



THE
EUROPEAN
ASSOCIATION
OF
CORPORATE
TREASURERS

THE VOICE OF CORPORATE
TREASURERS IN EUROPE



EACT TREASURY SURVEY 2024

RESULTS OF THIS EACT 2024 SURVEY HAVE BEEN ANALYZED
WITH THE SUPPORT OF PWC TREASURY PRACTICE



FOREWORD

For each of the past eight years, EACT launches its Treasury Survey to determine top priorities for corporates. It also aims to identify challenges corporate treasurers of Multi-National Companies (i.e. MNCs) are facing and the technological innovations they intend to implement. But the survey also aims to recognize evolutions over time and after crises. In a fast-changing environment, with geopolitical problems across the world, this survey is interesting to see whether priorities are changing and if they did, why. This year, EACT received circa 250 answers from Group Treasurers of the largest international companies across Europe.

TREASURIES TOP PRIORITIES

MOST TREASURERS SHARE THE SAME PRIORITIES:

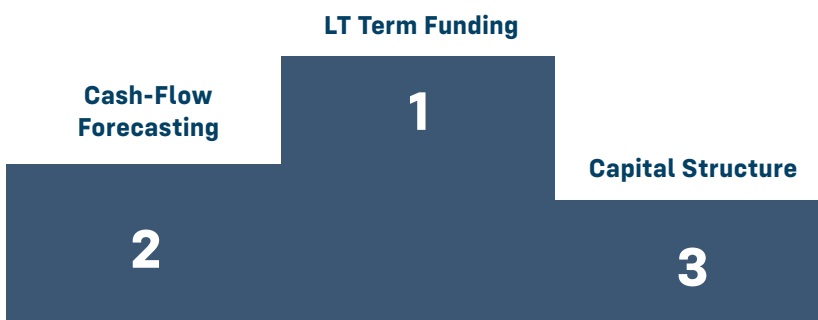
- L.T. funding (capital markets & banks)
- Cash-Flow Forecasting
- Capital Structure

The 2024 EACT survey, which became a tradition, attempts to detect treasury trends and priorities for multinational companies over the coming 12 to 24 months.

Logically this year, **Long Term Funding (capital markets & banks) (#1)** is in the lead, followed by the **Cash-Flow Forecasting (#2)** and **Capital Structure (#3)**. It is followed

by a few priorities at equal levels, such as **Digitization of Treasury and robotics (#4)**, **Working Capital Optimization (#5)**; **Bank Relationships (#6)**, Treasury technology infrastructure review/replacement of existing IT tools (#7), and political uncertainties (#8).

Top priorities 2024



NB: in 2023, Cash-Flow Forecasting (#1); Working Capital Management (#2) and Treasury technology infrastructure (#3)

11%

OF TREASURERS CONSIDER L.T. FUNDING
(CAPITAL MARKETS & BANKS) AS THE FIRST
PRIORITY

TOP PRIORITIES

FOR CORPORATE TREASURERS

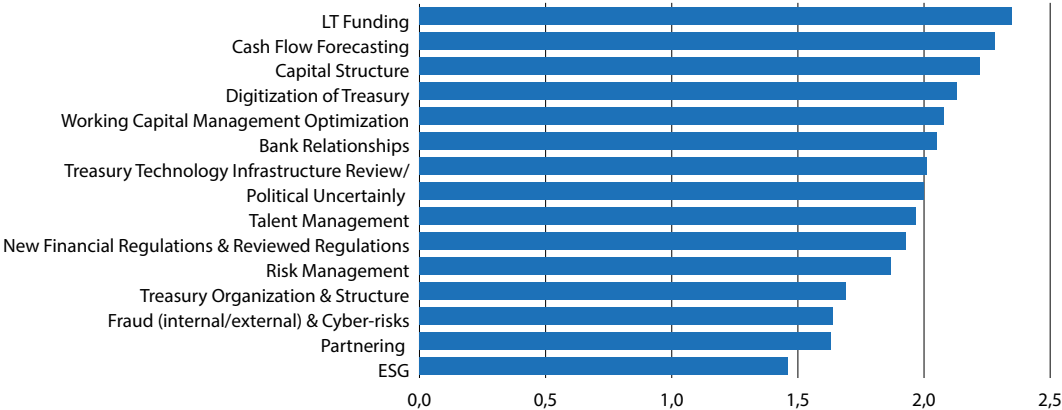
As you can see, this year the results have changed significantly. Fundamental and pure financial issues are back at the forefront of the treasurers' priorities.

How do I secure my LT funding? How to enhance my Cash-Flow forecasts? What should be my optimal capital structure to face economic crises? The digital transformation becomes eventually a priority.

We can see that priorities and order have changed significantly. Long-term (re)financing, via the capital market or banks, has become the number one priority for treasurers (even if many of them have no debt). This proves that for companies with net debt, this is the crucial point for ensuring the company's long-term viability. This is due to the rapid and violent rise in interest rates in 2023 (not yet reflected in last year's results), the banking crisis last Spring and the strategic repositioning of certain banks in terms of the sectors they cover. Against this backdrop, the Capital Market Union

(i.e. CMU) project takes on its full meaning, offering alternative sources of financing. By contrast, the Cash-Flow Forecast remains in second place, demonstrating the difficulty of reliably forecasting future cash flows. The third-place ranking of Capital Structure also shows that the (re)capitalization of MNCs is important, and that maximizing WACC (i.e. Weighted Average Cost of Capital) should perhaps be reconsidered in favor of "optimization". In seeking to maximize WACC, we have become too sensitive to economic downturns or sudden sharp rises in interest rates. The digitization (#4) of the treasury function, which climbs into the top 5, proves that MNCs are now thinking about the next stage in their digital transformation, seeking hyper-automation. Finally, the banking relationship shows that the partnership with one's banker is vital in Europe, where the proportion of bank financing remains much higher than that of capital market financing.

Top Priorities over the next 12 to 24 months.



■ Weighted Average

BACK TO BASIC

TREASURY MANAGEMENT ISSUES

TOPICS THAT MOVE TREASURY

Comparison of 2023 and 2024

EACT Survey 2023

- 1 Cash-Flow Forecasting
- 2 Working Capital management
- 3 Treasury Technology infrastructure replacement
- 4 Treasury Organization & Structure
- 5 Risk Management
- 6 Long Term Funding

EACT Survey 2024

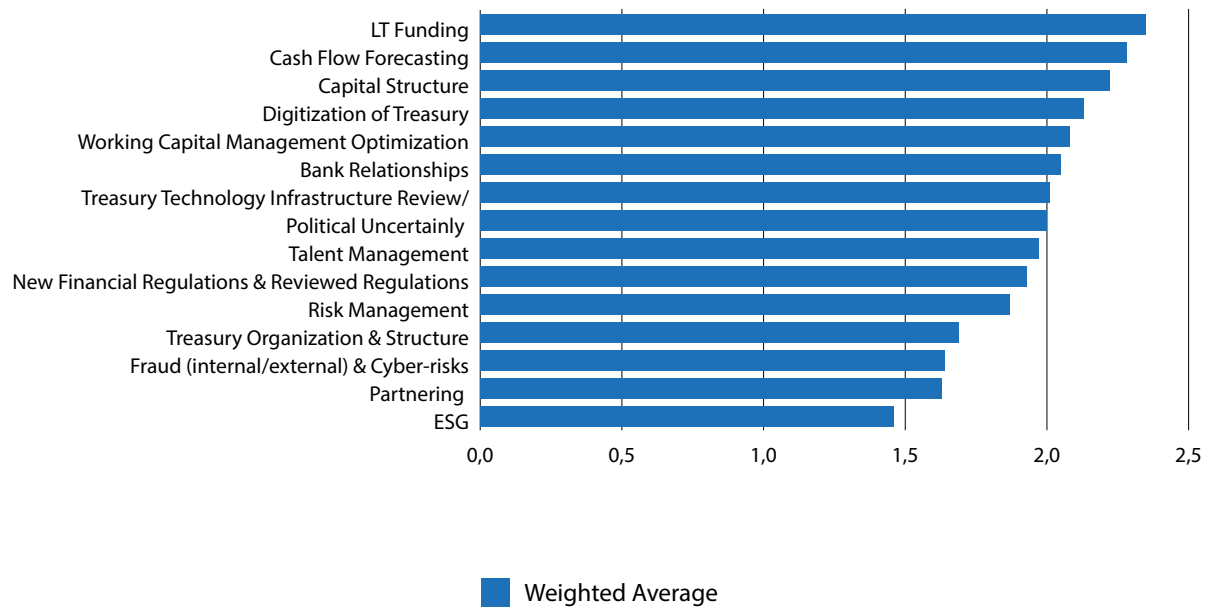
- 1 Long Term Funding
- 2 Cash-Flow Forecasting
- 3 Capital Structure
- 4 Digitization of Treasury
- 5 Working Capital management
- 6 Bank Relationship

Based on the weighted average of the first three priorities, we can see the evolution since 2023 and the Digitization of Treasury, Capital Structure and bank relationships are clearly repositioned up.



TECHNOLOGICAL INNOVATIONS

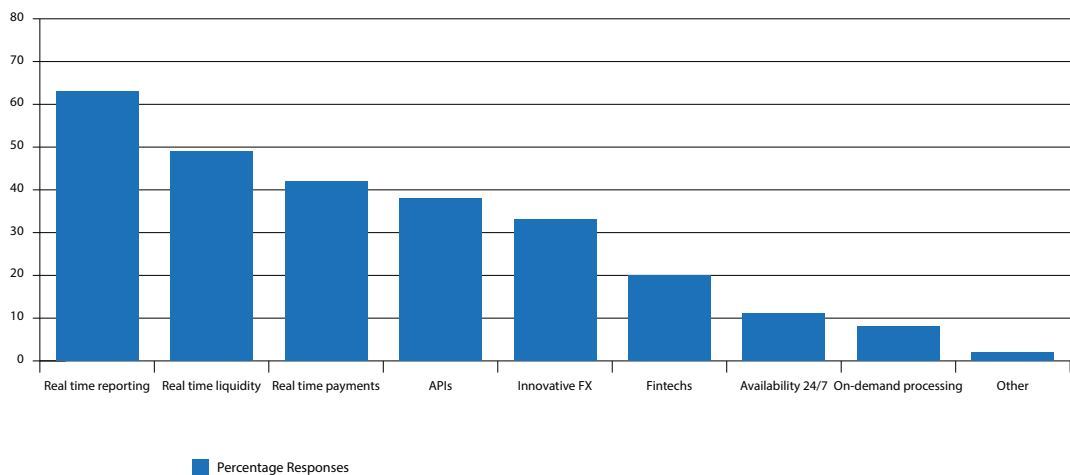
Innovations treasurers intend to use in next 12 months



In terms of technological innovations, it appears that in the next 12 months, the priority will be placed on **Switch to cloud solutions** (i.e. private or public clouds) equally to **Data Analytics**. They are followed by **APIs**, the recourse to **Treasury as a Service (TaaS)**, Robotics Process Automation (RPA) and hyper-automation. We can notice that crypto-currencies, AI and DLT derived technologies are lower ranked. Here again, no real significant changes in the top technologies, apart from ranking, which slightly changed. We can feel a greater appetite for the other “new technologies” in treasury. The low ranking of AI comes from a general absence of true data lakes and standardized pieces of information. It looks like treasurers have many other technical priorities before considering these new technologies or being in a position to use them. They may want to first fix current

systems around TMSs, enhance current IT architecture and hyper-automate processes further before using other new technologies. We all understand that the C-level wants treasury to make use of huge financial data they sit on and develop more reporting and dashboards. APIs have shown the use banks and corporates can make of them, to enrich reporting. Robotics and RPA are intermediary steps to automation, which explains their high ranking. Contrary to the recent excitement for Bitcoins and announcements around CBDC, cryptocurrencies do not seem to be a priority for treasurers. This is not surprising given their nature and the fact that they are a new asset class rather than new currencies. The answers show a certain lucidity on the part of treasurers who seem realistic in their use of new technologies.

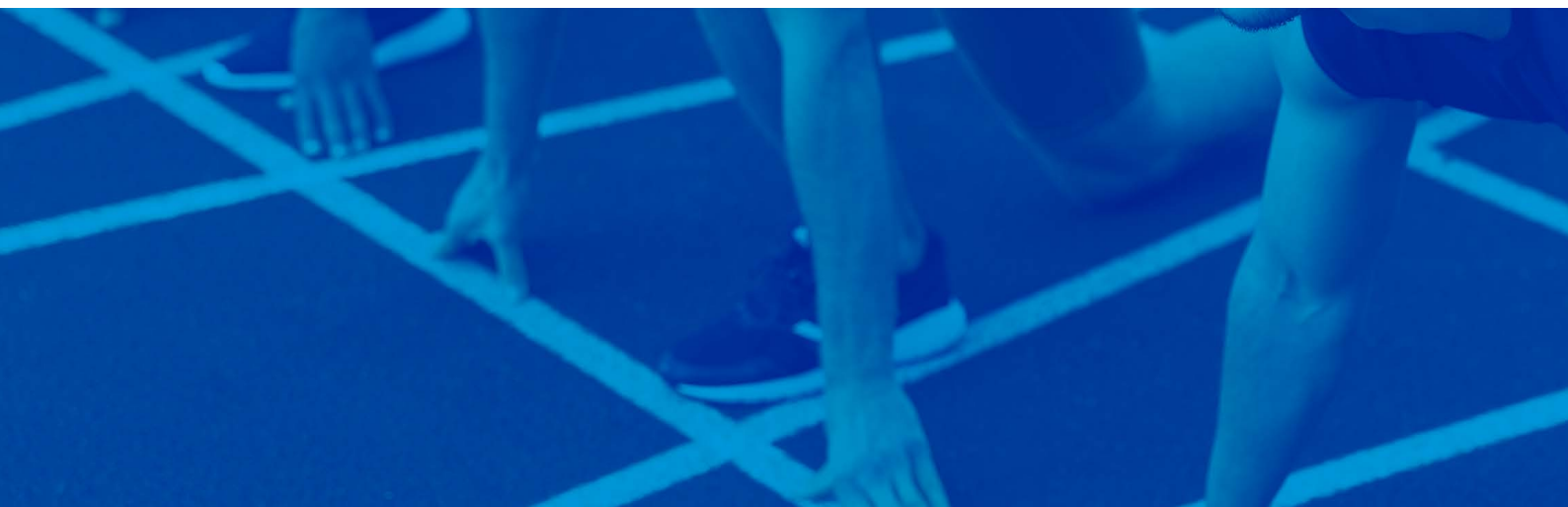
Of the greatest interest to Treasury over the next 12 to 24 months



Of greatest interest to your treasury over the next 12 to 24 months:

We see, surprisingly, that **Real-time reporting and dashboarding** are the focus for treasurers in the next 12 to 24 months (#1), followed closely by **Real-time liquidity** (#2), and then **Real-time Payments & Collections** (#3), followed by **APIs** (#4), **FX Automation** (#5) and finally the **FinTech's** (#6). This demonstrates, once again, that the priorities may be more basic and simpler than imagined,

as many treasurers still need to improve their day-to-day management before jumping into the use of newer technologies. The objective is immediacy - real-time for all types of information. Currency Management Automation for FX Management is also in 5th position, as here again, we seem to be far from complete and perfect automation.



TECHNOLOGICAL INNOVATIONS

The fully “real-time treasury”

On the question of which technology will be of most interest in the next 12 to 24 months, access to real-time information leads. It is followed by real-time liquidity. This is explained by the current crisis, and the need for immediate access to information to faster react, or, sometimes, to simply survive (we can see that immediacy and the time factor have become crucial, at least for certain industries and B2C businesses). Real-time Payments & Collection and finally immediate (automated) management of foreign exchange risk are also important for enhancing and hyper-automate treasury management. The fact that there still are lots of highly manual processes around FX and commodity management creates pressure for further automation to achieve greater efficiencies and internal controls. We also noticed the 6th position of the FinTech's (higher than last year) with multiple innovative solutions. These FinTech's are giving a lot of hope to treasurers to change their ways of working. Things are gradually but slowly changing and recourse to FinTech's is more and more usual for treasurers for complementing their treasury solution suite.

IT solutions fragmentation

The fragmentation of IT systems in treasury and the complexity of IT architectures in many of MNCs' treasury departments explains the importance of the risk of fraud, which has increased in recent years, and of cyber risk. Fragmentation increases these risks by a lack of fluidity, homogeneity, and sometimes consistency of the financial data to be processed. In the same vein, it is detrimental to the quality of future cash flow forecasts. The more IT solutions in use, the more difficult it becomes to consolidate data and allow systems to interact with each other, or to exchange data. The more complex the IT construction of the treasury, the more complicated the change will be/appear to be. Treasurers would like to change the IT organization but sometimes do not dare to tackle the cliff that this represents.



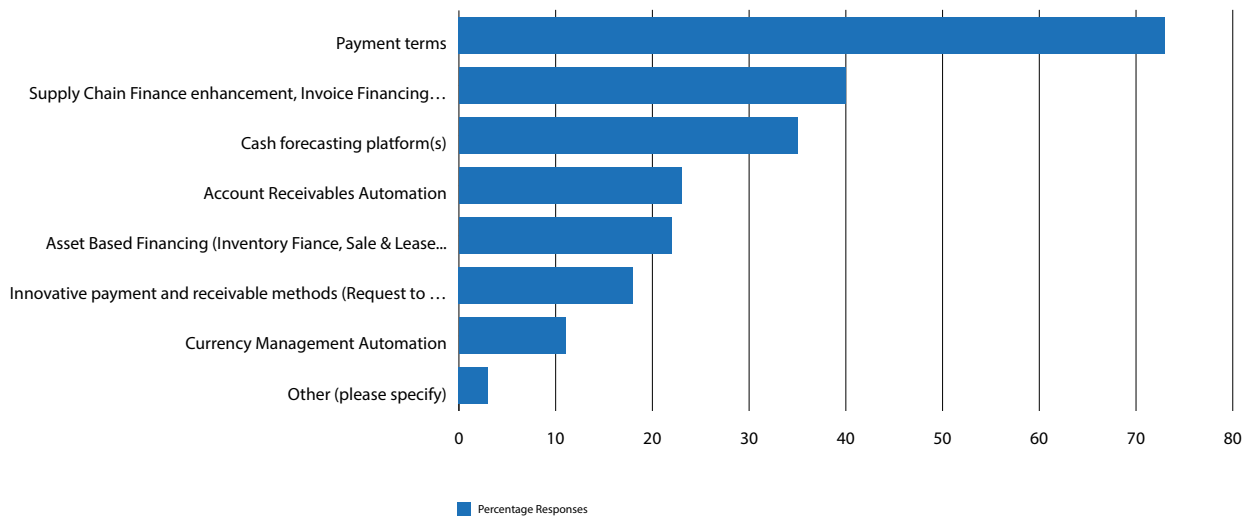
The world in general and the treasury in particular has entered the era of "everything in real time".

The fragmentation of IT systems and their multitude complicates the life of treasurers, as does the number of entities and bank accounts.

Treasury needs to focus on the next level of process automation to gain efficiency and strengthen internal controls.

INSTRUMENTS USED IN THE LAST 12 MONTHS FOR OPTIMIZING WORKING CAPITAL MANAGEMENT

Instruments used by treasury over last 12 months to influence working capital

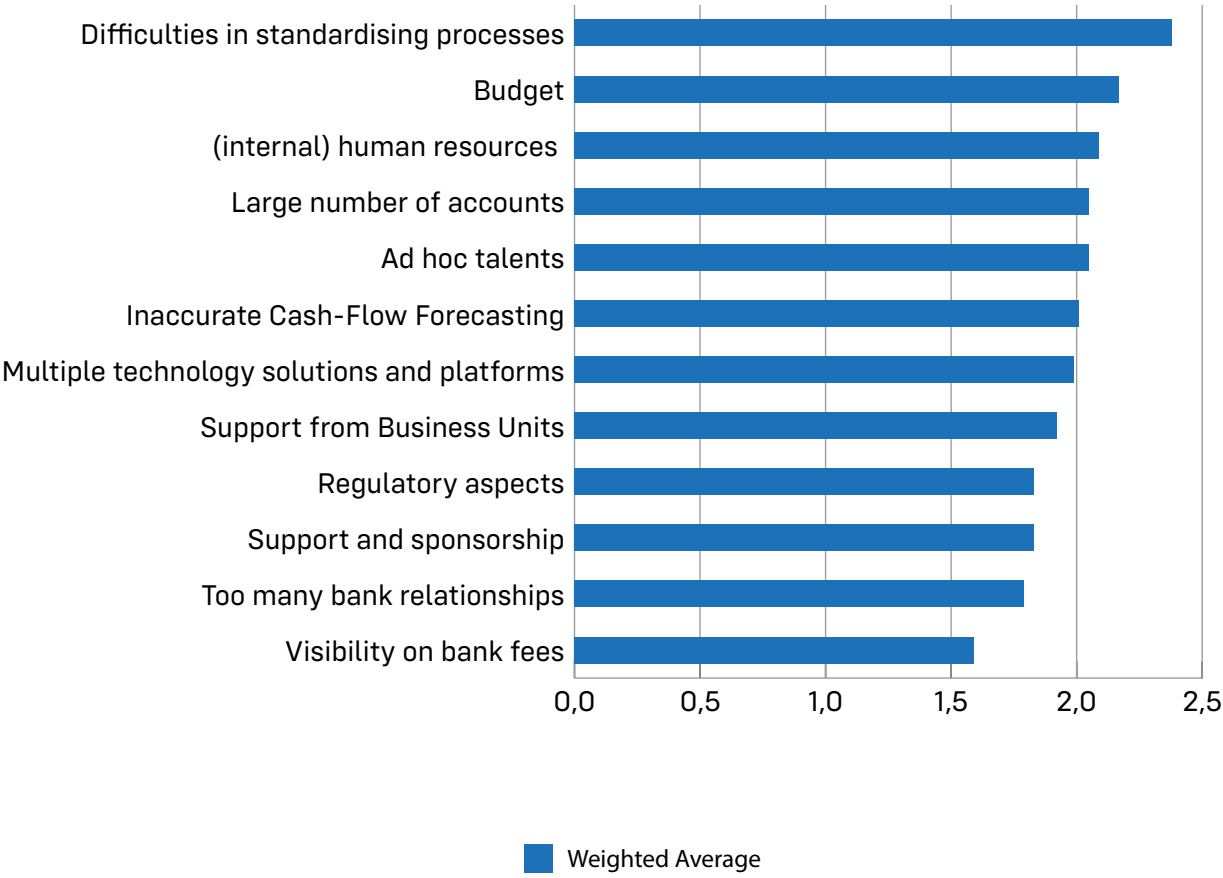


We know that treasury can play a significant role in working capital management. The influence or responsibility for working capital management within organizations are essential questions to address if CFOs seek to optimize it. We can also notice that in past surveys treasurers influenced working capital (at 50% +); were "responsible" for working capital optimization (i.e., for 20% of the treasurers); partially responsible (i.e., 20% -) or not at all responsible.

Working capital enhancement projects are always complex because they include a lot of different departments. To be successful requires solid sponsorship from the CFOs, clearly identified Project Managers, and commitment from all stakeholders. The instruments used or they plan to use in the next 12 months are the following: Payment terms; Supply Finance Chain enhancements, Cash-Flow Forecasting, Account Receivables automation, Asset Based Financing (e.g. invoice financing or dynamic discounting, ...); innovative payment and receivable methods (e.g., request-to-pay, link-to-pay, e-invoicing) and Currency Management Automation. Therefore, treasurers are back to basics. This was crystalized by the pandemic and then the war in Ukraine and in Gaza. CFOs try to support any initiative to enhance and optimize working capital, accessing the best funding tools at their disposal.

GREATEST CHALLENGES FACED

IN CENTRALIZING FURTHER TREASURY ORGANISATION



The question of the greatest challenge facing the treasurer is interesting in understanding what treasurers will need to prioritize. It appears that the **difficulties in standardizing processes/weak international controls (1#), lack of budget (#2); the lack of (internal) human resources (#3), are the major concerns**. Standardizing processes and internal controls remain preliminary and necessary steps to automation, improving the organization of the department, and increasing efficiency (e.g., automatic reconciliation, Straight Through Processing / STP, use of mass data, etc.). The other challenges are : **the large number of bank accounts / complex account structures (#4), the ad hoc talent and new required skills (#5), the inaccurate Cash-Flow Forecasting (#6) and the multiple technology solutions & platforms (#7)**.

“

20,4%

of respondents say the difficulties in standardizing processes and weak internal controls are the main issue in further centralizing treasury activities

”

If standardization of processes is the main obstacle, followed by lack of budget, one should not forget regulatory aspects and constraints they imply.

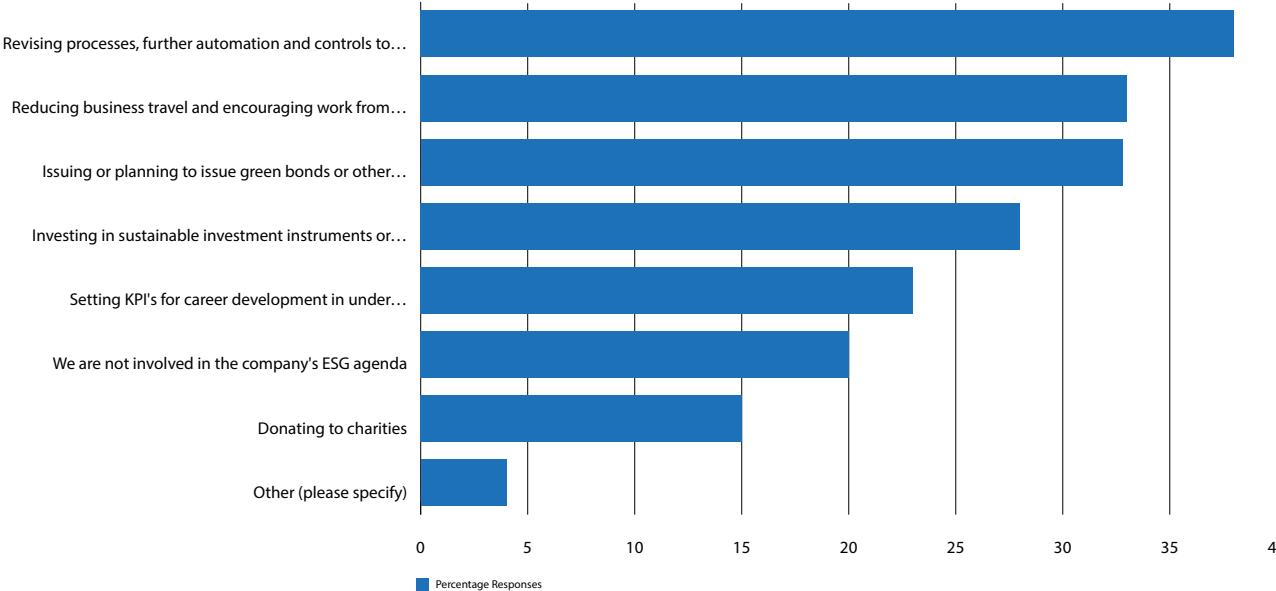
Multitude of technology solutions and complex IT architectures and need for talent with the right skills are also identified as potential barriers to treasury automation.

Lack of sufficient resources, weak sponsorship of the C-suite and weak involvement of the group's subsidiaries are also cited as obstacles to overcome.

HOW TREASURERS SUPPORT

THE COMPANY'S ESG AGENDA?

Ways to support company's ESG (Environment, Social and Governance)

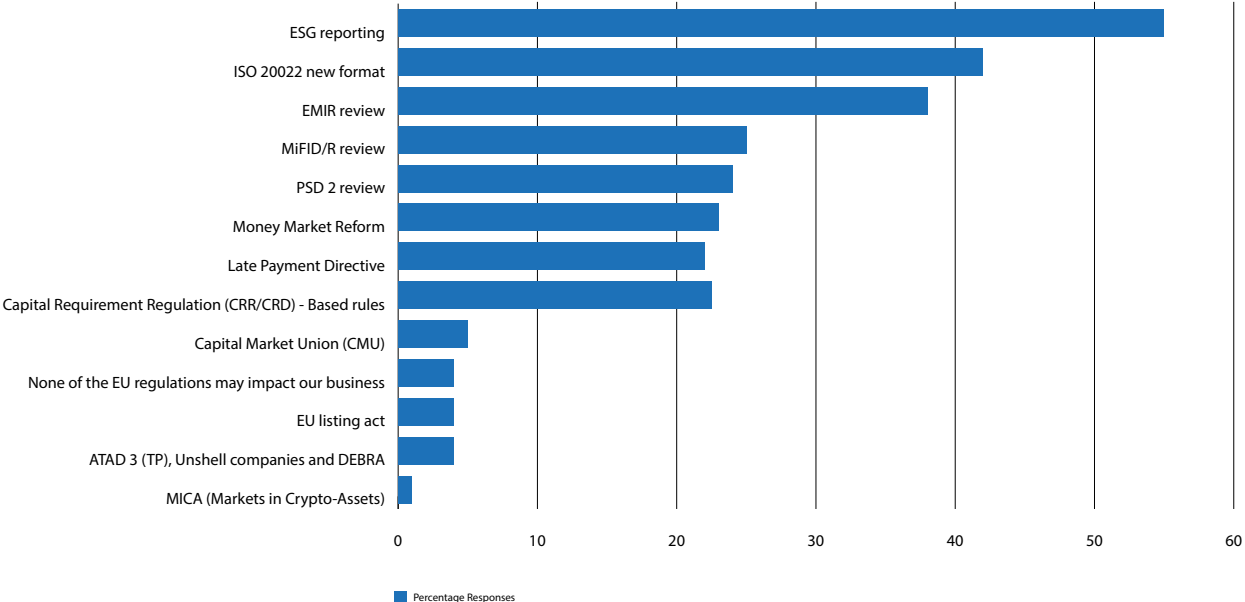


Treasurers can support ESG (Environment, Social & Governance) initiatives by **revising processes, further automation and controls to improve sustainability (#1); reducing business travel and encouraging work from home (#2); issuing or planning to issue green bonds or other sustainable borrowing (#3);** in **investing in sustainable investment instruments or developing a plan to do so (#4)** and in **setting up KPI's for career development in under-represented groups (#5)**. Although it seems that the ESG theme is gaining in importance, it has not yet reached its full development and maturity. Treasurers seem to underestimate the possible impression they may make on this issue. We were surprised by the fact that 20% of treasurers claim they are not involved at all in the ESG processes.

FINANCIAL REGULATIONS

WITH POTENTIAL IMPACT ON TREASURY ACTIVITIES

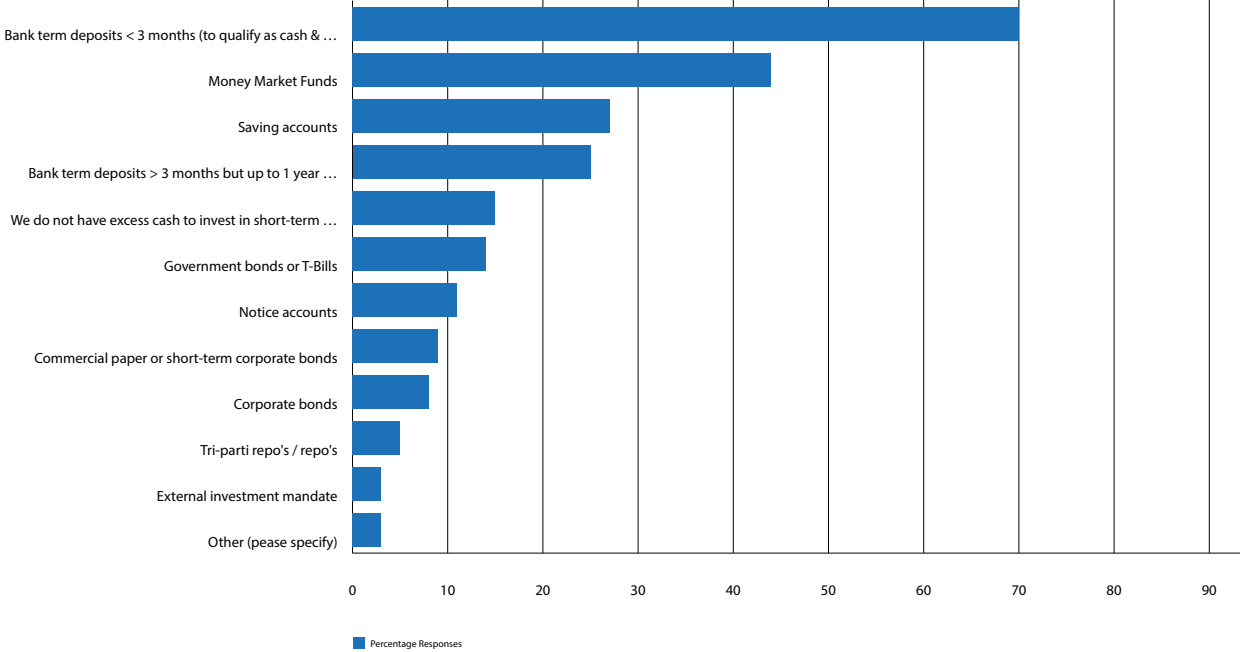
Financial regulations (under review or new ones) which could have an impact on respondents' treasury activities



The number of financial regulations under consideration or review currently is incredibly high. Their impact could be major for treasurers. Among the most important ones identified, it appears that the priority is the **ESG report** (#1 – 55,46%); the **ISO 20022** (#2 – 41,6%); the **EMIR refit review** (#3 – 36,97%); the **MiFID/R review** (#4 – 25,21%); the **PSD2 review** (#5 – 23,95%), and finally the reform of **Money Market Funds Reform** (#6 – 22,27%). This demonstrates the essential role that EACT can play in trying to influence and change the measures that are least acceptable to its members. It is important to make the voice of treasurers heard in Brussels to defend their interests.

HOW ARE TREASURERS INVESTING EXCESS CASH (IF ANY)?

Types of products or financial instruments used for excess cash in the short to medium term (i.e. > 1 year)



HOW TREASURERS INVESTING EXCESS CASH (IF ANY)?

56,61% of treasurers have excess cash to be placed at short-term horizon. The very "classic" bank deposits remain the product used first and foremost, followed by money market funds and then savings accounts. What is surprising is the absence of secured deposits and tri-party repo's, which offer a real opportunity to reduce counterparty risk, which has been called into question since the bank crisis of last Spring 2023.

TAKEAWAYS

BY FRANÇOIS MASQUELIER, CHAIR OF EACT

In summary, the re-financing and cash-flow visibility remains top priorities, when interest rates rapidly increase, and economic situation deteriorates. The results seem to have been reinforced by the long pandemic followed by wars (which have confirmed the need for further centralization and automation, the two best responses to such crises) and by the fast-growing interest rates and bank crisis of last Spring. The quest for further digitization and the hope placed in new technologies and innovations are explained by the importance of combating the increasing risk of fraud (ranked higher, as cyber-attacks and frauds significantly increased during the pandemic); the need for strengthening internal controls; by growing economic uncertainties; the need for more efficiency, and by a lack of sufficient (human) resources. The crises have crystallized the need to digitize and accelerate the

ongoing transformation. The maturity of technological solutions, more than ever, makes it possible to have greater expectations for improved cash management.

The challenge for treasurers comes not so much from the changes themselves, but from managing the continuum of changes and the co-occurrence and simultaneity of problems on the economic, financial, and regulatory sides. It is clear from this survey that there is still a long way to go to reach a level of mastery of new technologies, real-time operations management, and reduction of inherent treasury risks. Despite the significant shift noticed during these recent crises to digitize and automate treasury processes wherever possible, the survey demonstrates the need for taking treasury to the next level.





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2002
ESTABLISHED

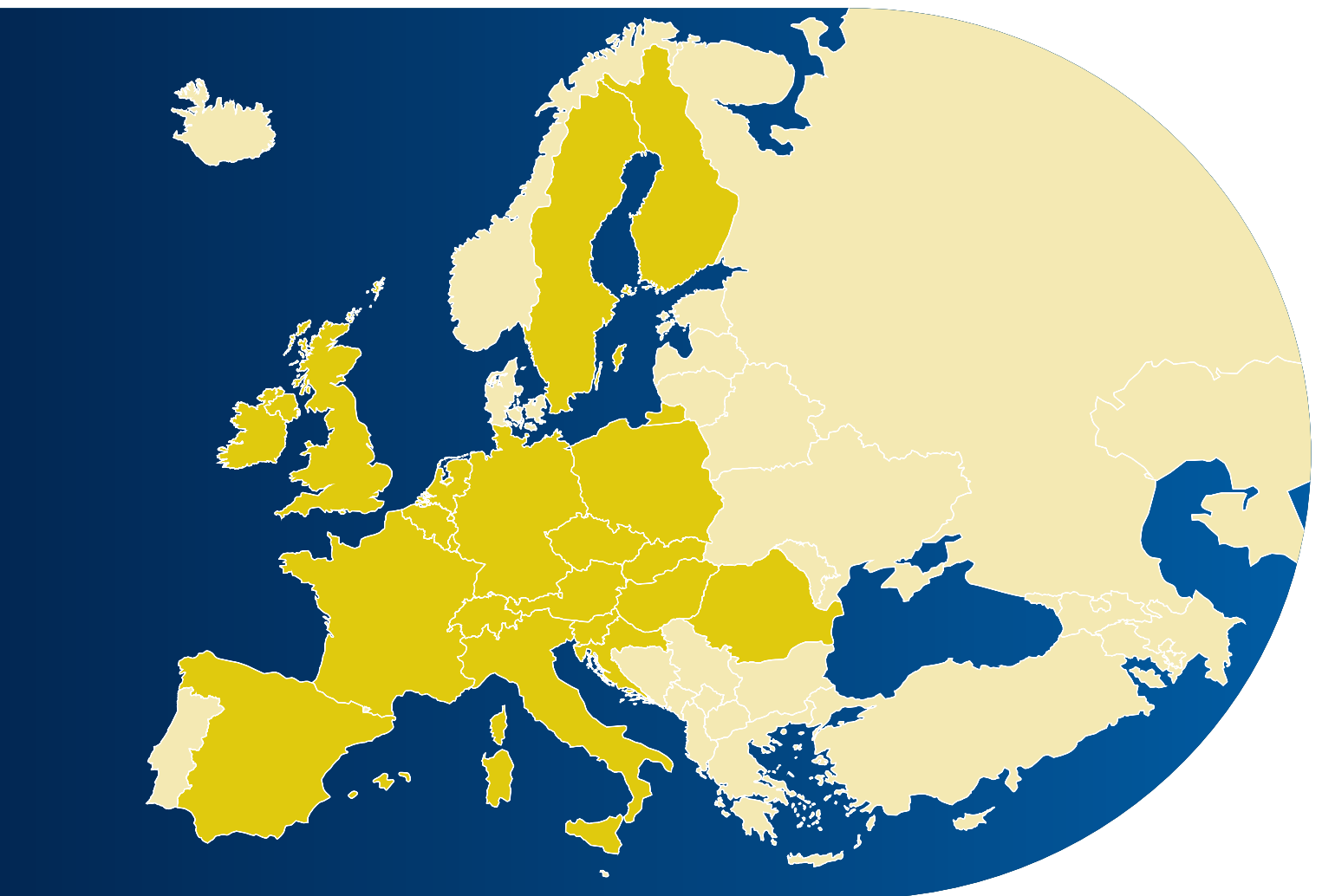
23
NUMBER
OF ASSOCIATIONS

22
COUNTRIES

14 000
PROFESSIONALS

6 700
COMPANIES
REPRESENTED

Member associations



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