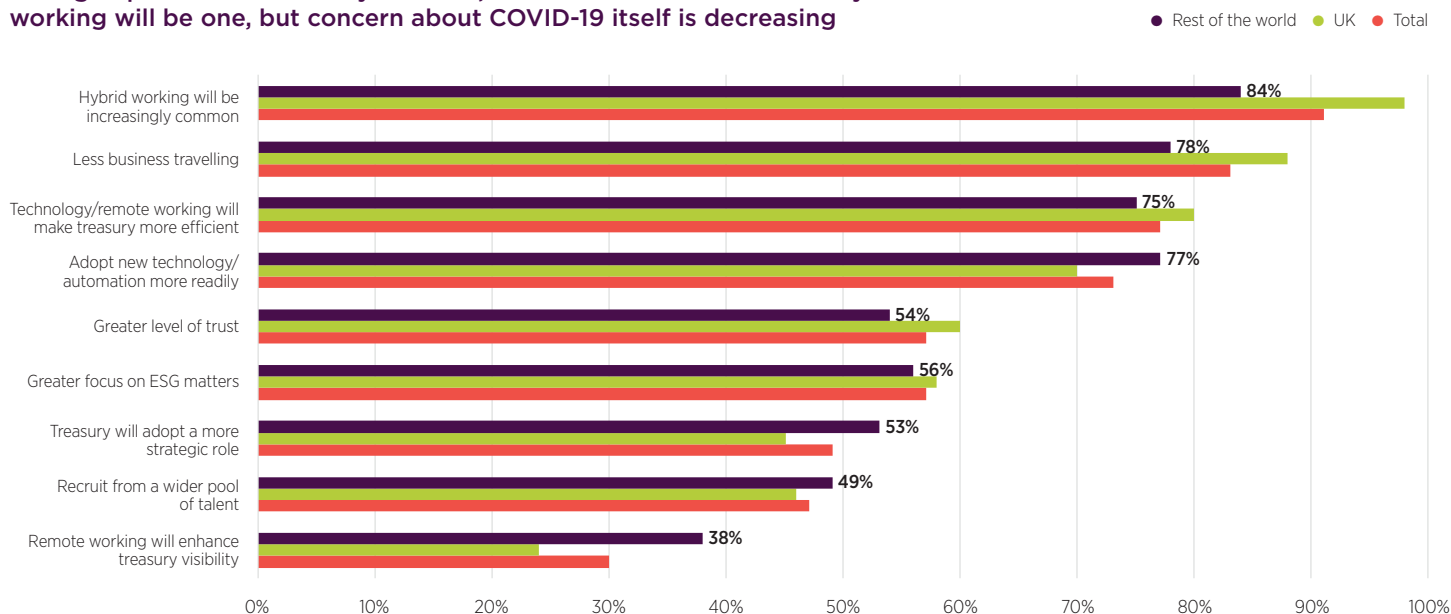
But will this strategy-setting prominence continue? For some treasurers, the increased interaction with the board was temporary – on a ‘needs-must’ basis. But significantly more of those who had increased interaction have kept it going than those for whom it fell away.

On geopolitical uncertainty, UK treasurers expressed the greatest concern – did they know something that others didn’t? UK treasurers are also more concerned about inflation, ESG, COVID and cybersecurity. The rest of the world (vs UK) has a greater focus on AI/technology and regulation. But around the world all treasurers agree that cybersecurity is the biggest concern overall.

DEFINING THE STRATEGY: When asked about the treasury team’s involvement in defining business strategy, for the first time more treasurers are defining the strategy rather than responding to requests; those who are not consulted is at an all-time low

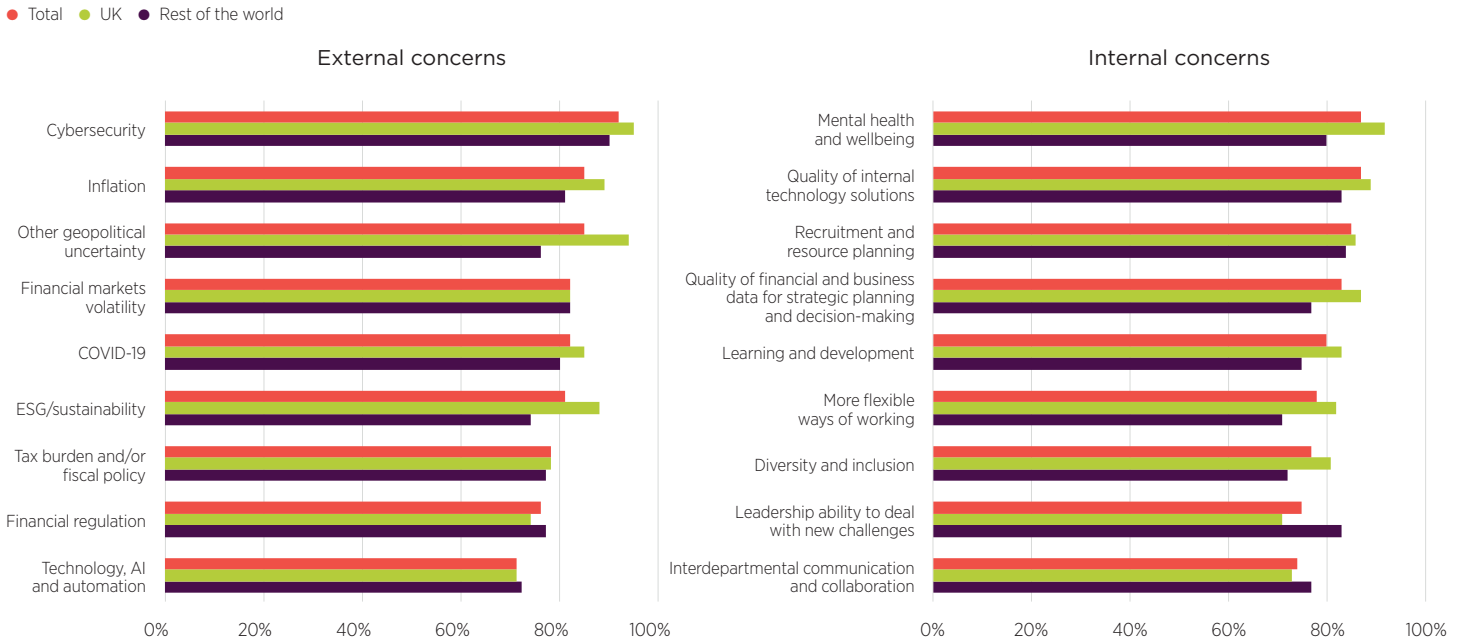


THE LASTING IMPACT OF THE PANDEMIC: When asked what would be the lasting impact on the treasury function, almost all treasurers believe hybrid working will be one, but concern about COVID-19 itself is decreasing

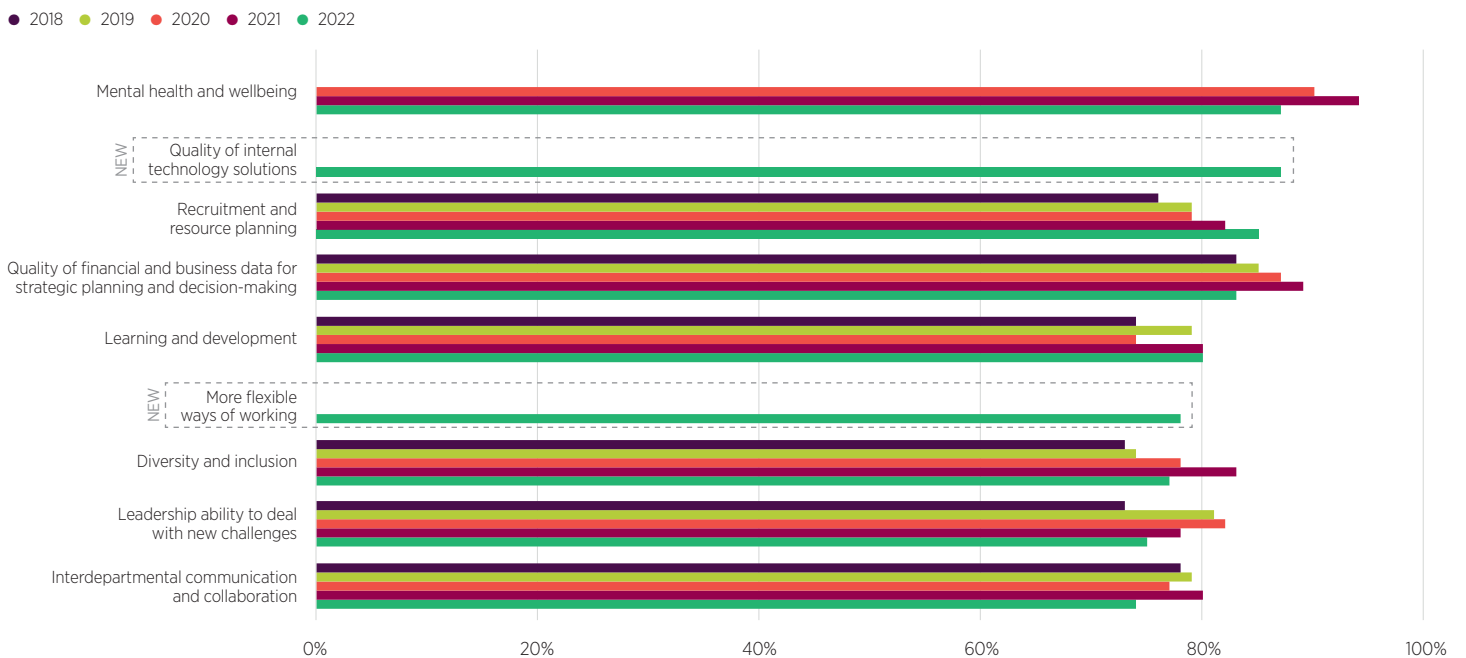


“Remote working will enhance the visibility of treasury; we’ll adopt new technology and automation more readily; there’ll be less business travelling and more hybrid working” - Treasurer, APAC

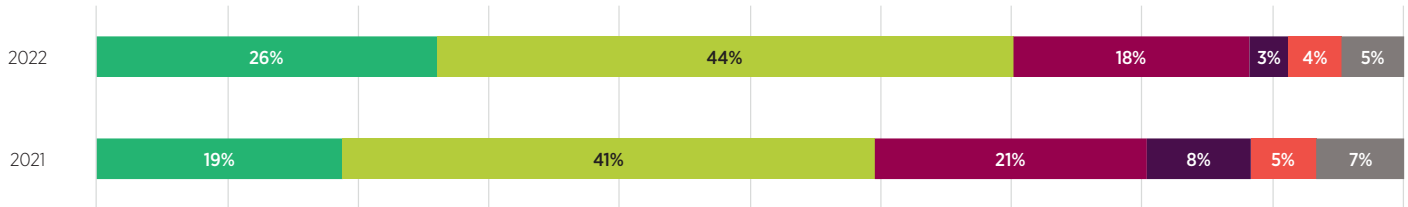
EXTERNAL AND INTERNAL CONCERNS BY REGION - HOW TREASURERS RANK THEM: Treasurers express similar concerns across the globe, apart from geopolitical uncertainty, where the UK shows more concern



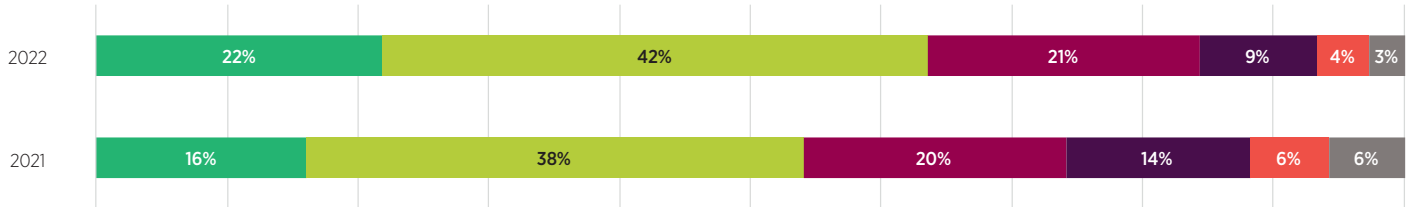
MENTAL HEALTH: When asked about internal factors, treasurers say mental health remains a key concern



STIGMA AROUND MENTAL HEALTH: When asked whether there's less stigma surrounding mental health, treasurers say the stigma is reducing

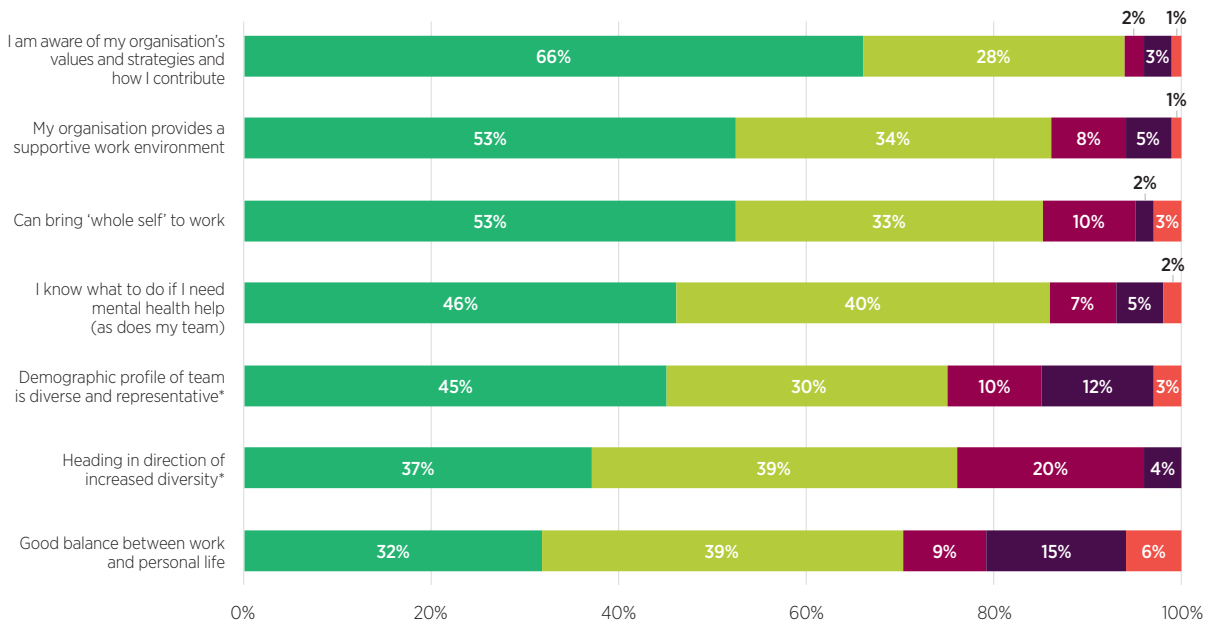


Treasurers say they would feel more comfortable discussing their own mental health than before the pandemic



● Agree strongly ● Agree ● Neither ● Disagree ● Disagree strongly ● Refused/NA

WELLBEING AT WORK: Treasurers are aware of how they contribute and work well together. Attitudes towards wellbeing are similar to 2021, but diversity is improving



Agree	
2021	2022
96%	94%
89%	86%
83%	86%
85%	86%
75%	75%
61%	76%
67%	71%

● Agree strongly ● Agree to some extent ● Neither ● Disagree to some extent ● Disagree strongly *Only asked of teams of 4+

Turning to internal concerns, UK treasurers are concerned more about mental wellbeing, quality of data, flexible working, and learning and development; the rest of the world's focus is more on leadership ability as well as internal communication and collaboration. These differences will partly be down to how treasurers in different parts of the world were affected through the COVID crisis; sometimes it will be cultural differences. All agree that mental health and wellbeing remains the highest internal concern, although it has dropped from 94% in 2021 to 87% in 2022.

Any stigma around mental health issues appears to be receding – only 12% of treasurers in 2022 (vs 20% in 2021) disagree that there is less stigma. Also good news is that the number of companies concerned about mental health has decreased by 7%. This suggests that more companies have better policies around these issues, and that

people have built up their resilience after the impact of COVID. Sadly, we may see these figures reverse as the impact of world events and inflationary pressures are felt by treasurers.

Attitudes towards diversity are improving. Between 2021 and 2022 positive sentiment rose 15%. Treasurers' views about achieving balance in life are also improving (up 4%).

“Treasury delivers important input with regard to financial information that the board requires for decision-making”

– Treasurer, Europe, large corporate

“We all now work from home permanently – treasury is a fully functioning work-from-home department”

– UK treasurer

THE CONSEQUENCES OF COVID

Treasurers were asked how COVID has affected different aspects of their role over the past 12 months. Here's what some of you said...

On remote working	On advancing technology	On liquidity management	On communications	Little impact
<p><i>“More are working from the home environment and have to put more effort into processes and controls”</i></p> <p><i>“At the start of the pandemic we all had to move to remote working and had to make sure controls were robust”</i></p>	<p><i>“COVID has pushed the company to improve the technology to be able to work remotely”</i></p> <p><i>“People working from home need access in different ways. It has changed how we work, how we access the data, and a lot of the technology advancements have been done internally”</i></p>	<p><i>“Treasury activity increased as cash management and liquidity was the focus”</i></p> <p><i>“There is more focus on short- and medium-term liquidity planning”</i></p> <p><i>“More time is spent on liquidity/funding/leverage analysis for various purposes”</i></p>	<p><i>“It's required us to be actively thinking about inclusion of people, on calls etc, making sure everybody is on them”</i></p> <p><i>“Communications with submissions to banks take longer than they used to”</i></p> <p><i>“Documentation etc has changed: online signing, more online communication and virtual meetings”</i></p>	<p><i>“COVID hardly impacted the business in that time”</i></p> <p><i>“The company has been extremely resilient and we have operated as normal”</i></p> <p><i>“There was not a great deal of impact”</i></p>

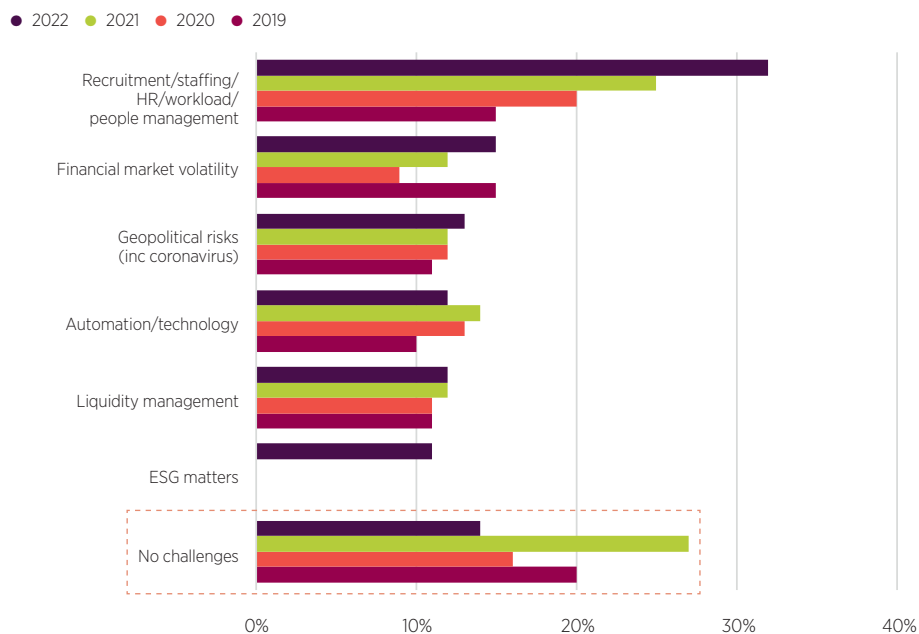
3 The people factor

Recruitment and people management – including looking after staff wellbeing – are the major concerns for treasurers in terms of professional and business challenges. This isn't surprising. Treasurers have had to shift their team in and (potentially) out of working from home, at short notice, while rethinking the wider transformation of their workplace.

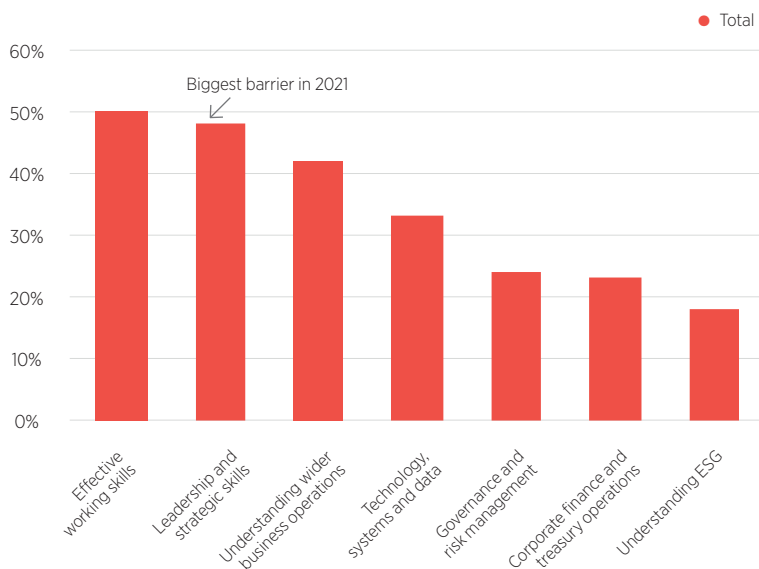
In all aspects of people management and operations, this has been a hugely testing time. Little wonder that fewer treasurers than ever say they are not facing any professional and business challenges!

There is enormous churn in the treasury jobs market. (As an illustration of this, over half of the FTSE20 non-financial corporates have seen a change of group treasurer in the past 18 months.) People are also commanding higher salaries generally. Treasurers are worried about getting the right quality of staff, how they maintain their team members' resilience, and how they train them adequately in a virtual environment.

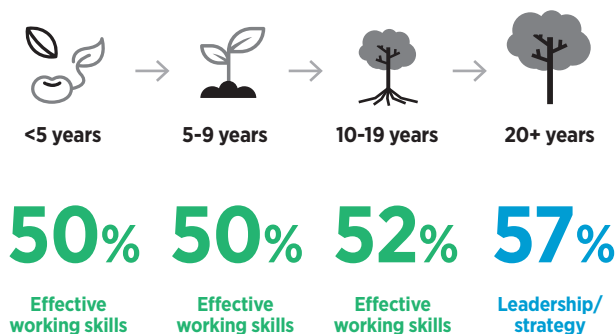
TOP CHALLENGES: When asked about this, treasurers' biggest worry is around HR matters, including getting the right people in the right roles and managing people in a changed environment; this has increased dramatically over the past two years



BARRIERS TO CAREER PROGRESSION: When asked about this, treasurers say that effective working skills (such as time management) has overtaken leadership and strategic skills



BARRIERS TO CAREER PROGRESSION: Over time in the role, leadership and strategic skills become the biggest issue



Also on their agenda: how to keep their team up to speed with technology, and what new skills do they need to bring in?

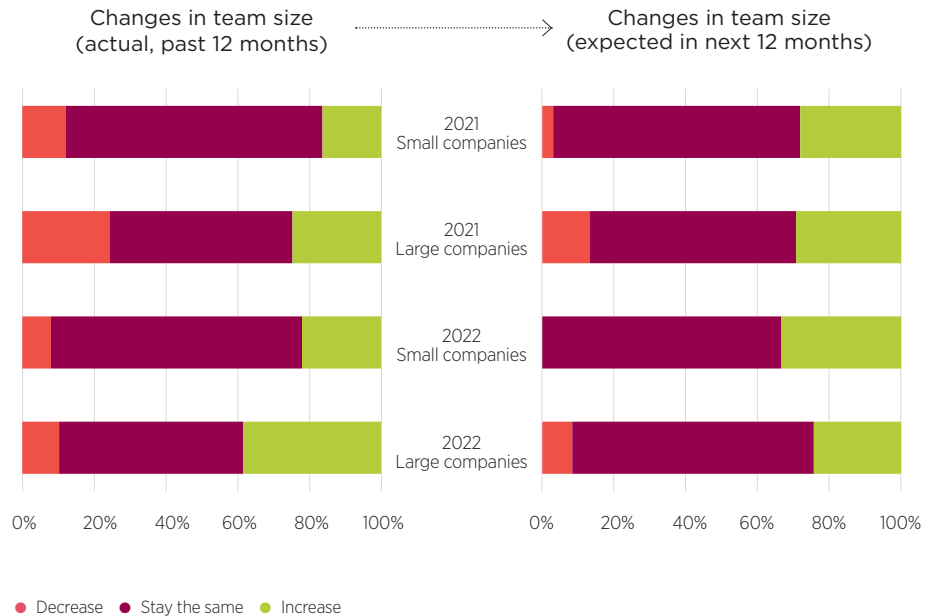
Building a strong career and team

What do treasurers see as the main barrier to career progression? In 2021 it was leadership/strategy, but in 2022 it is effective working skills. Leadership becomes increasingly relevant for more experienced treasurers where it becomes the number one concern.

Larger teams have increased in size but, as previously, they are expecting a decrease in the future. Small teams had expected to grow more than large teams, but the actual figures paint a different story.

Three-quarters of organisations are using ACT qualifications and training to support employees' career development. This has risen since 2021 (65%), and is especially prominent in the UK. It's great to know that the ACT is instrumental in developing treasurers' skills.

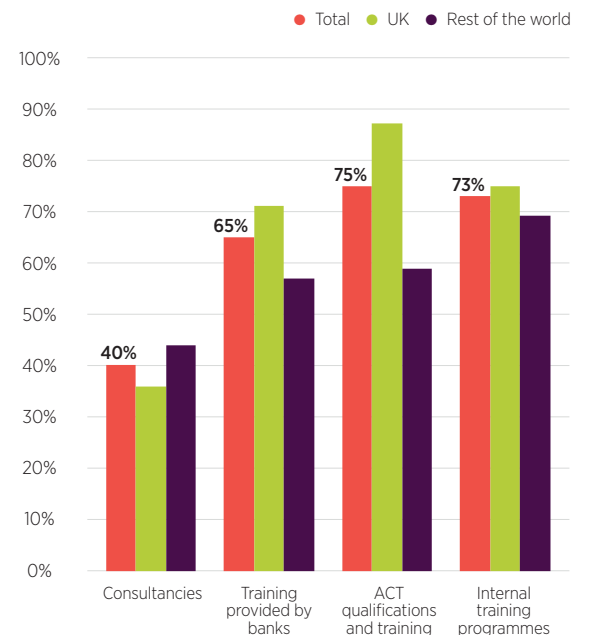
CHANGES IN TEAM SIZE - ACTUAL AND EXPECTED: When asked about team size, large teams have experienced more change than expected, while the opposite is true for small teams



PERSONAL OBJECTIVES AND DEVELOPMENT: When asked where their focus is, leadership skills remain the priority for most treasurers



BUILDING SKILLS: Where organisations turn to for career and skills development



4 Technology, data and ESG

We asked treasurers whether they were concerned about technology, AI and automation. The level of concern seems to reduce year on year and is consistent in the UK and across the rest of the world. It's interesting to note, however, that new, young treasurers from minority ethnic groups are particularly concerned about automation – younger treasurers will have grown up with it and may view automation as an essential element of business. Can we surmise perhaps that minority groups are more open to new ideas and embracing diversity of thought?

Investment in technology is highest in APAC, and there are a number of reasons why people are investing. COVID has clearly accelerated the rate of technology adoption.

Companies appear to be investing more into AI and machine learning technology (investment levels are up among 39% of treasurers, vs 27% in 2021). As we found in 2021, companies with a higher turnover (>£10bn) tend to invest more in new technologies – with significantly more in automation (90%) and AI and machine learning (52%). Interestingly, 87% of companies with a turnover of less than £250m invested more in cybersecurity measures (53% in 2021). The ACT, among others, has made it clear that investment in cybersecurity measures is a necessity, not a luxury. Cyberattacks are, sadly, a certainty rather than a possibility.

Concern about ESG is greater and more urgent than ever, but the level of ESG or sustainable funding is only increasing slowly. Submissions for the ACT's Deals of the Year Awards show that ESG is firmly on the treasurer's radar. With more pressure for reporting and transparency, engagement with ESG will only grow. In this year's survey, 65% of treasurers say there will be more focus over the next 12 months (see bar chart on page 25), with 56% saying more focus is due to COVID (see chart on page 28). The treasurer is becoming more and more influential in this space, and the whole subject of ESG sits well with the ethics and integrity of our treasury community.

Why we love tech: treasurers' views on reasons for adopting new technologies



“A lot was around how quickly we managed to get people working from home. Looking at more automation and machine learning”

“Due to the amount of treasury staff made redundant or who left, the workload has stayed the same, so rather than hiring we looked at more sustainable solutions to automation and system enhancement”

“Focus on cloud-based technology and more focus on automation”

“In order to mature, the company has to implement automation tools – company growing too quickly to manage otherwise”

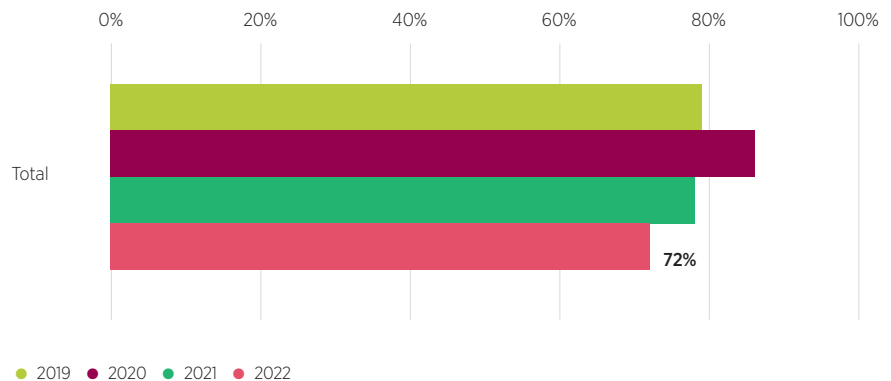
“Increase of visibility and reduction of manual work, which requires more interaction with working remotely. People can work at the same time on spreadsheets and work together. Increase of technology and interaction in work space. It has accelerated the rate of what should have happened 10 years ago”



“Remote working has made us realise the importance of the digital world and there is a bigger focus”

“The biggest one for us is improving digital payments”

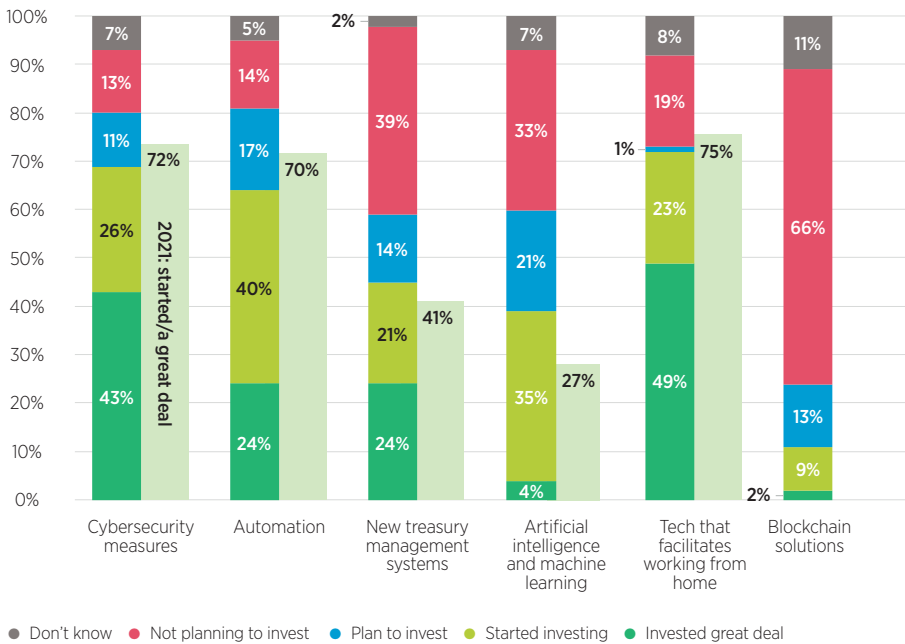
TECHNOLOGY: When asked if their business was concerned about technology, AI and automation, concerns are declining after a spike in 2020



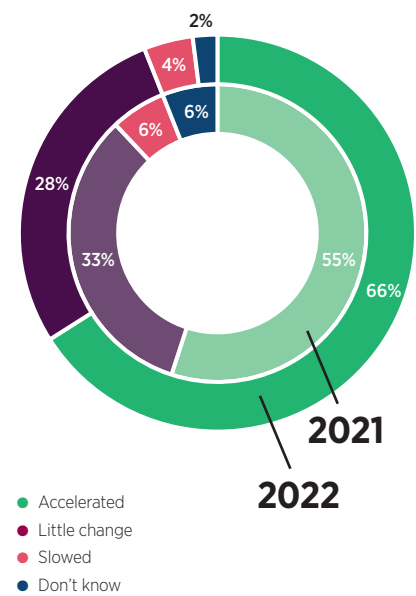
“Automation will improve and lessen the time things take so we will not have part-time and temporary staff”

- Treasurer, Middle East, large corporate

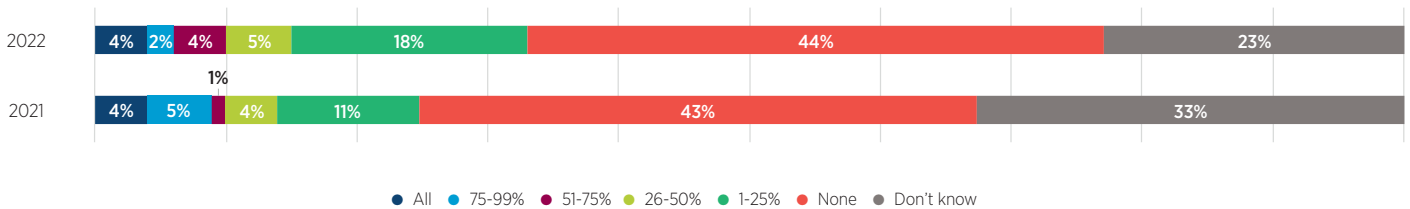
INVESTMENT IN TECHNOLOGY: When asked about investment trends, the focus on technology that facilitates working from home has remained high, with artificial intelligence becoming more prominent



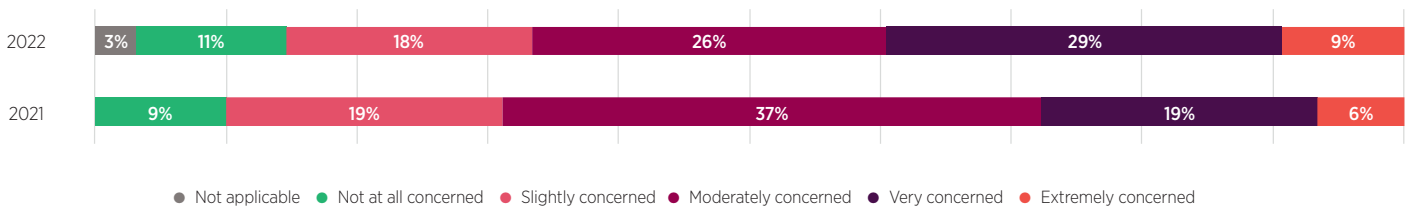
PANDEMIC IMPACT: Treasurers say the adoption of new technologies has accelerated



ESG FUNDING: The two bars immediately below show the proportion of funding put forward to the board that is ESG/sustainable. This is starting to grow year-on-year



More treasurers are very/extremely concerned about ESG funding (38% in 2022 vs 25% in 2021)



5 Prepared for whatever comes next

Inflation is a new area of research in 2022. Many treasurers will never have worked in a high-inflation environment before, which explains why inflation is now the second-highest external concern for treasurers, alongside geopolitical uncertainty (though this research was completed just prior to the Russian invasion of Ukraine).

Geopolitical uncertainty, inflation and interest rates are of course interconnected. We can see this playing out as we write this report. To respond effectively, treasurers will need all the resources, data and experience they can gather, while keeping an eye out for the next crisis. After all, it wasn't long ago that treasurers were having to think about negative interest rates, so the pace of change is staggering.

It's at times of crisis that we see the true value of the treasury community. Treasurers are experts in financial risk management, and today even younger treasurers are veterans of crises. When the environment is volatile, treasurers deliver reassurance.

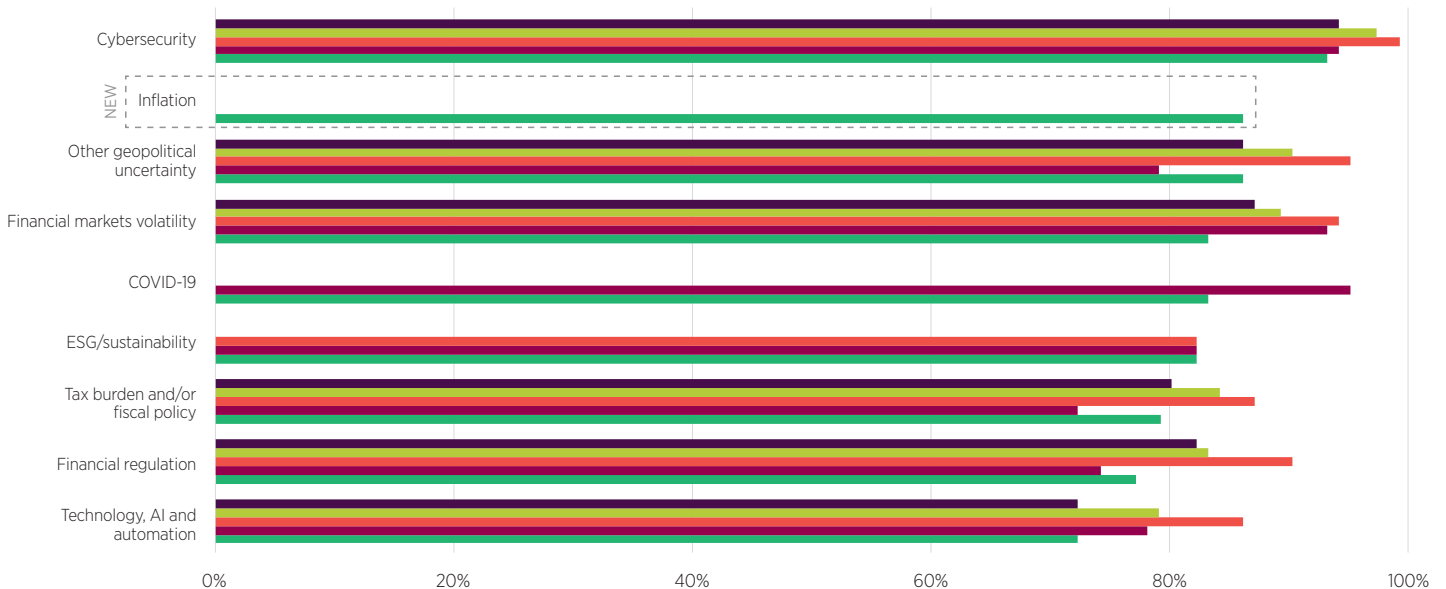
The ACT will continue to support this important community in whatever way we can. We do this through: the qualifications that enable treasurers to deal with anything thrown their way; fresh insight and information at the ACT's events; digital and social media; and publications. All these keep treasurers alert in a fast-changing world.

“Inflation is a concern. We're not used to working in an environment that's inflationary so it's a big change. Coupled with that are rising interest rates and what that will cost to finance” - UK treasurer, large corporate

“From Brexit to Trump to COVID, there are the ‘unknown unknowns’. It seems we are never too far away from the next big event - it makes you wonder what is next and are we prepared for whatever comes our way?!” - UK treasurer, large corporate

EXTERNAL CONCERNS BY YEAR: Treasurers say cybersecurity is becoming the primary concern, with concern for COVID-19 decreasing in 2022

● 2018 ● 2019 ● 2020 ● 2021 ● 2022



6 Survey and methodology

This is the 10th annual edition of the ACT's research, *The Business of Treasury*. It is the only international survey of qualified treasurers by a professional treasury association.

The Business of Treasury aims to understand the treasurer's role and how this is evolving over time. The research addresses current and future hot topics and areas of concern so that the ACT and the treasury community are better equipped to face the challenges ahead.

This 2022 survey was conducted during the second year of the COVID-19 pandemic and immediately prior to the Russia/Ukraine war. The survey, conducted by Critical Research, took place between 14 January and 21 February 2022 using both online and telephone methodologies. A total of 181 individual treasurers from across the globe completed the survey. Among respondents, 44% describe themselves as leading the treasury function, 45% hold another treasury role and the rest hold other roles such as CFO. On average, respondent treasurers have spent 4.9 years in their current role. The average turnover of respondents' organisations was £5.78bn. (In some cases, figures may not sum 100% due to rounding differences.)

10TH ANNIVERSARY EDITION



ABOUT THE ACT

The ACT is committed to helping treasurers at every stage of their career with both personal and professional development. As the only chartered professional body for treasury, we are committed to helping treasurers navigate a world of shifting priorities, and to being a support system for treasury professionals around the world.