

TOMORROW'S TREASURER:

Thriving in an uncertain world

The Business of Treasury 2024 • 11th edition

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Key insights

- Treasurers are playing to their strengths of professional excellence, calmness and resilience in an uncertain business environment
- Treasurers' key challenges of artificial intelligence (AI), ESG and geopolitical risk are business-focused rather than treasury-specific, demonstrating how treasury is increasingly embedded in organisations
- The rise and role of technology automation, AI and cybersecurity all present opportunities and challenges
- Funding sources continue to be diversified, but there's a slowdown in adoption of sustainable finance solutions
- Treasurers sense a lack of career opportunities and are starting to create their own pathways
- The treasurer is now an established key strategic partner for businesses in developed markets; the role continues to evolve in emerging markets, though the direction of travel is positive
- Boards are more engaged with treasury at times of stress; treasurers need to prove their worth over the long term

Introduction

elcome to the 11th edition of *The Business of Treasury*. This report reflects the views and insights of almost 200 working treasurers, gathered through in-depth interviews during January and February 2024. It provides both a snapshot of current treasury practice in action, and important indicators of the priorities for treasury and the wider business landscape over the coming years.

Now that *The Business of Treasury* research is undertaken every two years, we will be diving into specific treasury areas in greater depth. In this edition, we look at technology, sustainable finance, and operating in times of increasing uncertainty. Organisations, along with society more widely, have faced a series of geopolitical, economic and environmental crises, and there is no sign that this will ease in the future. As Thimon de Jong told last year's ACT Annual Conference: "In a normal crisis, you go into the depth of the crisis, and then you climb out of it, and move through a reconstruction phase so you are ready for when the next crisis hits. But with a polycrisis, we start to reconstruct, but then fall into the next crisis. This affects human behaviour and decision-making, and how we work together."

In times of crisis and uncertainty, the critical role of treasury in delivering positive

business performance is valued even more highly, and we are seeing this in the continued engagement by boards in core treasury areas, and in the view of treasurers as strategic business partners.

Technological change is also increasing at pace, and our respondents expect this to be the dominant factor in their work over the coming five years. This is something that has been on the ACT's radar for some time, but the increased expectation of technological change that we've noted in the current report is marked. Of course, there can be a difference between anticipation and reality, and we will certainly be tracking this in future research, as well as in our editorial and technical content.

Sustainability and diversity

Two topics that are a particular focus for the ACT are sustainability and diversity. That's why last year, we developed the *Guiding principles for diversity and inclusion*, along with banking and corporate partners, and, this year, we have launched the Diversity & Sustainability Awards. This research shows considerable growth in sustainability-linked finance, reflected in the growing proportion of funding put forward to boards that is linked to sustainability. Concerns over diversity and inclusion continue to

be a factor, but it is encouraging that this is less of a concern this year, which I hope is a reflection of the initiatives many organisations are implementing.

Worry over career progression in treasury continues at all levels, and we have seen a need for training and education to develop careers – with the top five subjects being risk management, cash management, ESG, technology, and treasury management. This is where the ACT is uniquely placed to help, with a suite of treasury and cash management qualifications and training courses that offer technical knowledge and management skills. We are working hard to improve and evolve our offering even further, so keep an eye out for new developments.

As the treasury profession continues to evolve, agility and resilience are qualities that provide treasury excellence as standard today, help prepare well for the future and allow treasurers to thrive in an uncertain world - as the report's title suggests.

Annette Spencer

chief executive of the Association of Corporate Treasurers



Learn about the ACT's Guiding Principles



Read about the Diversity & Sustainability Awards

Thriving in uncertainty - responding to geopolitical risk

"Geopolitical risks and shocks may continue to create uncertainty, making the management of treasury functions even more challenging. Furthermore. the ever-changing regulatory landscape, particularly from an ESG perspective, will add to the existing pressures" CFO. Middle East

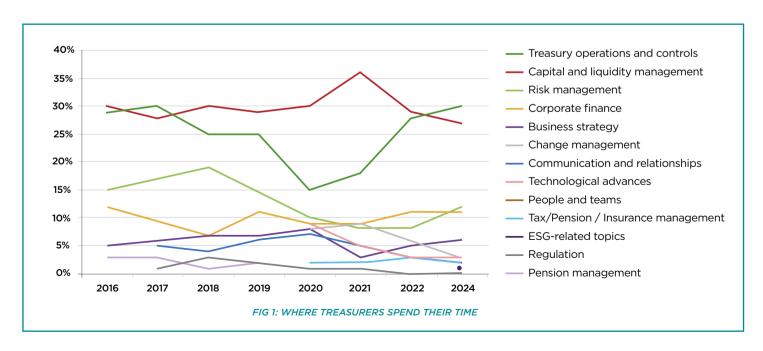
It has been a challenging two years since the Association of Corporate Treasurers (ACT) last tested the temperature in treasury. Having helped guide their organisations through the lockdown periods of COVID-19, treasurers were then plunged into a period of geopolitical and economic uncertainty. This led to rising energy prices and supply chain strains, which helped drive up inflation. As a consequence, central banks increased interest rates to levels not seen since 2008.

For many treasury professionals who had only

worked in a low-interest, low-inflation environment, this was a new experience. For other, more experienced treasurers, this may have felt like a return to the 'old' normal. Either way, the uncertain environment has called for a calm approach, with greater flexibility and agility, and an ability to move at speed if required, such as during the banking turbulence in the US and Europe in the early part of 2023.

The ACT's Business of Treasury survey highlights how, throughout this period, treasury operations and controls, together with capital and liquidity management, remained the primary focus for treasurers. More than half of the respondents said they spent most of their time on one or other of these areas (see Fig 1).

Corporate finance and risk management were the next big consumers of treasury time, while work on business strategy has continued to rise in recent years, with 6% of treasurers saying this took up most of their time.





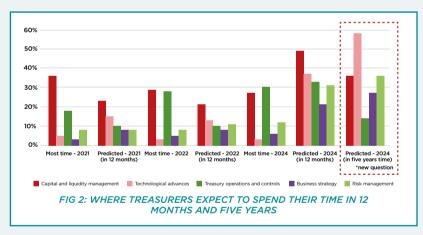
Future focus on technology

While in the short term (next 12 months) treasurers say they will continue to spend their time focused on capital and liquidity management, they anticipate that the picture will be different five years out. At that point, treasurers expect to be spending significantly more time focused on technological advances (see Fig 2).

Over the next 12 months, nearly seven out of 10 (69%) expect to be spending more time on technological advances, followed by change management (48%), business strategy (47%) and risk management (46%). Interestingly, although a significant number (43%) expect to spend more time on environmental, social and governance (ESG) issues, this is noticeably down from the 65% in 2022 (see Fig 3). This is despite the growing interest in sustainability issues, with many financing and funding options being based around ESG metrics.

As one treasury professional observes, there is an "opportunity, definitely, with all the emerging technologies like AI and machine learning, [creating] more availability to automate treasury". Another states there is a "big opportunity to harness generative AI to identify and manage risks".

But a further treasurer sounds this warning: "As the technology is continuously evolving, AI is emerging in business modules - there will





be more challenges regarding risk management, automation and controls over treasury operations."

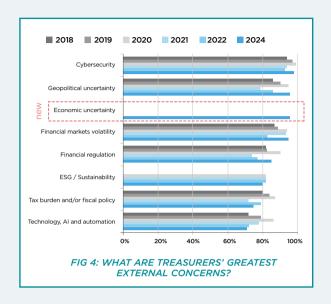
Cyberthreats

There is, of course, a flipside to technological advances - the growing threat of cyberattacks and fraud. The treasury community is fully aware of this threat, and has been for some time, with the issue consistently topping their list of external concerns. Even so, the survey reveals an uptick in concern over this issue compared with the 2021 and 2022 surveys, suggesting that treasurers remain vigilant to the increased threat (see Fig 4). In 2024, nearly all those asked cited cyber security as a concern.

As one UK treasurer says: "[With] all the news about cybersecurity and cyberattacks on large corporations, it's much more in the forefront of trying to protect ourselves. [For example], it's changed... the way you would normally log onto your laptop; we're using biometric readers and authenticators just to help secure ourselves."

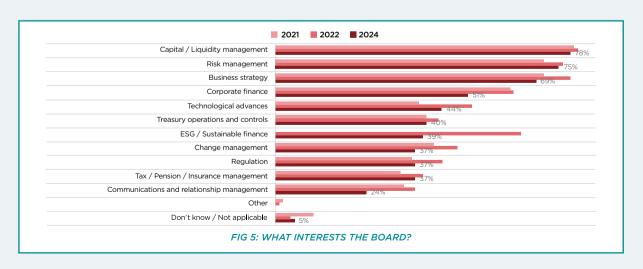
ACT comment: Increasingly, we are having conversations about 'when' not 'if' an organisation will fall victim to a cyberattack. Treasurers are not only thinking about defence, but also what they will do in the event of a successful attack.

After cyber, the biggest external concerns for treasurers are the trinity of geopolitical, economic and financial markets uncertainty. Again, just as cybersecurity was of greater concern this year, so are these three areas. This is perhaps not surprising, given the number of events that treasurers have experienced recently - such as the Russian invasion of Ukraine, the Israel/Gaza conflict, and attacks on shipping in the Red Sea, alongside the collapse of Silicon Valley Bank, material increases in interest



"[The] biggest opportunity will be technology and the ability to automate and increase efficiency and reduce human input. I think the biggest challenges will be how people and people development fit around that, and then balancing what I call new risk. So, ESG, cyber; I think those two topics will massively increase in the next five vears"

Treasury function leader, UK



rates and 'sticky' inflation figures. This reflects the vigilance that treasurers have over market conditions given the impact they can have on managing currency, commodity, funding and interest rate risks.

Board engagement

The 2024 survey demonstrates that treasurers believe their boards remain engaged around the core subjects of capital and liquidity, alongside risk management. Nearly eight out of 10 (78%) treasury professionals say their boards have shown an interest in capital and liquidity over the previous six months, and only slightly fewer (75%) engaged with risk management.

Although almost seven out of 10 (69%) indicate the board has engaged with them over business strategy, it is notable that this topic has shifted from second to third place compared with the 2022 survey (see Fig 5).

What is even more notable, however, is the apparent drop in engagement over ESG and sustainability matters. In the 2022 survey, this was third highest on the list of engagement subjects; by 2024, this had dropped to seventh on the list.

ACT comment: While the largest, wellcapitalised businesses will traditionally always have access to funding, risks for others are increasing, with reports that access to capital is becoming constrained. Financial resilience across the value chain will make companies much more sensitive about their own access to capital, and

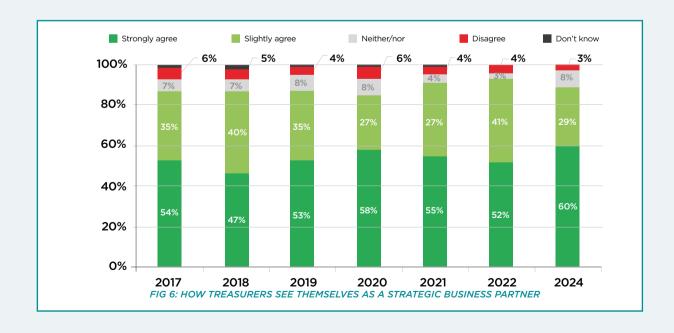
boards will want reassurance from their treasurers. With the adaptions to business strategy as a result of COVID-19 now largely implemented, a 'more normal' order has been restored.

The drop in engagement over ESG and sustainability matters could be due to a number of factors, including the establishment of specialised sustainability teams in organisations, stakeholder priorities, and concerns over greenwashing/reputational risks resulting in some organisations taking a more cautious approach.

Strategic partner

Ultimately, treasurers continue to see themselves as a strategic partner for their organisation - 60% strongly agree with this sentiment, the highest level on record, while the proportion who neither agree nor disagree with this has moved up from 2022's figure (see Fig 6).

So, amid a continuing uncertain and volatile business environment, treasurers are increasingly convinced of their value to the organisation their resilience, agility and ability to focus on core financial risk management skills, while understanding the wider business strategy, remain core. They can see opportunity and challenge in equal measure and their ability to adapt to changing demands will continue to be recognised as a valuable resource for the organisation



Has technology's time come?

"We are constantly being told that technology will change our world. If I look back 10 years. I was told that the payments landscape was changing - nothing has changed!" Treasury leader. UK

As noted in the previous chapter (Fig 2), the treasury community is expecting that technology will take up most of its time and attention within the next five years. Even in 12 months' time, treasurers expect the time spent on technology will be second only to capital and liquidity management.

To put this in perspective, treasurers are saying that today (2024) they spend more time on operations and control, capital and liquidity management, risk management and business strategies than on technology. In fact, the amount of time currently spent on technological advances has declined since 2020, and flatlined between 2022 and 2024 (see Fig 1).

So, clearly, treasurers are expecting a big shift in favour of technology in the coming one to five years. What does this mean in practice?

Treasurers are expecting to spend less time on virtually every other aspect of treasury management compared with the previous two years. In 2022, 66% said they expected to spend more time on technological advances: this increases to 69% in this year's survey. Fig 3 shows how today's figure is lower for areas such as business strategy, risk management, and even capital and liquidity management compared with 2022.

Growing investment

The treasurers in the survey list a number of areas within technology in which they are planning to invest:

- Cybersecurity
- Automation
- Working from home
- Treasury management systems
- Al and generative Al.

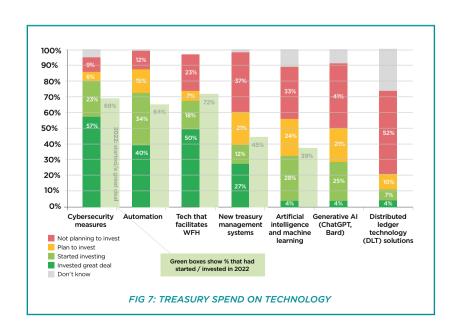
As Fig 7 shows, 80% say they are either investing a great deal or had started to invest in cybersecurity measures. This compares with 69% just two years ago.

It is also interesting to note that the investment figures for treasury management systems (TMS) have fallen from the 45% in 2022 who said they are either investing a great deal or have started to invest in a TMS, to 39% in 2024. Al and machine learning have seen a similar fall, although this vear's survey also asked about generative Al. with 25% saying they have now started to invest in this new technology.

Of course, these various aspects of technology should not be seen in isolation. While investment in working from home (WFH) technology may have decreased over the past two years, for instance, the focus could have shifted to ensuring the ongoing security of those logging into the enterprise's network.

As one treasurer puts it: "Remote working - I think that's really the primary reason, and cybersecurity as well. The impact is that it's allowing people to work comfortably at home, and securely."

Another says: "I see an opportunity more than a challenge, but the issue will be with the increasing cyberthreats."





"[The] biggest opportunity is using AI and ensuring it doesn't take my job!" Treasurer, UK

ACT comment: There are also the demands from the wider business. If an organisation's leadership believes in automation and that it can boost efficiency and improve data flows, there is no reason to believe that treasury will be immune to this pressure. Arguably, this could be a case of using technology to free up a treasurer's time for greater value-adding activities.

Impact on jobs

Concerns are being expressed about the impact of this rise in technology on job security. One treasurer recognises the potential for greater efficiencies and the impact that could have on team size: "Incorporating AI and streamlining processing [will lead to a] reducing head count with more automation."

Predictions v reality

It should be noted, however, that there is an apparent mismatch between the amount of time a treasurer predicts will be spent on technology and the subsequent reality.

Since 2020, the survey has found that time spent on technological advances was lower than predicted in the previous survey. Meanwhile, the time spent on capital and liquidity management was predicted to fall, but remained higher in reality (see Fig 8).

But there is no denying that there has been a significant increase in sentiment between 2022 and 2024 – this is perhaps driven by the very public arrival of generative AI and increased understanding of what the technology is capable of achieving.

Regional split

It is interesting to note that there are differences in attitude, between regions and size of organisation, towards how much resource advances in technology will consume. As noted in Fig 3, 77% of those outside the UK expect to be spending more time on technology in the future, but this figure drops to 61% for the UK.

ACT comment: There are two possible scenarios at play here. Either the UK has developed sufficiently that it is already reaping the benefits and efficiencies of technology, or there is a degree of realism that, having experienced investment in technology before, it rarely delivers the level of automation promised. Time will tell.

"I think the biggest challenge will be using the appropriate technology, because it's not just going to be one solution for everything, so how do you anticipate what the right set of tools to use is going to be? I think the opportunities [will be in] better data and more automation of data flow" Treasury function leader, UK

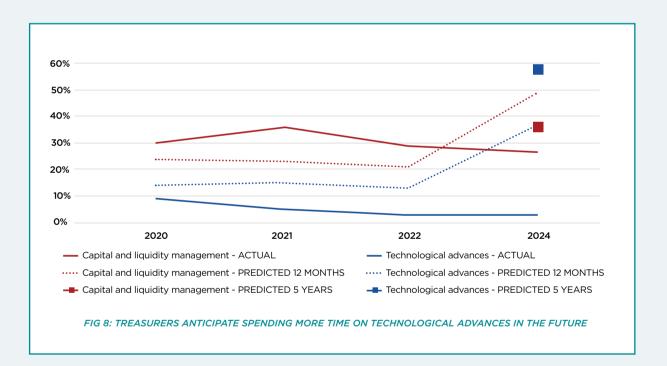
Importance of size

There is also an apparent difference in attitude between small and large organisations. Nearly two in five treasurers from companies with turnovers of £10bn or more expect to be spending the majority of their time on technology in 12 months' time. This figure is significantly lower among treasurers from smaller companies, where only a quarter (24%) anticipate spending more time on technology in the future (see Fig 9). Anecdotally, this may be because of the availability (or absence) of budget or resources that help with technology implementation.

It should also be remembered that treasury

functions are inevitably competing with other departments in the organisation for a share of a finite budget. So, even though treasurers may be expecting to see an increase in technology, the reality may be that the budget is simply not available.

ACT comment: Ultimately, it will be down to treasurers to identify the opportunities and challenges that are being presented by advances in technology. They will need to have a clear understanding of their own strategies, the wider business strategy of the organisation, and how technology can act as an enabler to achieve the goals set out in the strategy.



	Currently Most Time Spent on Technology	12 Months Predicted Most Time Spent on Technology
<£1bn turnover	3%	24%
>£10bn turnover	4%	39%

FIG 9: SIZE BREAKDOWN OF TREASURERS' TIME SPENT ON TECHNOLOGY

Sustainable finance - business as usual?

Despite the turmoil seen in the financial markets over the past two years, treasurers report that sources of funding remain similar to previous years, with debt capital markets (28%) and bank finance (24%) continuing to be the most popular forms of funding globally (see Fig 10). Within this, however, the UK shows a higher proportion of funding coming from debt capital markets (34%), primarily at the expense of improving working capital (see Fig 10a).

Beyond the UK, treasurers have placed much greater importance on improving working capital over the past 12 months (see Fig 11).

ACT comment: One reason for this may be that many UK treasurers have already optimised working capital – especially as a source of finance. This is still a 'work in progress' in many jurisdictions.

Sustainable financing

Over the past two years, there has been considerable growth in sustainability-linked finance, particularly in bonds (SLBs) and loans (SLLs). This is reflected in

the growing proportion of funding being put forward to boards that is linked to sustainability. What is also interesting is that, while ESG-related financing is growing, levels of concern with ESG issues in general are falling (see Fig 12).

This does not mean ESG will be slipping down the treasury agenda, however, as evidenced by some of the comments collected during the survey (see below).

ACT comment: This apparent inconsistency may be a result of many organisations now having a clear strategy in place and the shine coming off sustainability-linked finance. Three or four years ago, ESG-related financing was very popular as a way of demonstrating an organisation's green credentials. With the development of sustainability teams and organisation-wide sustainability strategies, the need to demonstrate ESG credentials through financing has declined significantly, particularly given the considerable challenges or disincentives to the use of such products for many organisations.

"Access to capital will always be a potential challenge, given there is more ESG-related focus on lenders. Companies where ESG is lagging will start to find they will get a lot of pressure from lenders, and it will be harder to access funds or in the way they want it"

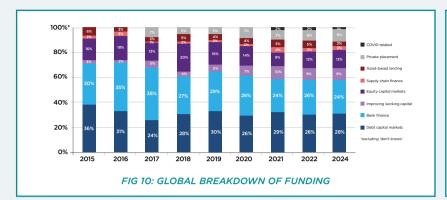
Head of treasury, Asia Pacific

"The biggest opportunities could be ESG and sustainability. It is still developing, people pay more and more attention to that, and they want their company to be more 'green', to care about the planet and contribute to developing technology or procedures that will help to lower the carbon footprint"

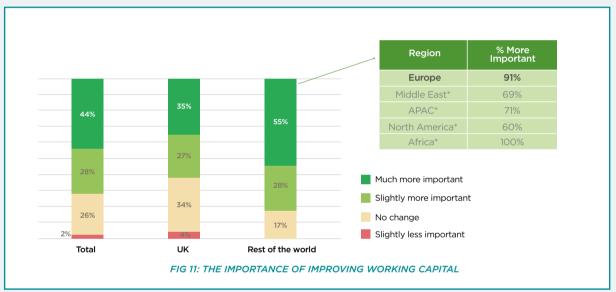
Head of treasury, Europe

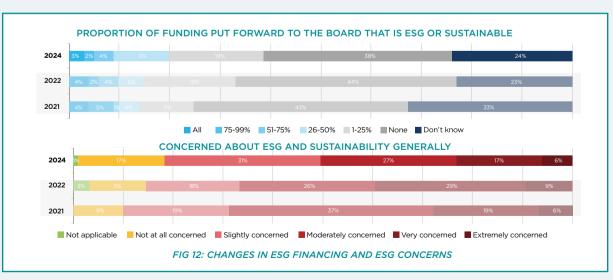
"ESG is certainly keeping me awake, and probably the commercial funding solutions and making sure we are not behind our competitors on this"

Head of treasury, UK









Helping the team to thrive

"There is headcount pressure on the wider business. As a result, people leaving might not be replaced" Finance professional, UK

The greatest challenge?

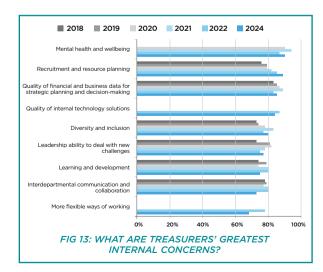
Working in an uncertain and volatile environment inevitably takes its toll on individuals and teams. So, it is perhaps not surprising that mental health and wellbeing should again top the list of internal concerns that treasury professionals say they face in 2024 (see Fig 13).

Recruitment and resource planning are now a very close second, however, having been third in the list until the previous survey (overtaking concerns about data quality in 2022). Concern in this area has been rising steadily in recent years.

Concerns over diversity and inclusion have risen since 2022, but do not match the figures seen in 2021. This may reflect the various initiatives that many organisations are implementing to address this issue.

It is also interesting to note that concerns over flexible working have dropped significantly (from 78% in 2022 to 68% in 2024).

ACT comment: Anecdotally, this could be because organisations have adapted to new ways of working largely implemented as a result of lockdowns in 2020/21.



Values and strategies

What is also clear is that treasurers have a very good understanding of their organisation's values and strategies, and how they contribute to these. In fact, nine out of 10 are aware of these aspects (see Fig 14). When asked whether they agree with a set of wellbeing statements, however, there is an overall downward trend, with only the statement on work/life balance remaining as well supported as in the 2022 survey. This statement, though, consistently garners the lowest level of support (71% in 2024).

ACT comment: Treasurers traditionally seem to struggle with work/life balance - changes in traditional ways of working do not appear to have mitigated this concern, and this is reflected in ongoing concern about mental health and wellbeing across the treasury team.

Team size

Overall, treasurers report that their team size has largely remained unchanged, and that they expect this situation to continue for the next 12 months (see Fig 15).

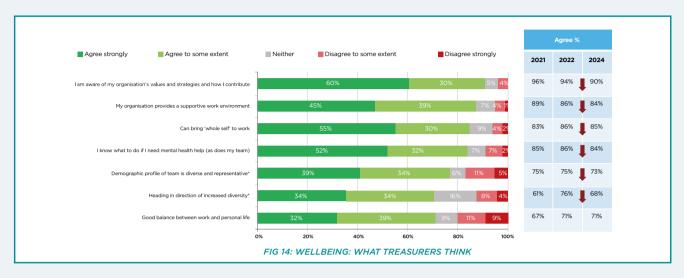
However, the summary hides considerable variation across organisations, with nearly a third predicting that their team will grow, while only 5% expect their team to shrink. There is also a split between small and large teams - the survey finds that large teams have increased in the past year, and expect to increase more than small teams in the next 12 months (see Fig 16).

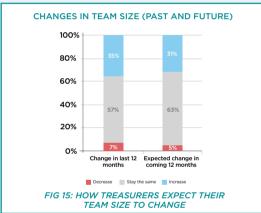
ACT comment: This may be a reflection of the treasurer and their position within an organisation, with those growing their teams having been able to argue successfully for an increase in responsibilities and, therefore, team size. In many cases though, an increase in size will not result in less work per person.

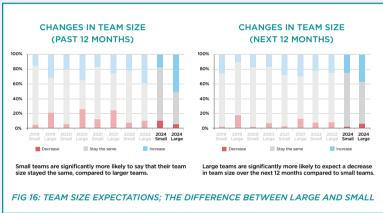
Barriers to career progression

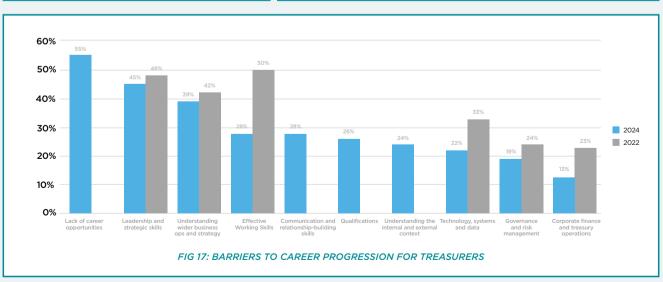
While the size of the team may have an impact on career progression, in this year's survey a more generic lack of career opportunities is cited as the number one barrier to progression (see Fig 17).

In the previous survey, 'effective working skills' was named as the biggest barrier, but that has dropped to fourth place, behind 'leadership and strategic skills' and 'understanding wider business opportunities and strategy'.









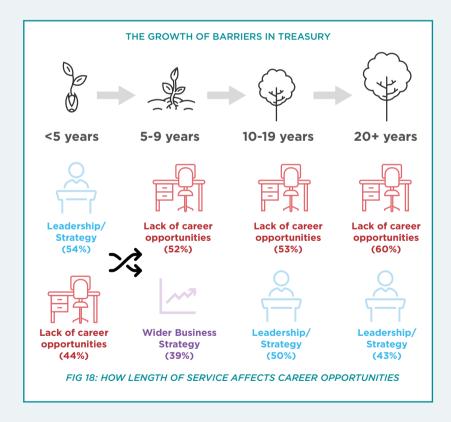


Split this down by length of time in the treasury function, and it is possible to see how there is a direct correlation between length of service and lack of career opportunities. In fact, those who have served fewer than five years see leadership skills as a bigger barrier (see Fig 18).

ACT comment: This continues to reflect the need for the treasurer to be a good all-rounder, with strong technical skills, but also able to apply softer skills to be effective. The ACT's Competency Framework is a reminder that successful treasurers need a mix of technical, behavioural and business skills.

Training and development

Treasurers are, however, taking matters into their own hands as they look for additional training to help develop their careers - the top five subjects identified for training are risk management, cash management, ESG, technology, and treasury management. One Asia Pacific treasury leader says: "For the people that work for me, I would look for broader treasury skills such as risk management and leadership coaching to give them more confidence. For me [I am] looking for more strategic management at a corporate level."



"I already have training planned around relationship management and interpersonal skills" Head of treasury, Middle East

Conclusion: Setting the direction for tomorrow's treasurer

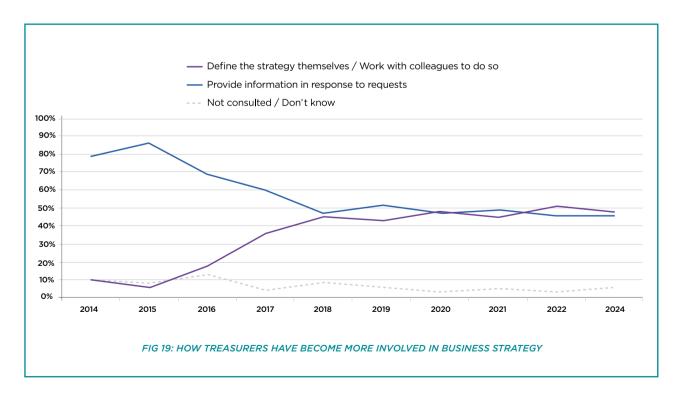
The environment in which treasurers operate today requires them to play to their strengths - to be calm, resilient, knowledgeable and closely involved with the rest of the business. But that does not mean they can stand still. Many recognise the need for further training and development, not just in technical skills, but also in broader business skills. Clear communication and influencing skills are vital. particularly for those looking to develop their career, while wider strategic skills are already a significant part of the job for many treasurers (Fig 19).

There is no doubt that technology will continue to play an important role in how treasury operates. What is not so clear is how this will translate into demands on time.

Looking ahead, there is still a great deal of economic and geopolitical uncertainty: how long will interest rates remain at current levels? Will inflation rates continue on their downward trajectories, or will they creep up again? Where will the next geopolitical hot spot be, and what impact could this have on supply chains and other costs? How will the business perform?

What is certain, and has been borne out by this latest study, is that treasurers have the agility and flexibility not just to cope with the business environment, but also to thrive, and anticipate today what tomorrow may bring.

You could say that tomorrow's treasurer is already here.



Survey and methodology

This is the 11th 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.

The survey, conducted by Critical Research, took place between 19 January and 17 February 2024, using online and telephone methodologies. A total of 188 individual treasurers from across the globe completed the survey. Among respondents, 52% describe themselves as leading the treasury function, 32% hold another treasury role, and the rest hold other roles, such as CFO.

On average, respondent treasurers have spent 5.1 years in their current role. The average turnover of respondents' organisations was £7.58bn. (In some cases, figures may not sum 100% because of rounding differences.)

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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, the ACT helps treasurers navigate a world of shifting priorities, and supports treasury professionals around the world throughout their career.