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**LEADING TREASURY
PROFESSIONALS**

The Changing Role of the Modern Treasurer

Kyriba / Association of Corporate Treasurers
2015 Treasury Survey

Introduction

This report is based on an online survey conducted by Kyriba and the Association of Corporate Treasurers (ACT) in February and March 2015. The responses are taken from a cross-section of finance and treasury professionals, across a broad range of company types and sizes. Respondents were all members of the ACT. The survey is a follow-up to ones completed in 2013 and 2014, of which the results can be found on Kyriba's web site.

The goal of the survey was to see how treasury professionals operate in 2015. How productive are they? What are their biggest challenges and concerns? What type of technology platforms do they use?

Equally important, how strategic are treasury professionals? Do they primarily focus their efforts on functional tasks, or more higher-level, strategic and analytical activities? To what extent do they believe that their activities have an overall positive impact on the organization?

Key findings

- Financial fraud is a major issue, but is not a high ranking priority for most corporate treasuries. Even though more than half of companies have been attacked by fraudsters, and more than a quarter have fallen victim to fraud, only 11% view it as one of their three largest risk factors for the next year.
- Over half of all respondents view FX risk as the number one challenge facing their company this year, with a lack of liquidity and forecast visibility being the second most commonly cited risk. Among small companies (under £100m annual revenues), regulatory compliance is cited by more than 40% as one of their biggest risk factors.
- The number of companies that rely on spreadsheets as their primary treasury management tool has dropped from 42% to 31% over the past year. Among companies with more than £100m annual revenues, only 22% still use spreadsheets as their main treasury management tool.
- Cash and liquidity management is viewed by almost half of treasury teams as one of their three biggest priorities for the coming year, but the second most common priority is improving cash forecasting, at 39%.

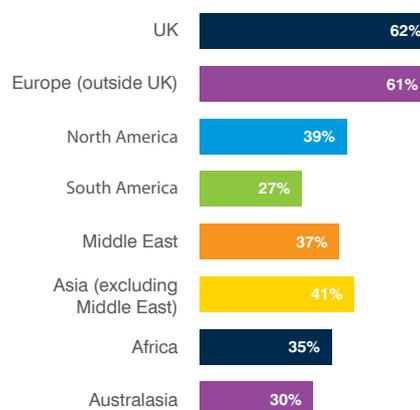
Treasury's role

Although the vast majority of treasury teams have an international (and often global) remit, treasurers continue to work in small teams. While team sizes have grown a little from last year's survey (for example, the number of single practitioner treasury teams has fallen from 14% to 10%, and those with 2-5 staff has fallen from 45% to 42%), less than three in 10 treasury teams have more than 10 members. In fact, only when the company is larger than £10bn revenues do more than half of all respondents work in teams greater than five.

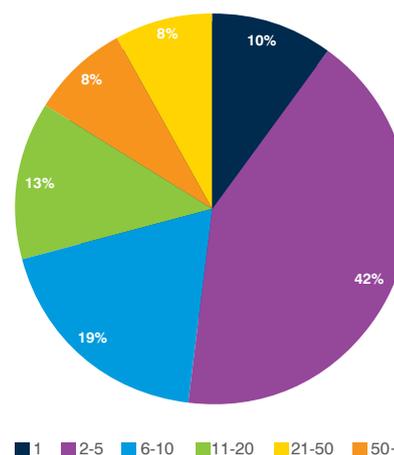
Cash positioning and forecasting remain the cornerstone of the treasury team's role. Seven in 10 respondents (and even 58% of CFOs) are involved in cash positioning and forecasting on a daily basis, and it is one of the three most time-intensive activities across the board. Almost 40% of respondents take part in strategic financial analysis, although somewhat surprisingly, only 32% of CFOs do so, compared to half of middle-senior treasury team members.

Risk management remains the most commonly cited time intensive task, and given the huge volatility in the currency market over the past year, this should come as no surprise. Similarly, cash forecasting, whose importance has become paramount since the Great Recession, also plays a major role in treasury's daily lives.

Which markets does your team cover?



How big is your treasury team?

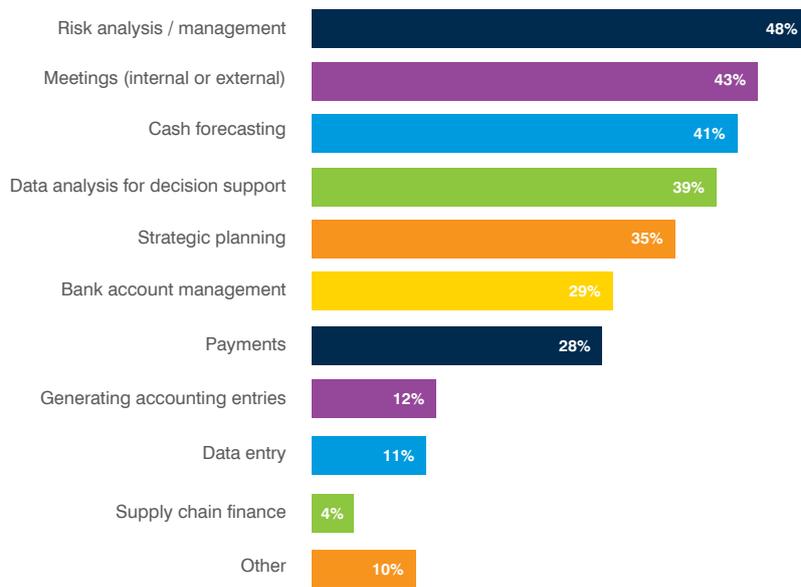


What are the primary activities that you take part in on a daily basis?

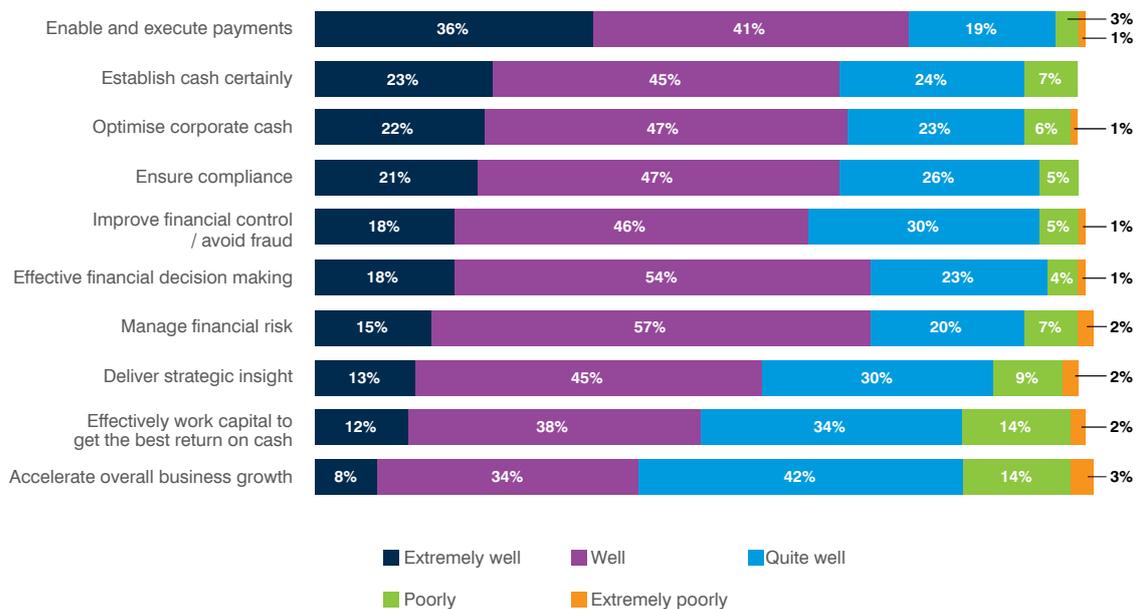


Although treasury views itself as becoming a more strategic corporate function, the level of the team's confidence in its ability to deliver high-level, strategic support for the overall organisation remains somewhat low. While transactional areas such as payments execution and regulatory compliance have very high confidence levels, those which are more strategic in nature (such as effectively working corporate capital to get the best return on cash, and driving overall business growth) perform poorly. One interesting point to note is that only 6% of respondents say that their team is "poor" or "extremely poor" at avoiding fraud, despite the fact that four times that number have been the victims of financial fraud.

In which three areas do you spend the majority of your time?



How well does your treasury team perform the following?



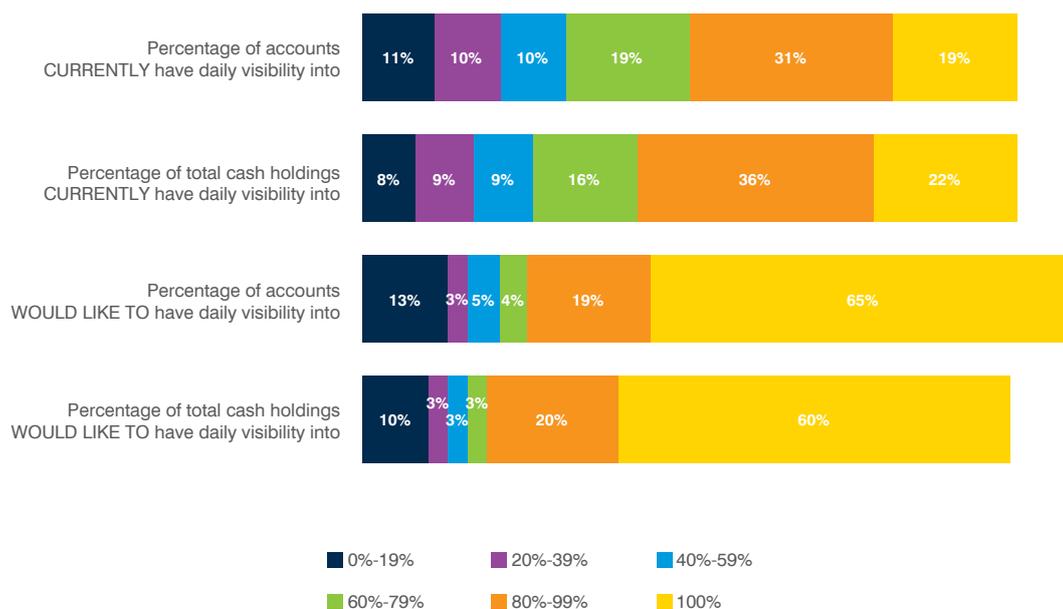
Trends and issues

Cash visibility

Cash visibility is at the centre of all treasury professionals' lives. It's therefore not a huge surprise that 70% of treasury professionals are involved in cash position reporting and forecasting on a daily basis. In fact, even 58% of CFOs still have daily input into corporate liquidity activities. In spite of this, many companies have still not perfected the art of maximizing visibility into their corporate cash. In fact, only 22% of companies report having daily visibility into 100% of their cash, while even fewer – 19% have similar daily visibility into each of their bank accounts. Among large companies above £10bn revenues, the numbers fall even lower, with only 14% having complete cash visibility and just 6% having full daily bank account reporting. As six in 10 companies stated a desire to have 100% daily cash visibility, there is certainly a long way to go.

Unsurprisingly, therefore, many treasurers are concerned about their lack of visibility into cash positions and forecasts. Forty percent view a lack of visibility as one of their three biggest concerns for the next year, and 39% have made improving visibility one of their three biggest priorities for the coming year.

What percentage of bank accounts and total corporate cash holdings do you currently have / would like to have daily visibility into?



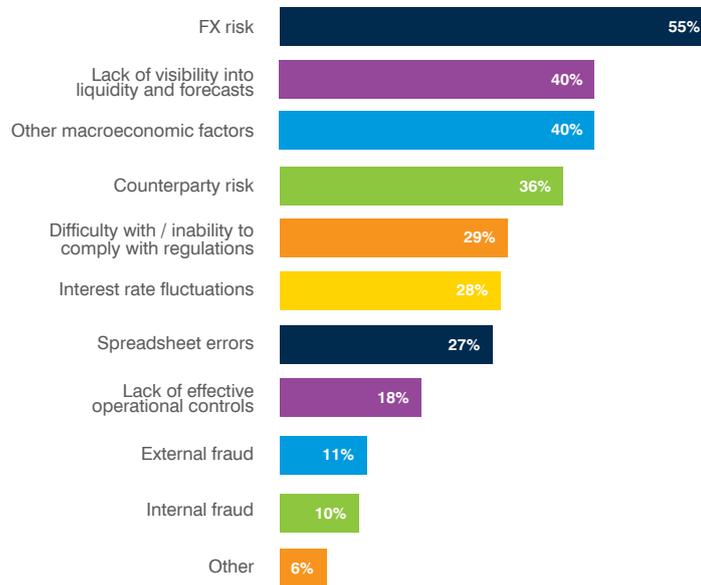
Risk management

Risk weighs heavily on the treasury team's mind. Almost half of all those polled have risk management as part of their daily role, with an equal number saying it's one of the three areas where they spend most of their time.

Given all of the current global geopolitical uncertainty and the ongoing volatility with the euro, it should come as no surprise that FX tops the list of risk factors impacting the treasury team in 2015. Almost 60% of those who responded cited FX as one of their three biggest risk factors. Another common theme is a lack of visibility into liquidity and forecasts, which – despite being one of the most time-consuming activities performed by the treasury team – is still seen as a key risk factor for 40% of treasuries.

One risk factor that technology could certainly help alleviate, however, is spreadsheet errors. Almost half – 47% of those who use spreadsheets as their primary treasury tool – say that this is one of their three largest concerns, whereas among those who have a treasury management platform in place, the figure is just 15%.

What are the top three risk factors impacting your treasury department in the coming year?



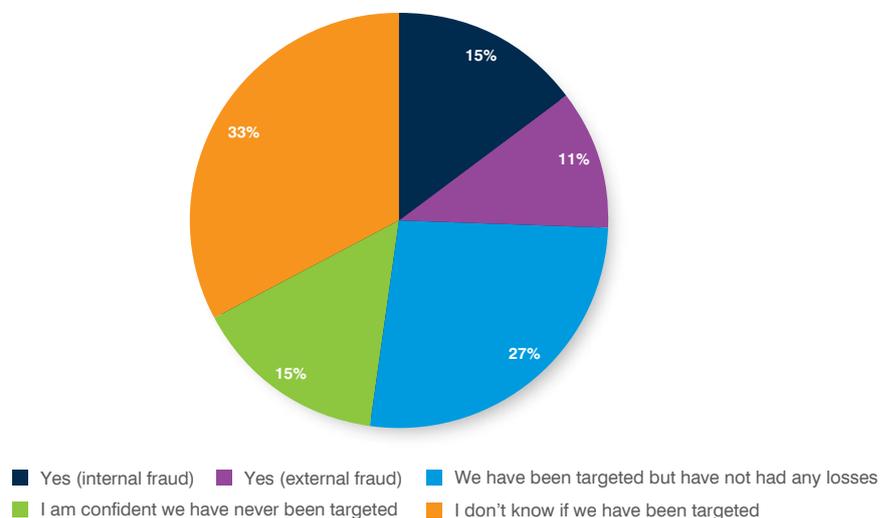
Fraud

Fraud continues to be a major issue for the treasury team. Just over a quarter of all organisations have lost money through fraud, with internal fraud (15% of cases) being more than a third more common than external fraud (11%). The median loss to companies overall was around £250,000 – whilst the mean was a little over £850,000 – and a quarter of those who have been impacted suffered losses in excess of £1m.

Not only is internal fraud more common than external, it's also much more costly. For internal fraud victims, the median loss was around £350,000, whereas the mean was almost £1.3 million. This is considerably higher than the figures for external fraud, where the median loss was just £75,000 and the mean was a little under £600,000.

In addition to those who were victims of actual cases of fraud, a further 27% of companies have been unsuccessfully targeted by fraudsters. However, although 53% have been targeted by fraudsters, fraud prevention remains surprisingly low on the priority list, despite the continued number of high-profile corporate fraud cases. In fact, only 11% view fraud as one of their three top concerns for 2015.

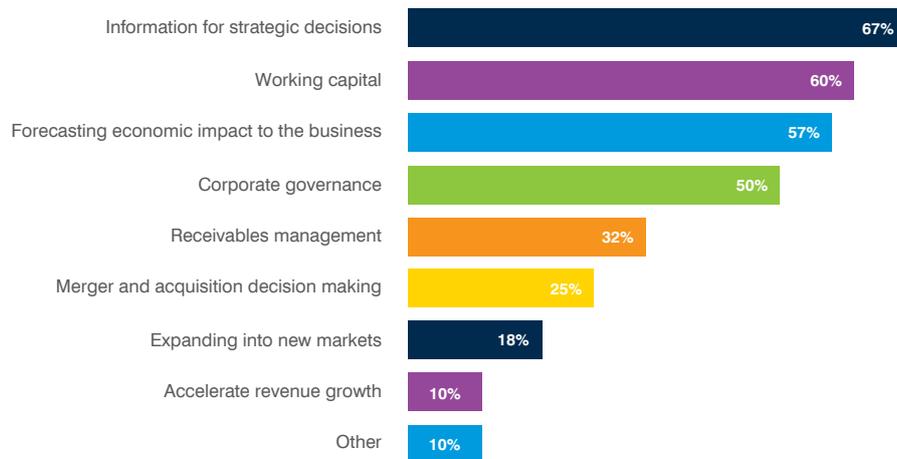
Has your company ever been the victim of financial fraud?



Key priorities – today and tomorrow

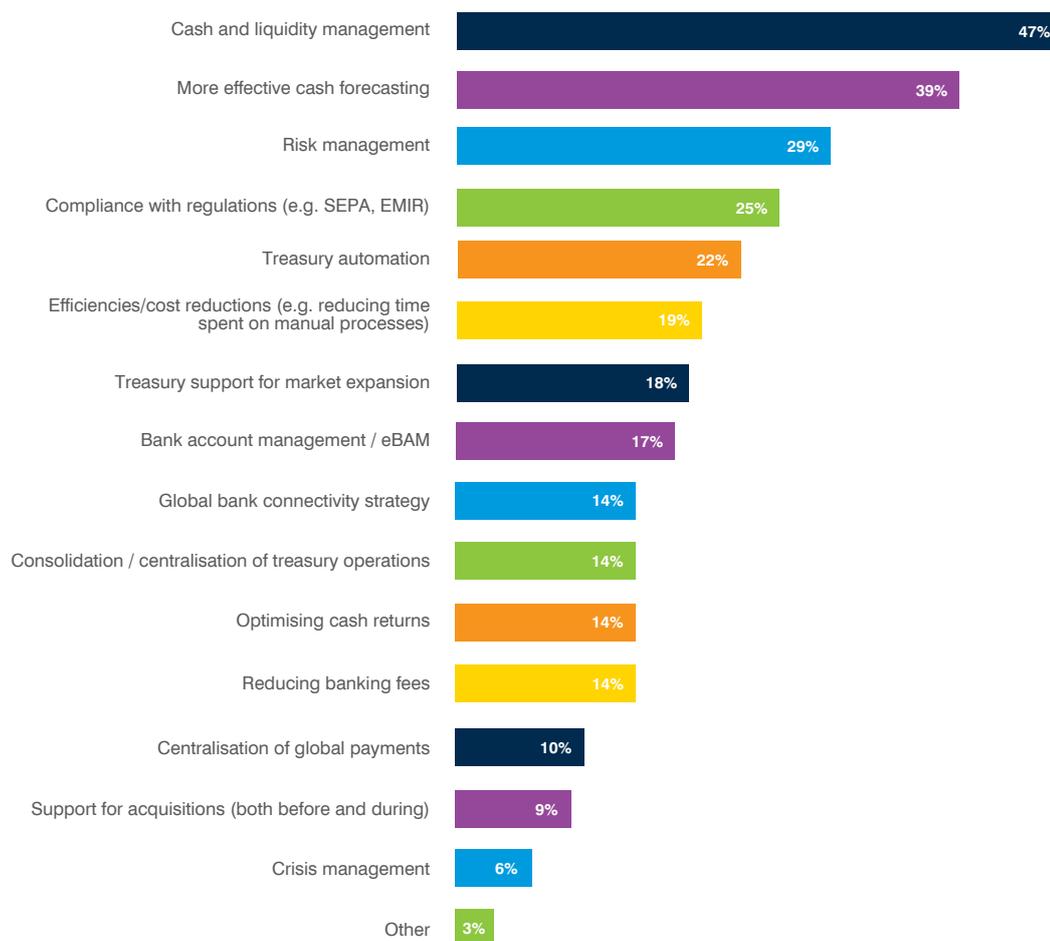
Treasury has undoubtedly become a much more strategic function over the past several years, moving from transactional, back-office based function to one that provides detailed financial analysis and counsel to the office of the CFO. However, the treasury department still doesn't have direct input into major growth initiatives. Whilst two-thirds of respondents provide input towards strategic decision-making processes (and three quarters of those are treasury directors and higher), just a third of senior treasury team members are involved in M&A decision-making, with even lower numbers participating in market expansion and revenue growth activities (20% and 9% respectively).

In your role, which of the following activities are you involved in?



Most treasurers' future priorities are also somewhat transactional in nature. Cash and liquidity management remains top priority, with almost half of all those questioned placing it among their top three focus areas for the coming year. Given that, as previously mentioned, 40% of treasurers view the lack of visibility into liquidity and formats as one of their three biggest risk factors, it is not surprising that improving visibility is the second-highest priority item, followed by risk management and regulatory compliance. Of the more strategic options, such as market expansion and acquisition support, none were a priority among more than 20% of all respondents, even among treasurers and CFOs.

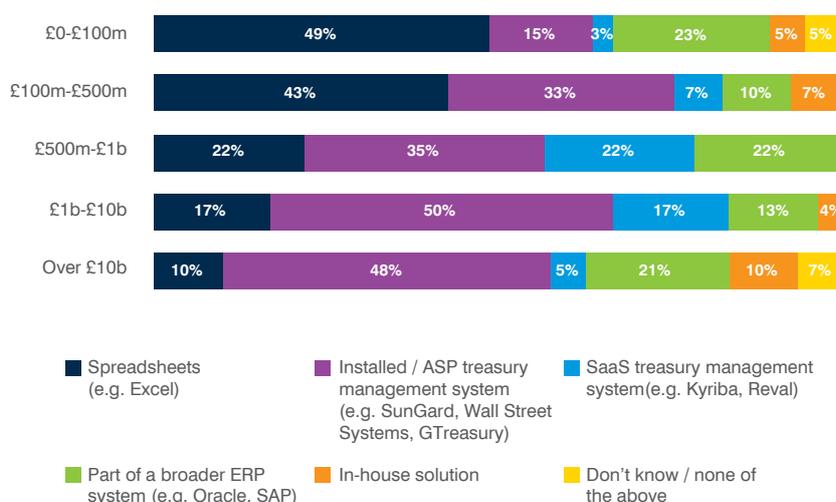
Which of the following would you rate as being your three biggest priorities in the coming year?



Technology in treasury

One of the biggest changes since last year's survey is the move away from spreadsheets. Treasuries continue their march towards using a dedicated technology platform to manage their cash. Compared to 2014's survey results where 42% of companies overall reported using spreadsheets as their primary treasury management tool, in 2015, 31% report using spreadsheets. That means more than a quarter of last year's respondents have started using a dedicated technology solution, or are brought into their organisation's ERP environment. This move towards technology is even more pronounced when SMEs are discounted – among companies with more than £100m annual revenues – the number of companies using either a dedicated TMS or an ERP treasury module climbs to 78%, with a third of the holdouts currently in the process of buying a solution.

What type of tool do you primarily use for treasury management?

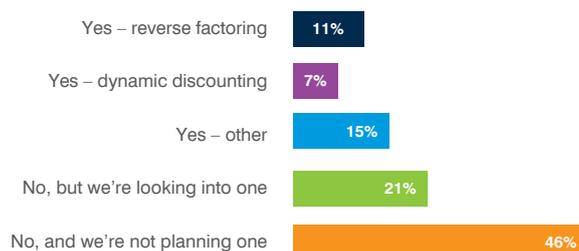


Irrespective of the increased ability to analyse data and provide strategic counsel that the use of a treasury solution provides, the amount of time that it saves treasury teams cannot be underestimated. Those who use spreadsheets report spending almost three entire months a year just on manual tasks (such as bank information gathering and GL entries). This is almost 50% more time than those who use a TMS.

Despite the overall increase in office BYOD (bring your own device) use over the past few years, treasury has still not fully embraced the concept. Just 18% report using their smartphone or tablet as their primary work platform.

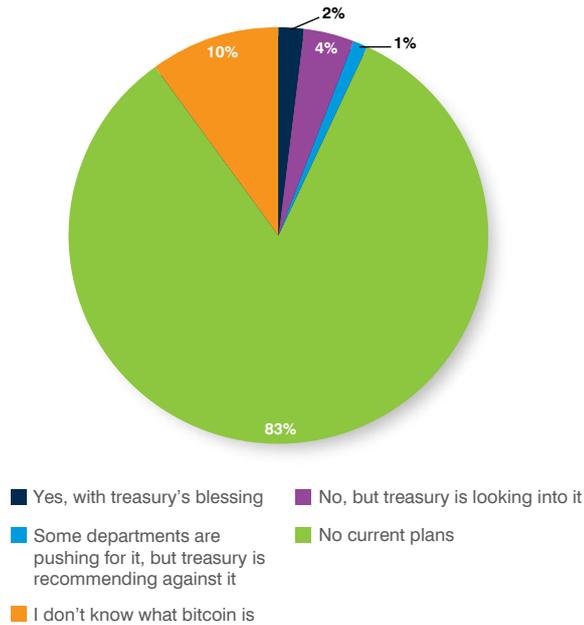
Supply chain finance is an area that is starting to see some traction within treasury departments, with a third of companies having some form of programme in place, and a further 21% looking into implementing a programme. These numbers rise considerably as the company size grows: while only 8% of companies under £100m revenues currently have a programme in place, the number rises steadily to 46% for companies with more than £10bn revenues.

Does your organization have a supply chain finance program in place?



Finally, on the technology front: bitcoin. While cryptocurrency has certainly attracted plenty of media attention over the past couple of years, this doesn't seem to have transferred into usage among corporates. In fact only 2% of companies in the survey are currently accepting bitcoin. A further 4% don't currently accept bitcoin, but are looking in to whether they should do so. While this figure is certainly higher than previously, it still highlights that bitcoin hasn't come close to being viewed as a mainstream alternative to fiat currencies. In fact, a tenth of treasurers aren't even aware of the cryptocurrency.

Does your organization have any dealings in bitcoin?



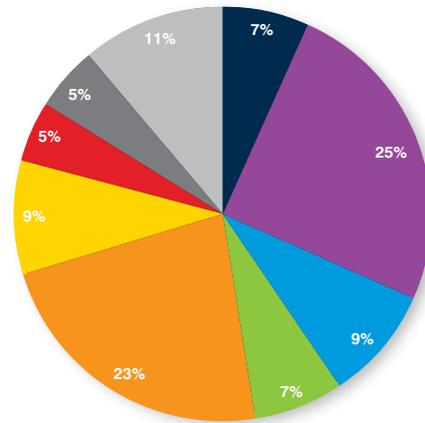
Demographics

303 responses were received in total. The breakdown of responses is:

Country of residence	Percentage of respondents
UK	41%
India	6%
UAE, Germany	5%
South Africa, Switzerland	4%
Netherlands, USA	3%
Austria, Egypt, France, Greece, Ireland, Romania, Russia, Zambia	2%
Australia, Belgium, Botswana, Cyprus, Denmark, Israel, Italy, Kenya, Kuwait, Latvia, Luxembourg, New Zealand, Nigeria, Pakistan, Saudi Arabia, Ukraine, Zimbabwe	<1%

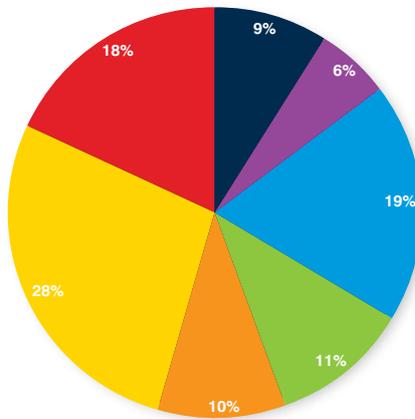
Note: not all respondents provided their country of residence or title.

Role



- CFO
- Treasurer
- Assistant treasurer
- Treasury director
- Treasury manager
- Treasury analyst
- Cash manager
- Treasury assistant
- Other

Company size



- Public sector
- Not-for-profit
- For-profit company (Up to £99m revenues)
- For-profit company (£100m up to £499m revenues)
- For-profit company (£500m up to £999m revenues)
- For-profit company (£1bn up to £9.99bn revenues)
- For-profit company (£10bn and above revenues)

For more information

If you would like to learn how Proactive Treasury Management could benefit your organisation, and are interested in hearing more about Kyriba's range of treasury management solutions, visit www.kyriba.com. You can also email info-uk@kyriba.com or call Kyriba's UK headquarters on +44 (0) 20 7859 8275.

If you would like to hear more about the Association of Corporate Treasurers or are interested in joining the ACT, please visit www.treasurers.org or call +44 (0) 20 7847 2540.

If you are a member of the media or an analyst and would like further details or analysis of this research, or would be interested in speaking with a member of Kyriba's team about this survey, please contact Daniel Shaffer at dshaffer@kyriba.com.

About Kyriba

Kyriba is the global leader in cloud-based Proactive Treasury Management. CFOs, treasurers and finance leaders rely on Kyriba to optimize their cash, manage their risk, and work their capital. Our award-winning, secure, and scalable SaaS treasury, bank connectivity, risk management and supply chain finance solutions enable some of the world's largest and most respected organizations to drive corporate growth, obtain critical financial insights, minimize fraud, and ensure compliance. To learn how to be more proactive in your treasury management and drive business value, contact treasury@kyriba.com or visit kyriba.com.



About the Association of Corporate Treasurers

The Association of Corporate Treasurers (ACT) sets the benchmark for international treasury excellence. As the Chartered body for treasury, we lead the profession through our internationally recognised suite of treasury qualifications, by defining standards and championing continuing professional development. We are the authentic voice of the treasury profession representing the interests of the real economy and educating, supporting and leading the treasurers of today and tomorrow.



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