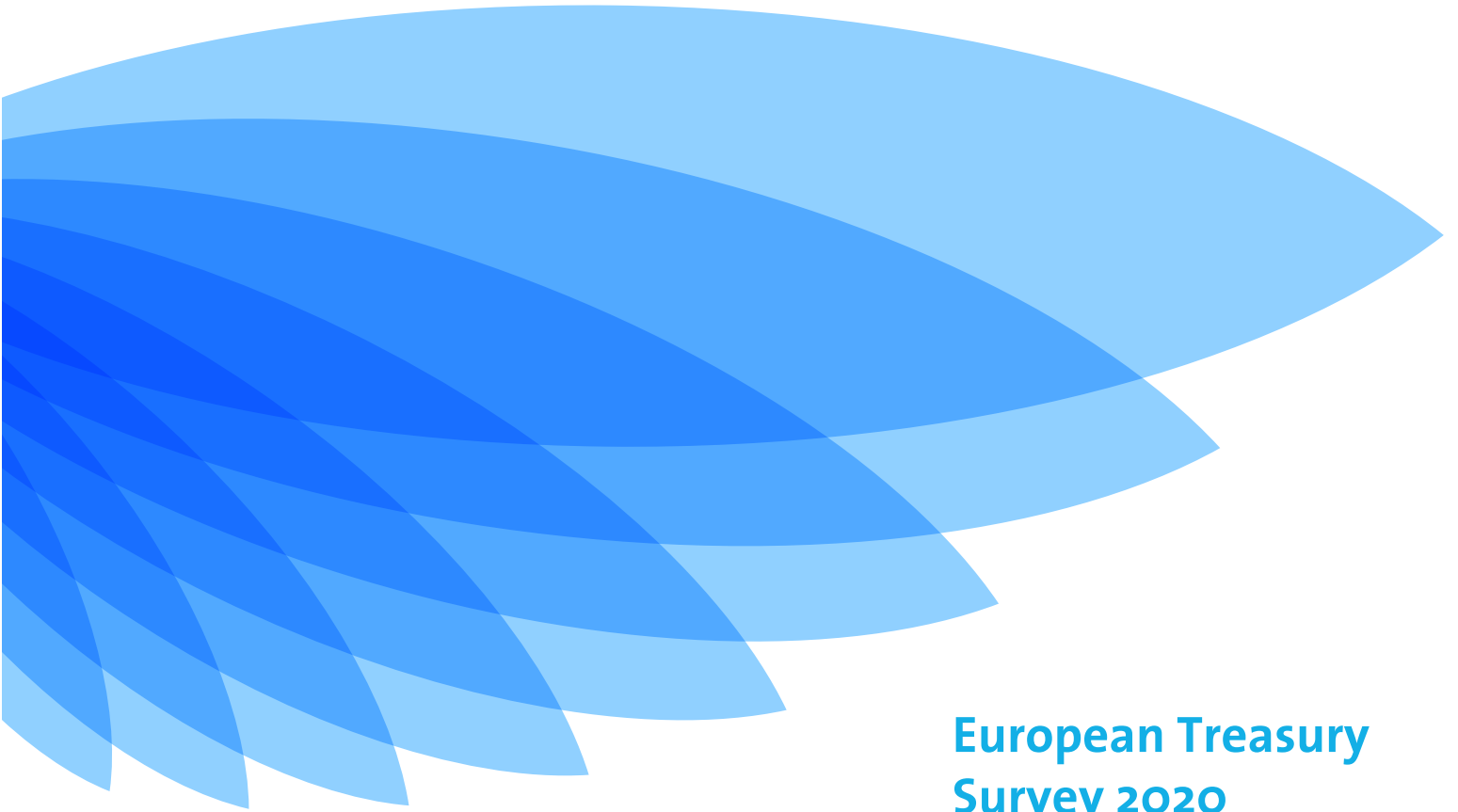




# New Europe

Is Your Treasury Fit for the Challenge?



European Treasury  
Survey 2020

In partnership with



# About Barclays

When you're looking for ways to streamline operations and achieve growth in your business, you need time to focus on key decisions. That's why Barclays' new platform provides quick, consistent support for your European banking - speeding up your day-to-day, so you can spend your time on the bigger picture.

Across Europe, Barclays can provide corporate banking services supported by deep local market knowledge. Barclays is supporting the European needs of global corporates with:

- A cutting-edge, unified banking platform across Europe
- Harmonised transaction and reporting formats
- Unified pricing and servicing models across Europe
- Support across standard and regional electronic channels

Barclays offers a range of cross-border services to support the success and growth of global corporates, by providing lending, risk management, cash and liquidity management, trade finance and sales financing.

To find out more, visit [barclayscorporate.com](https://www.barclayscorporate.com)



[linkedin.com/company/barclays-corporate-banking](https://www.linkedin.com/company/barclays-corporate-banking)



[twitter.com/BarclaysCorp](https://twitter.com/BarclaysCorp)

## Thriving in the ‘new Europe’



**Andrés Baltar**  
Head of Corporate Banking  
Barclays Europe

From the impact of the Covid-19 pandemic to the changes ushered in by Brexit, Europe is undergoing a period of unprecedented change. To sustain business resilience and position their organisations for future growth, treasurers and CFOs across the region must adapt and innovate.

Bringing together peer insights from over 300 treasury professionals, the results of this TMI European Treasury Survey 2020, in association with Barclays, aim to help treasurers identify opportunities for change in the ‘new Europe’. This report also highlights challenges to prepare for and outlines best practice in the new operating environment, providing a benchmark for future-proofing your treasury function.

Thank you to everyone who participated in the survey. Your effort has provided invaluable community insights to help move the treasury profession forward. With a charity donation for each completed survey, you have also helped to raise funds for Unicef’s Covid-19 appeal – enough to purchase 58,575 pairs of disposable gloves for health workers and 1,350 water purification tablets.

These are challenging times for the treasury profession and the world at large. But we hope you find this report thought-provoking and we look forward to discussing the findings with you in more detail. To find out more about how Barclays can support your business in Europe, visit [barclayscorporate.com/europe](https://barclayscorporate.com/europe).

---

# Executive Summary

Highlights from the survey:

- **PANDEMIC FEVER.** Concerns around Brexit have been surpassed by the Covid-19 pandemic, with 95% of treasurers citing this as their major worry for 2020.
- **BREXIT SILVER LININGS.** Treasurers are realising that Brexit is not just a burden – it is an opportunity to improve cash management set-ups and legacy processes:
  - 18% of respondents have leveraged the UK's departure from the EU as an opportunity to re-engineer treasury workflows
  - One in three (35%) treasury departments is switching bank account locations
  - Twenty-one percent are reviewing their cash pooling arrangements
  - Cash management banks are also in the spotlight, with 12% of respondents looking to swap banking partners as a direct result of Brexit
- **REGULATORY CATALYST.** While LIBOR transition and policy changes relating to cybersecurity were concerns for 29% and 25% respectively, participants are also leveraging the momentum behind regulatory change to re-assess treasury processes (74%).
- **MARKET WAVES.** FX volatility is a significant macroeconomic concern for 42% of respondents:
  - Just over a quarter of treasurers (26%) intend to increase their hedging activities as a result
  - But 31% of treasurers are unsure how to react, given the levels of uncertainty
- **SUB-ZERO RETURNS.** Negative interest rates are the number one macroeconomic concern for 14% of respondents. But opportunities are opening up as a result, with treasurers diversifying their short-term investments – with commercial paper gaining more investment from 26% of respondents.

- **GOING GREEN.** Environmental, Social and Governance (ESG) issues are becoming increasingly important for treasurers:
  - Half of respondents (50%) believe ESG criteria will be considered more closely when making short-term investments
  - A quarter (24%) will be looking for future treasury employees to have an interest in sustainability/CSR
  - Twenty-eight percent of respondents would like to see more sustainable/green cash management products available from banks
- **DIGITAL DISRUPTION.** Treasurers are overwhelmingly in favour of digitisation (95%) and understand the role of digital tools, ranging from data analytics to virtual accounts, in promoting efficiency. However, there are areas for concern too:
  - The increase in cybercrime is a worry for 85% of treasurers
  - Lack of technology budget is holding back 31% of respondents
- **BANKING ON COLLABORATION.** Finally, treasurers are looking for more support from their cash management banks in order to navigate the new European landscape. Among other priorities, they would appreciate:
  - Collaboration on a KYC utility (67%)
  - Co-creation of digital treasury solutions (49%)
  - And further training on cybersecurity (41%)

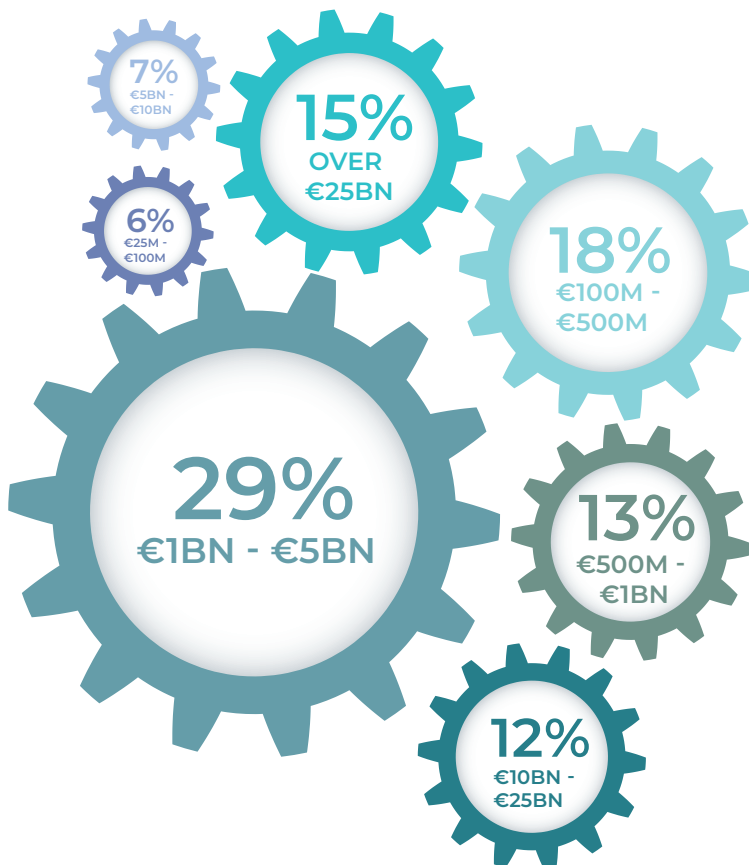
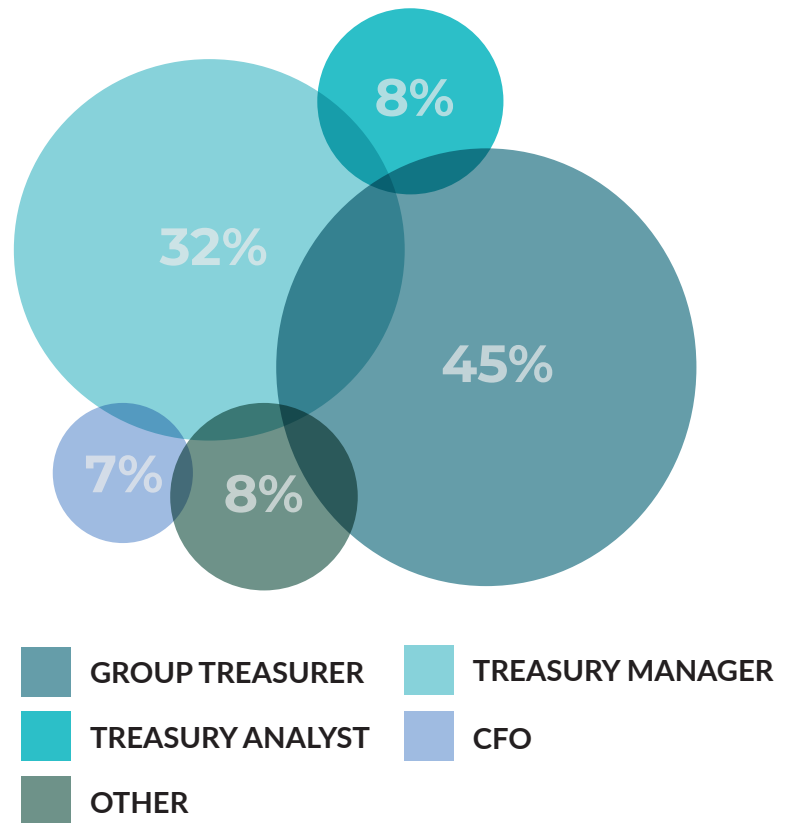
## SURVEY METHODOLOGY

Responses were gathered via an online survey, conducted in April and May 2020. There were 301 respondents in total. For the purposes of this report, we have excluded data from companies with an annual turnover below €25m – there were 26 such organisations.

1

## RESPONDENTS BY JOB TITLE

As we would expect, Group Treasurers and Treasury Managers accounted for the largest number of respondents, 45% and 32% respectively. CFOs represented just 7% of the total.

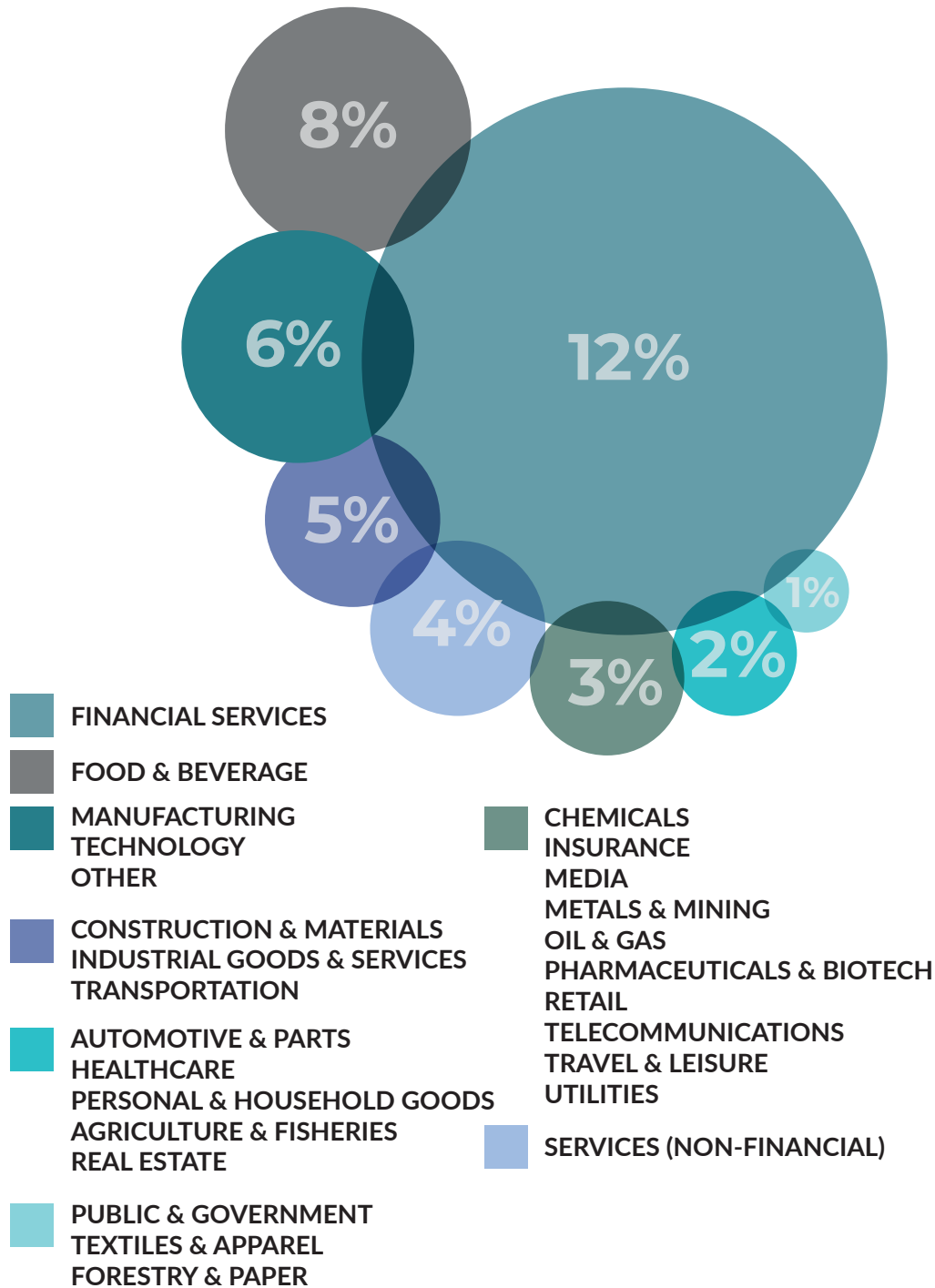


## ANNUAL COMPANY TURNOVER

Two hundred and fifty-eight treasuries answered the question about the size of their annual turnover, of which 29% fell into the €1bn to €5bn range. Fifteen per cent of respondents had an annual turnover of over €25bn.

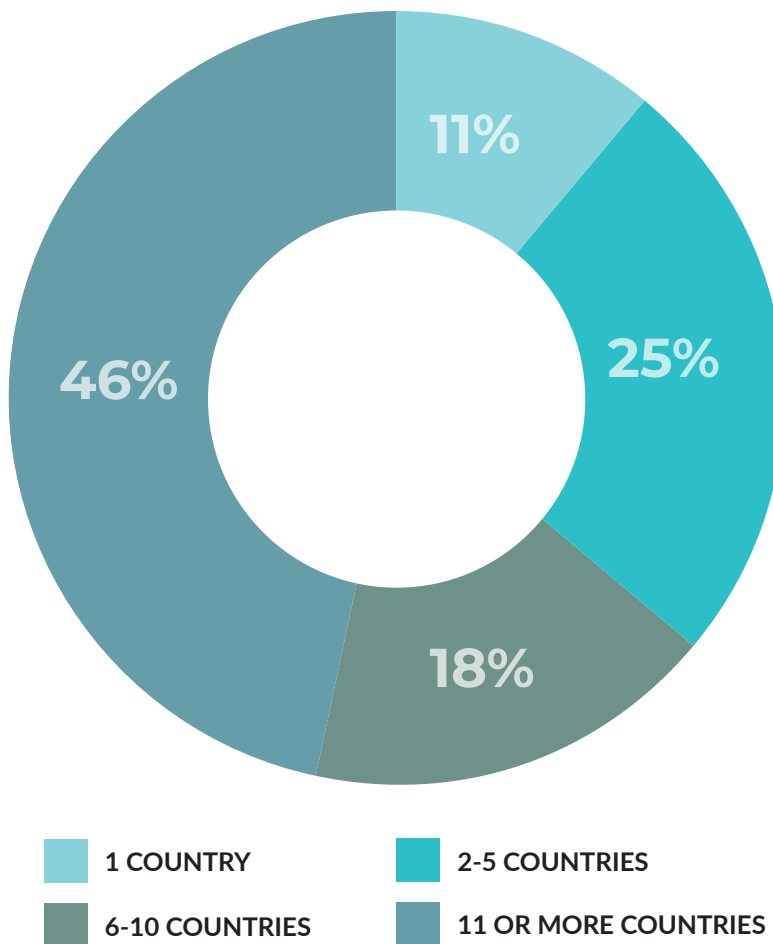
## INDUSTRY SECTOR

A diverse spread of twenty-six industry sectors were represented in the survey. Financial services were the most numerous, making up 12% of the total. This was followed by food and beverage companies (8%) and technology and manufacturing, each with 6% of respondents. Meanwhile, construction and materials represented 5%,



## COUNTRIES OF OPERATION IN EUROPE

Almost half of respondents (46%) have an extensive presence in Europe, operating in 11 or more countries. One in four companies (25%) were active in between two and five European countries. Those companies with larger annual turnover tend to have a wider footprint, although one company in the €25m-€100m bracket operates in over 11 countries across the region.

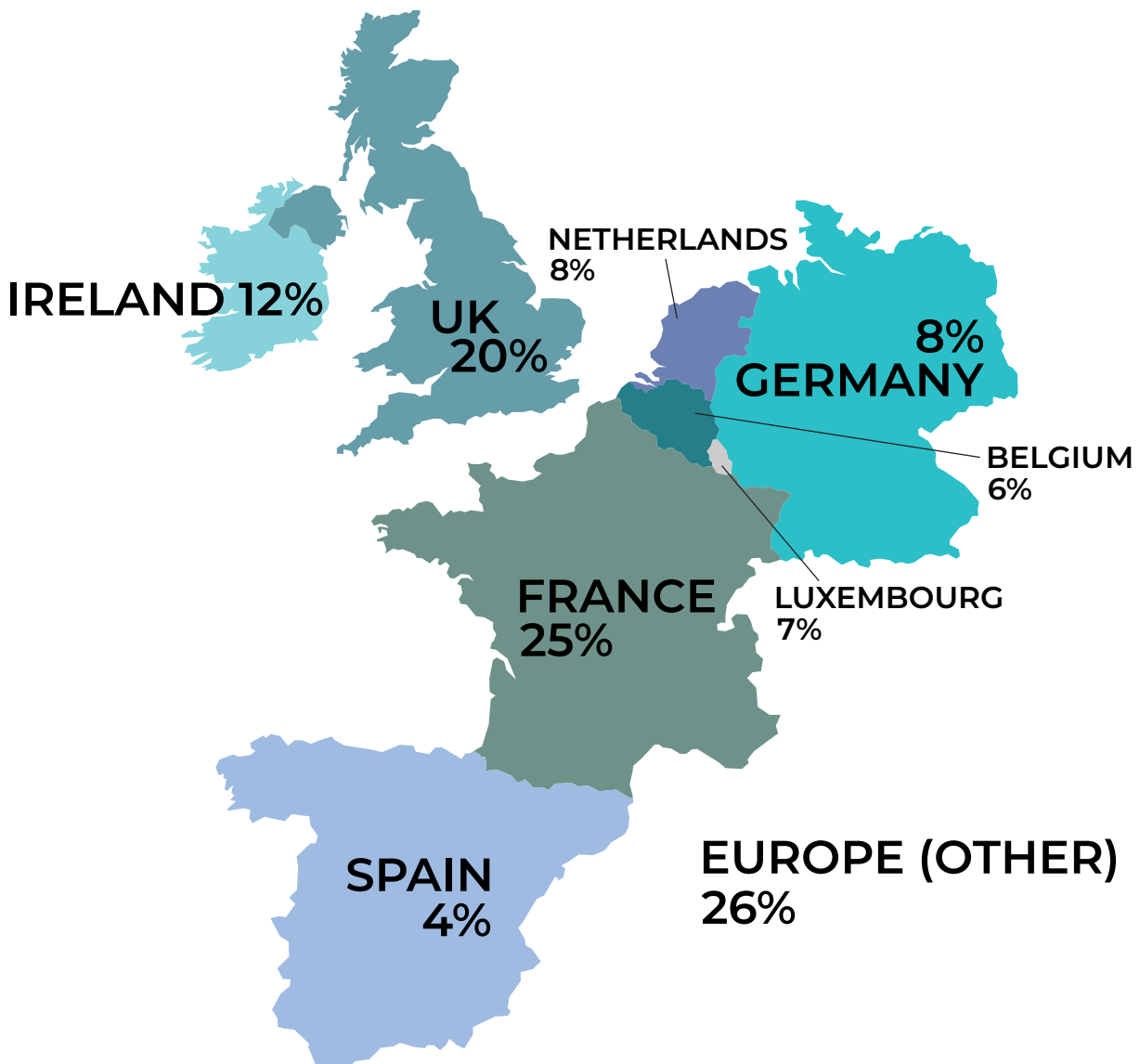




1

## LOCATION OF TREASURY FUNCTION/ EUROPEAN TREASURY HUB

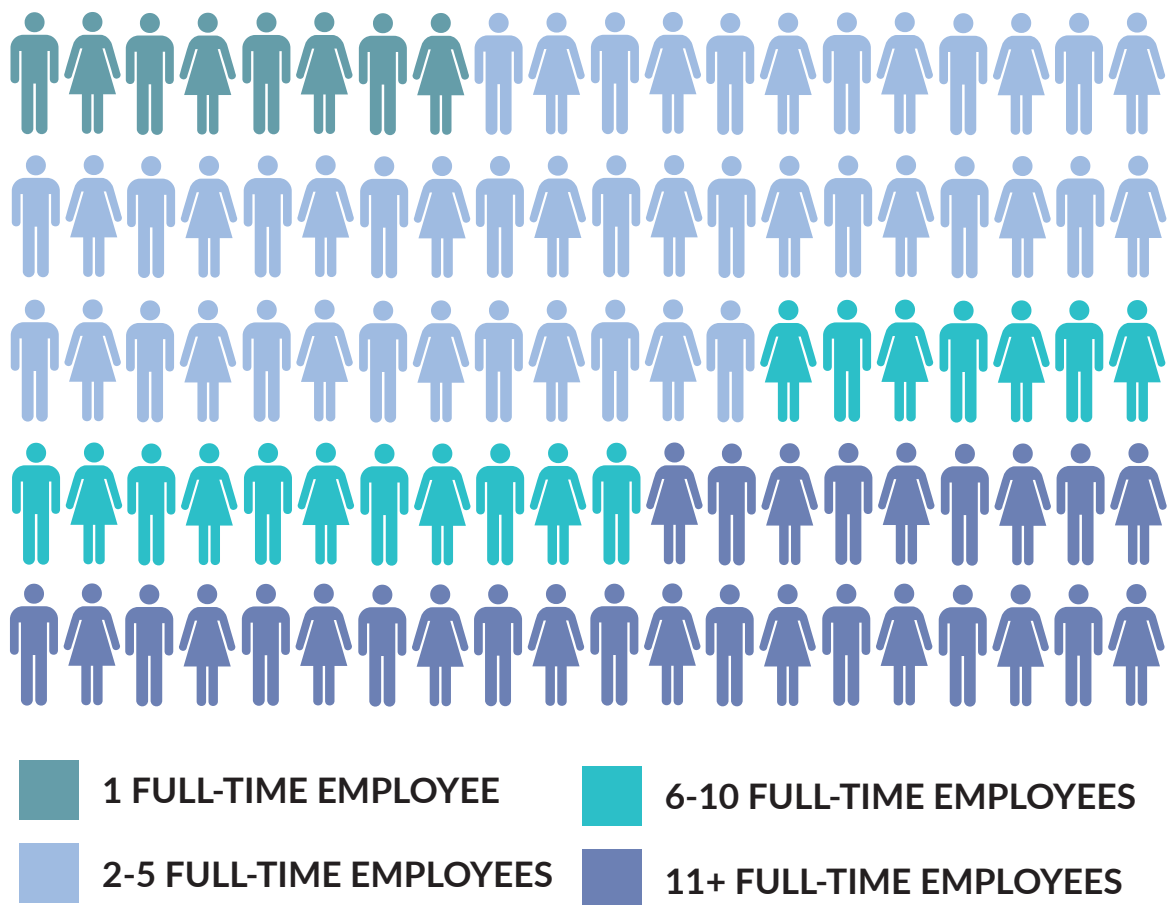
France was home to the European treasury operations of one in four (25%) respondents. Meanwhile, the UK was a popular location, garnering 20% of responses. Just 4% use Spain as their European treasury hub. Other locations cited by respondents included Croatia, Hungary, Italy and Switzerland. A handful of companies ran their European treasury operations from the US, while others chose the UAE and Africa. Some companies have multiple hubs.



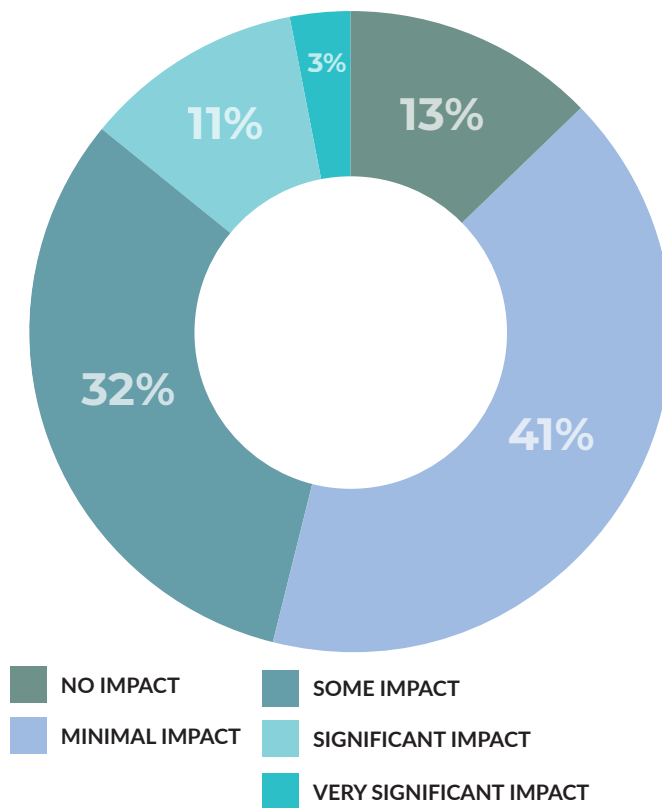
## SIZE OF TREASURY FUNCTION

A large proportion (45%) of companies have between two and five full-time treasury employees. Twenty-nine percent of corporates employ 11 or more FTEs in treasury and 8% have just one employee working full-time.

Unsurprisingly, there is a strong correlation between the size of annual turnover and the number of people working in treasury. That said, three companies with turnover in excess of €25bn have just 2-5 FTEs. And two companies in the €25-100m turnover bracket have over 11 treasury employees. This could potentially be a reflection of the level of digitisation and automation within those treasury functions.

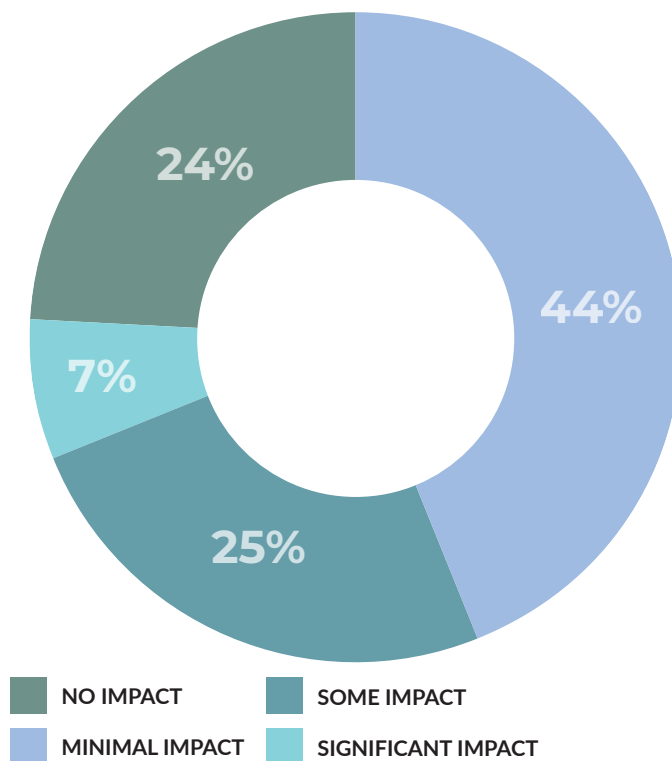


## HOW WOULD YOU RATE THE IMPACT OF BREXIT ON YOUR WIDER BUSINESS?



Somewhat surprisingly, 41% said that the impact of Brexit on their business had been minimal. Thirty-two percent felt some impact from the UK leaving the EU and just 3% reported very significant impact. Interestingly, 13% had experienced no impact at all. Of those who reported no impact, 38% only operated in one country in Europe, so this goes some way to explaining the absence of knock-on effect from Brexit.

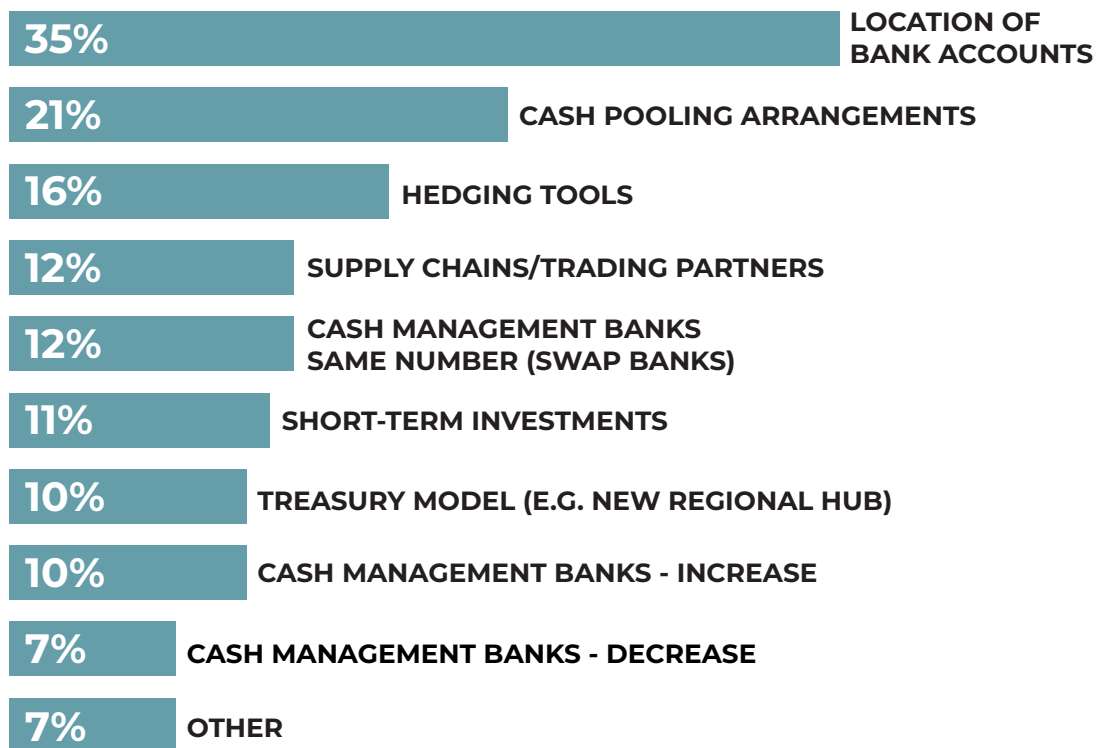
## HOW WOULD YOU RATE THE IMPACT OF BREXIT ON YOUR TREASURY OPERATIONS?



Again, minimal impact had been experienced by a substantial proportion of respondents, 44% of the total. One in four treasuries reported some impact, while 24% felt no impact. In positive news, no treasury function was experiencing a very significant impact from Brexit.

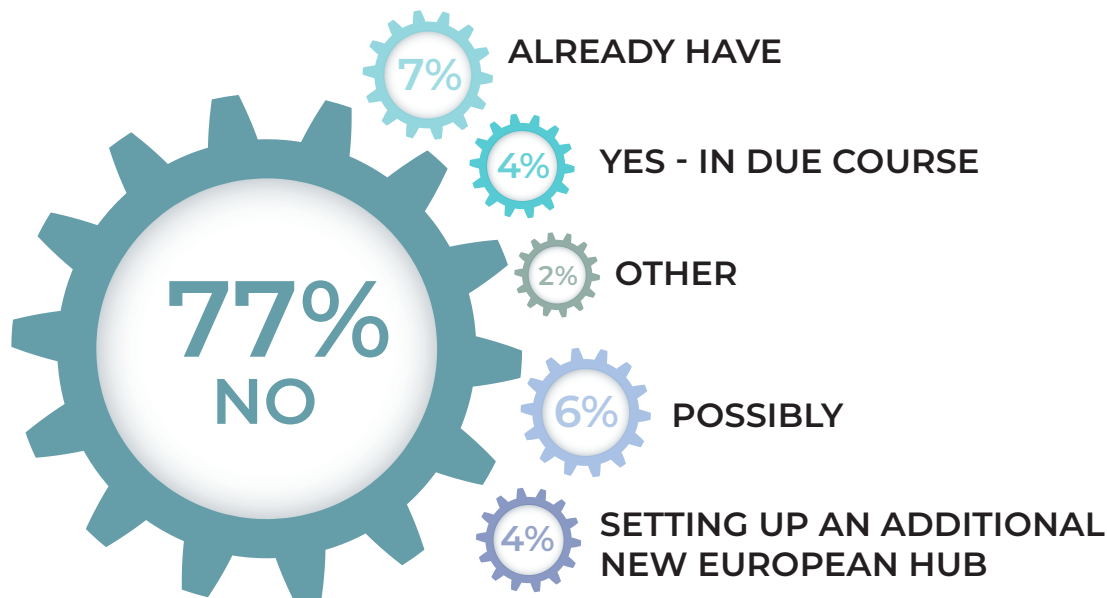
## WILL YOU BE MAKING CHANGES TO ANY OF THE FOLLOWING IN THE WAKE OF BREXIT?

Bank account locations will change for 35% of respondents as a result of Brexit. And 21% are looking to review cash pooling arrangements. Cash management banking partners will also shift for numerous treasury functions: 12% are looking to swap banks, but keep the same number of banking partners in their pool; 10% would like to increase partners and 7% would like to decrease banks. Changing the treasury model, for example setting up a new regional hub, was a priority for 10% of respondents.



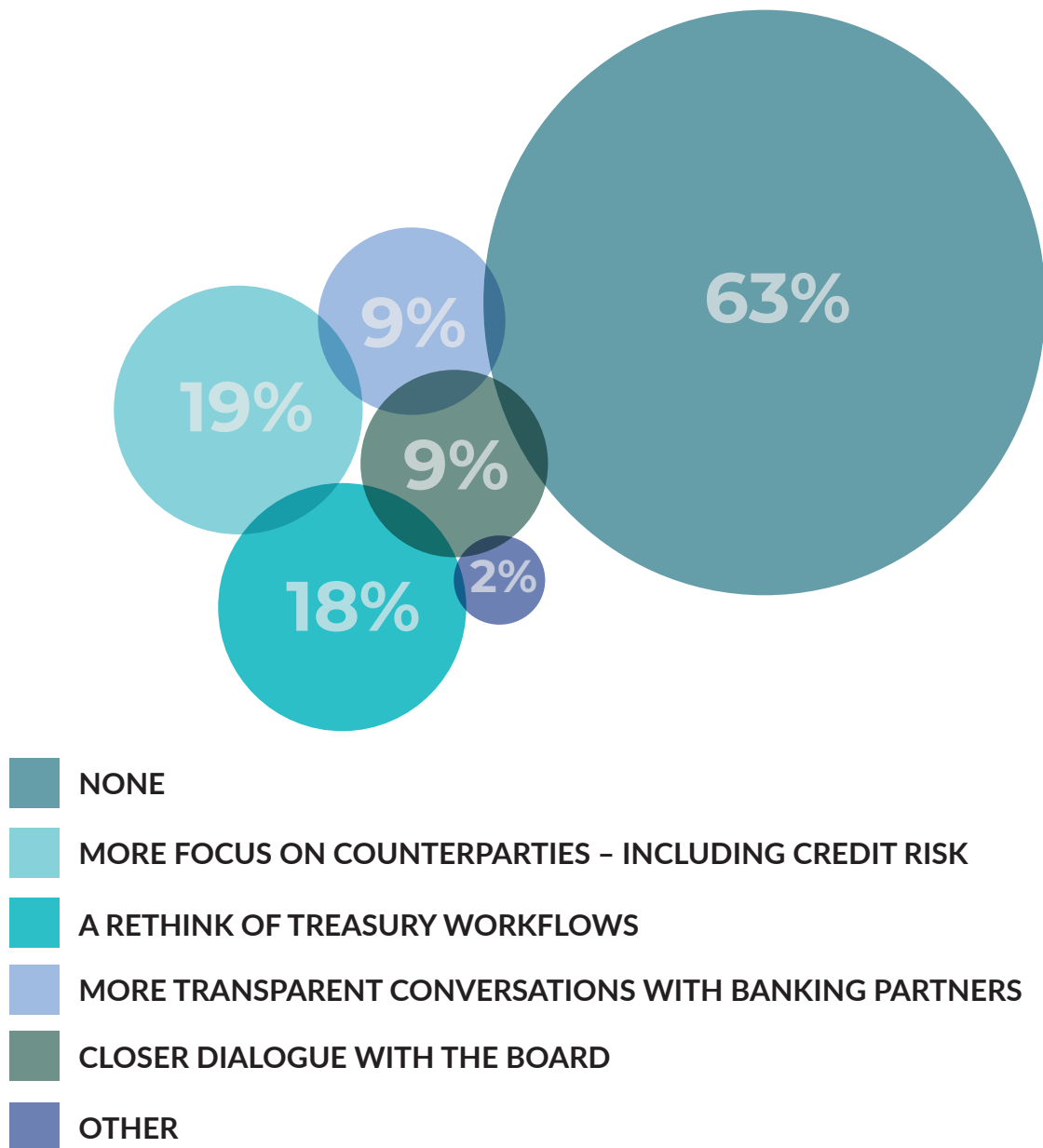
## IF YOU CURRENTLY HAVE TREASURY OPERATIONS IN THE UK WILL YOU BE MOVING THEM TO EUROPE?

'No', was the overwhelming response from 77% of participants. Six percent were still undecided, while 7% had already made the switch and 4% had plans in the pipeline. Another 4% were looking to set up an additional European hub. One respondent in the 'other' category said they would be moving treasury operations to mainland Europe for non-GBP currencies.



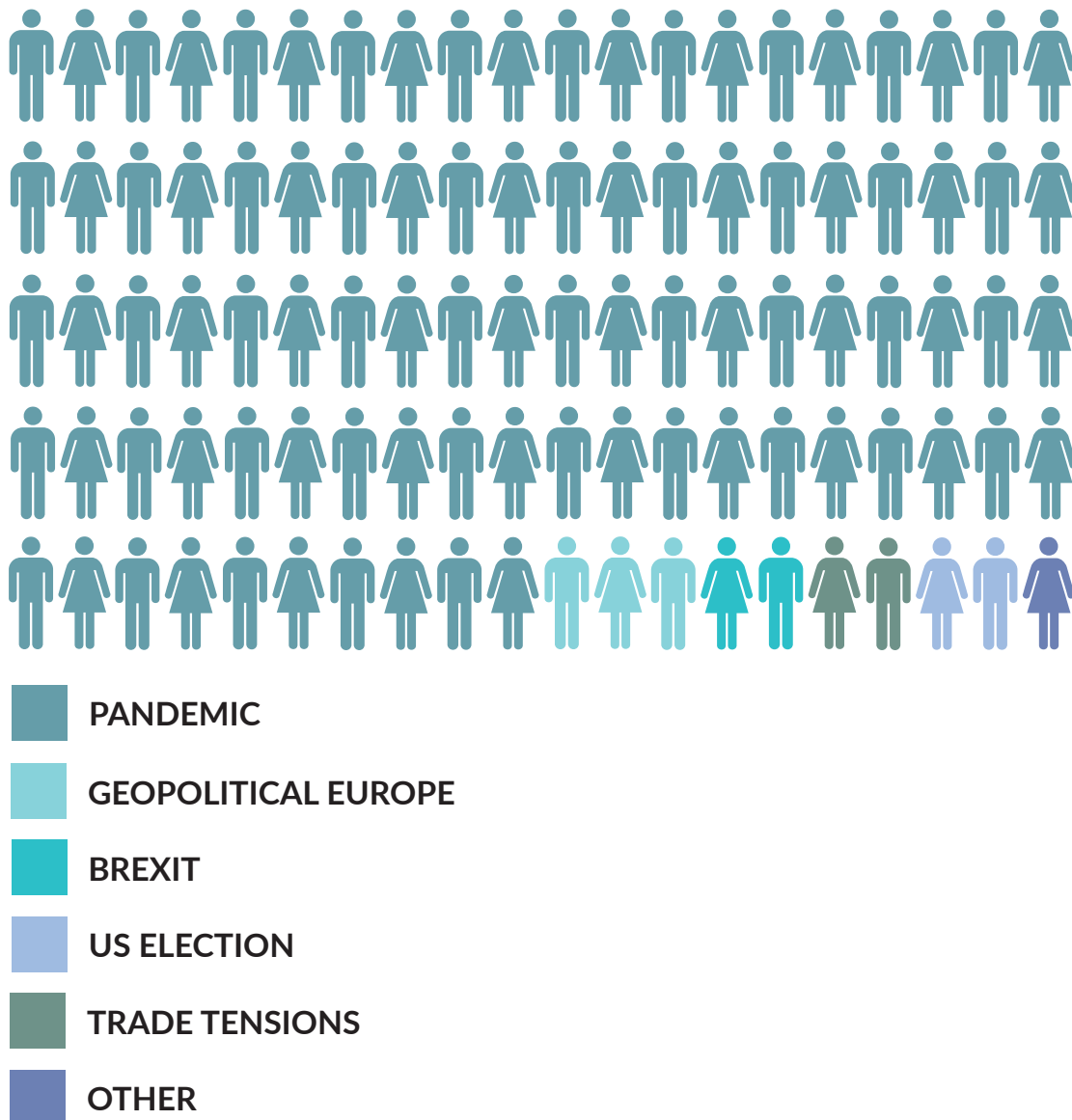
## WHAT OPPORTUNITIES HAS BREXIT OPENED UP FOR YOUR TREASURY FUNCTION?

Nearly two-thirds of participants (63%) felt that Brexit had provided them with no new treasury opportunities. On a more positive note, however, 18% have used the momentum to re-engineer treasury workflows. Greater scrutiny over counterparties is an additional improvement resulting from the UK leaving the EU, for 19%. Improved communication with stakeholders, such as banking partners and the board, is another silver lining.



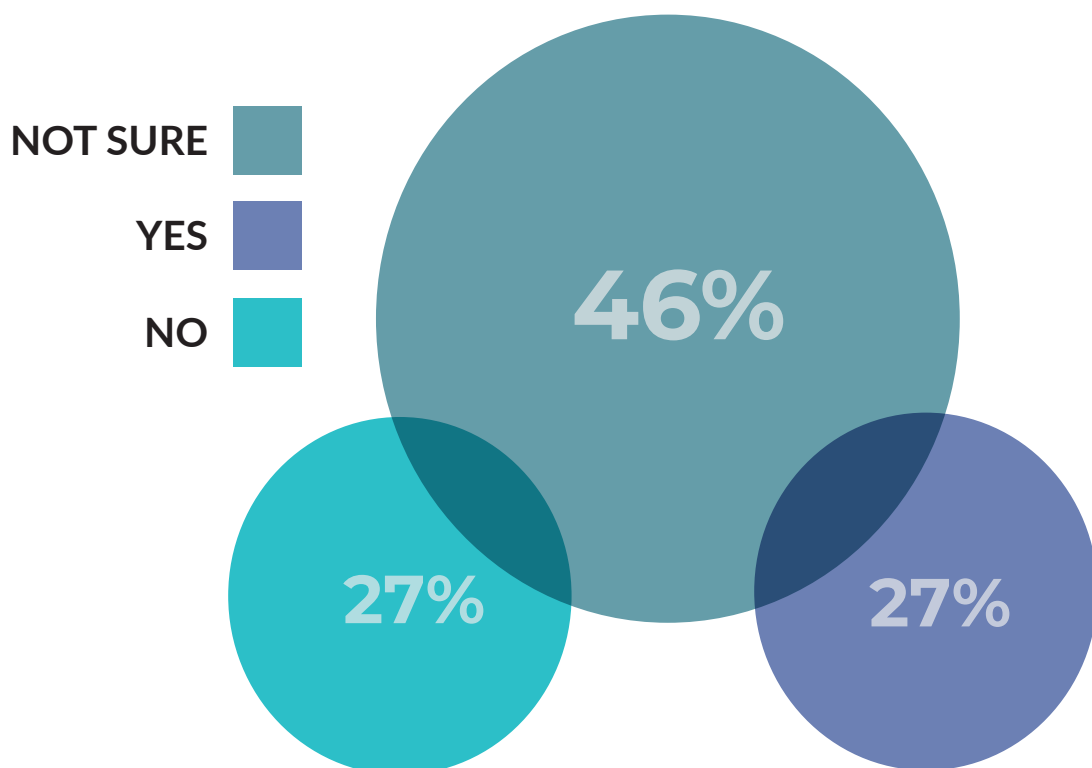
## WHAT IS YOUR MAIN GEOPOLITICAL CONCERN FOR 2020?

No prizes for guessing how this question was answered: 9 out of 10 respondents put the pandemic at the top of their list. Geopolitical Europe and the US election trailed far behind with 3% and 2% respectively. Combined, Brexit and trade tensions only concerned 4% of companies.



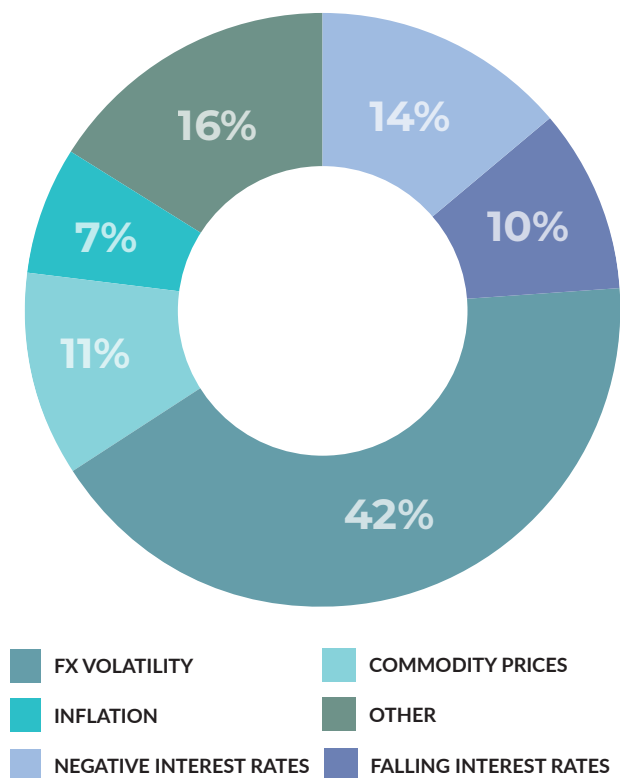
## WITH THE CHALLENGING ENVIRONMENT FOR GLOBAL TRADE, DO YOU SEE AN INCREASED NEED FOR TRADE AND WORKING CAPITAL FACILITIES IN THE YEAR AHEAD?

Uncertainty reigned among respondents to this question – almost half (46%) were unsure about their future needs. The numbers saying ‘Yes’ and ‘No’ were neck and neck at 27% each. Among those responding in the affirmative, the majority were looking for working capital support, in particular revolving credit facilities (RCFs). A handful were also looking for trade and supply chain finance solutions.





## WHAT IS YOUR TOP MACROECONOMIC CONCERN FOR 2020?



FX volatility came in at well over twice any other concern, chosen by 42% of respondents. There was no differentiation in company size among those concerned about FX volatility – and the worry cut across industry sectors also. Nevertheless, over half (52%) of those companies concerned about FX volatility operate in over 11 countries in Europe. Among the 16% of respondents who opted for ‘other’ macroeconomic issues, several highlighted the Covid-19 pandemic once again. Negative and falling interest rates were also a major concern for 14% and 10% respectively.

## WITH THE CURRENT LEVEL OF VOLATILITY IN THE FX MARKET DO YOU THINK YOU WILL HEDGE MORE IN THE YEAR AHEAD?

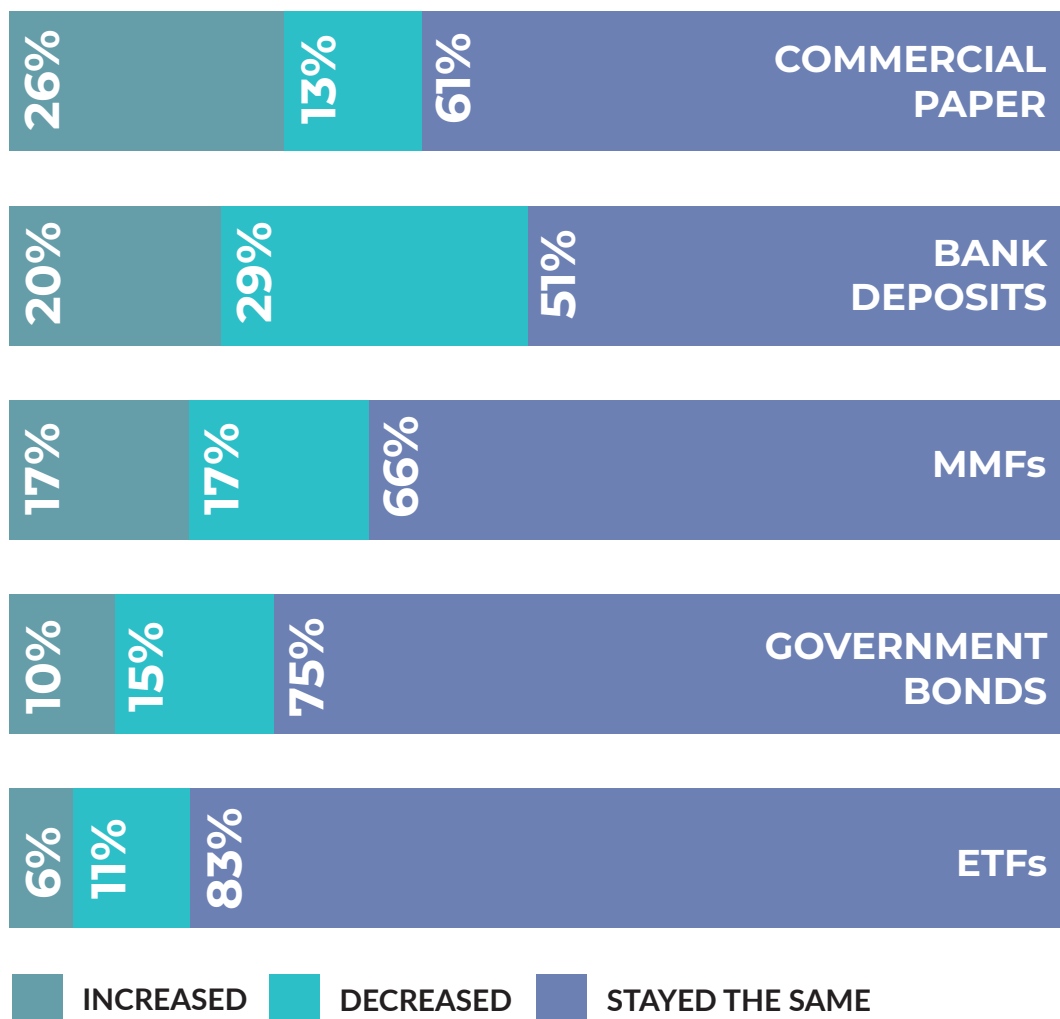
Despite the level of concern about FX volatility demonstrated by the answer to the question above, 43% said that they would not hedge more in the coming year. Almost one third of participants were unsure about their future hedging arrangements, perhaps reflecting the level of market uncertainty at the time of conducting the survey (April-May 2020). Just over a quarter of respondents (26%) intend to increase their hedging, across a wide spread of industry sectors – although financial services firms and companies in the pharmaceuticals and biotech sectors, as well as construction and materials, and telecommunications, were most frequently represented.



## 3

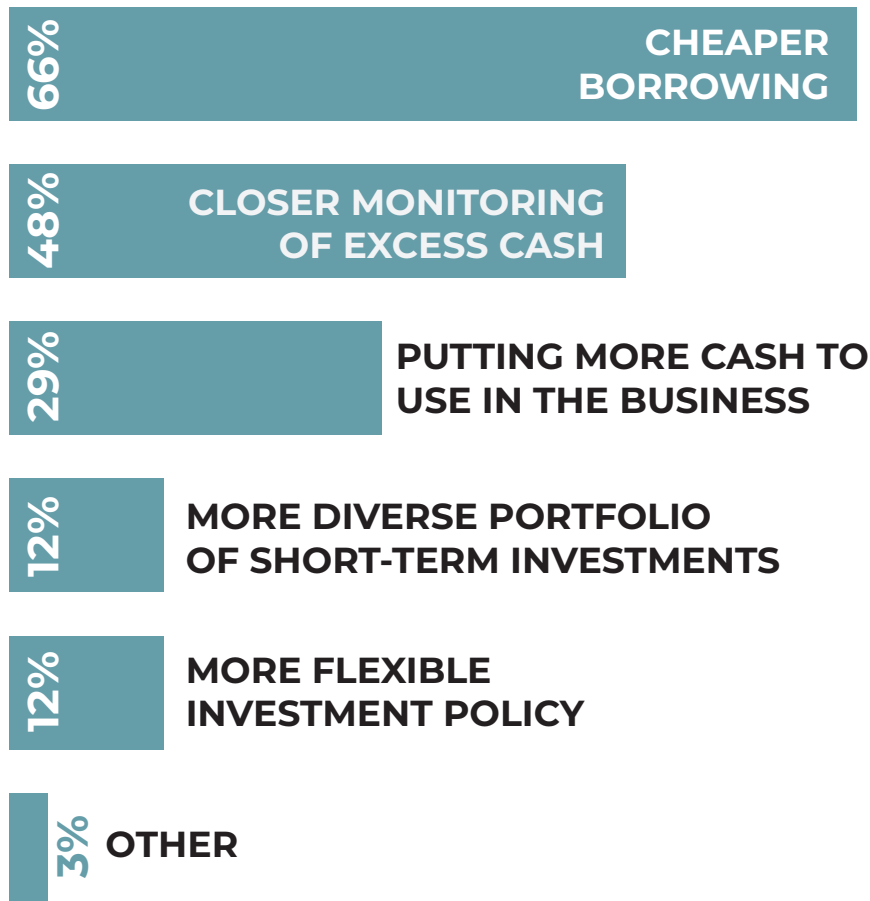
## HOW HAS THE ZERO AND NEGATIVE INTEREST RATE ENVIRONMENT IMPACTED YOUR USAGE OF SHORT-TERM INVESTMENT INSTRUMENTS?

The vast majority of respondents have not changed their short-term investment habits, despite the challenging interest rate environment. Nevertheless, 29% have reduced their usage of bank deposits and one in four (26%) have increased their investments in commercial paper. Those companies purchasing more commercial paper tend to be larger corporates – with 47% posting annual turnover in excess of €10bn. Interestingly, Money Market Funds (MMFs) are showing an equal number of inflows and outflows at 17% each. The majority of MMF inflows (38%) are originating from UK treasury teams, whereas French treasurers are (31%) leading the MMF divestment trend.



## DO YOU BELIEVE NEGATIVE INTEREST RATES HAVE HAD ANY POSITIVE IMPACTS ON YOUR CASH AND LIQUIDITY MANAGEMENT?\*

Two out of three respondents (66%) have benefitted from cheaper borrowing as a result of negative interest rates. Other positives coming out of the sub-zero rate environment were closer monitoring of excess cash (48%) and the ability to invest more in the business (29%) – the latter was a particular focus for financial services firms as well as construction and materials businesses and those in the industrial goods and services sector. Among the 12% of respondents that had increased the range of short-term investments they use, one in five came from the construction and materials sector.

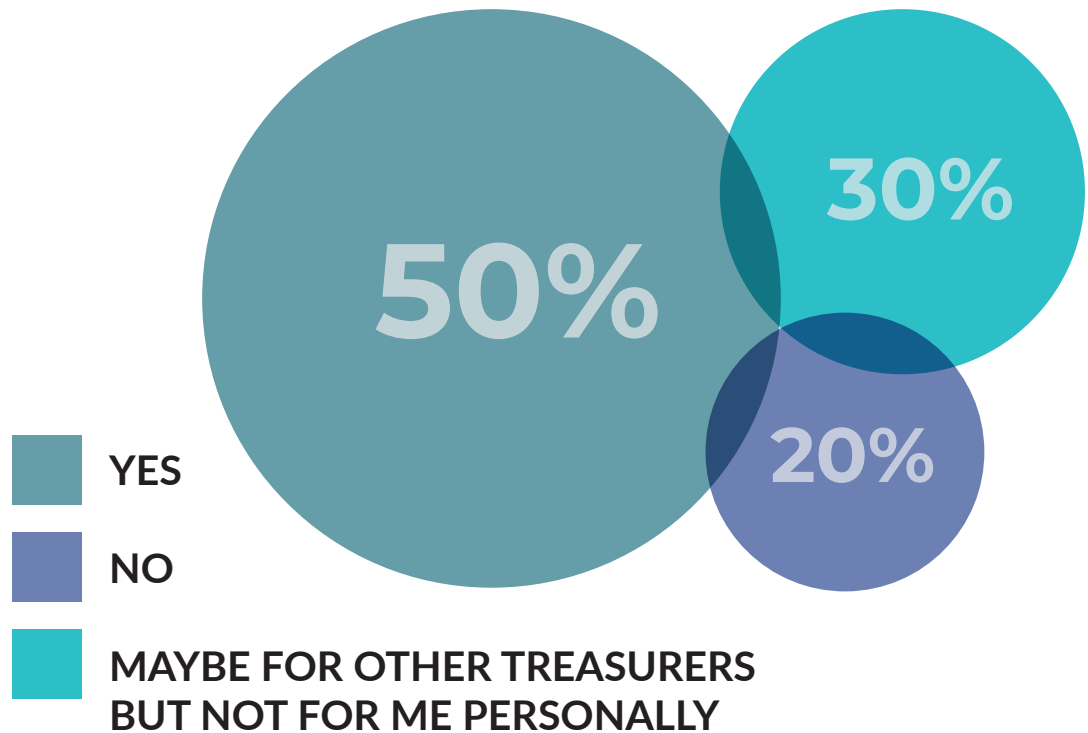


\* Multiple responses permitted.

## 3

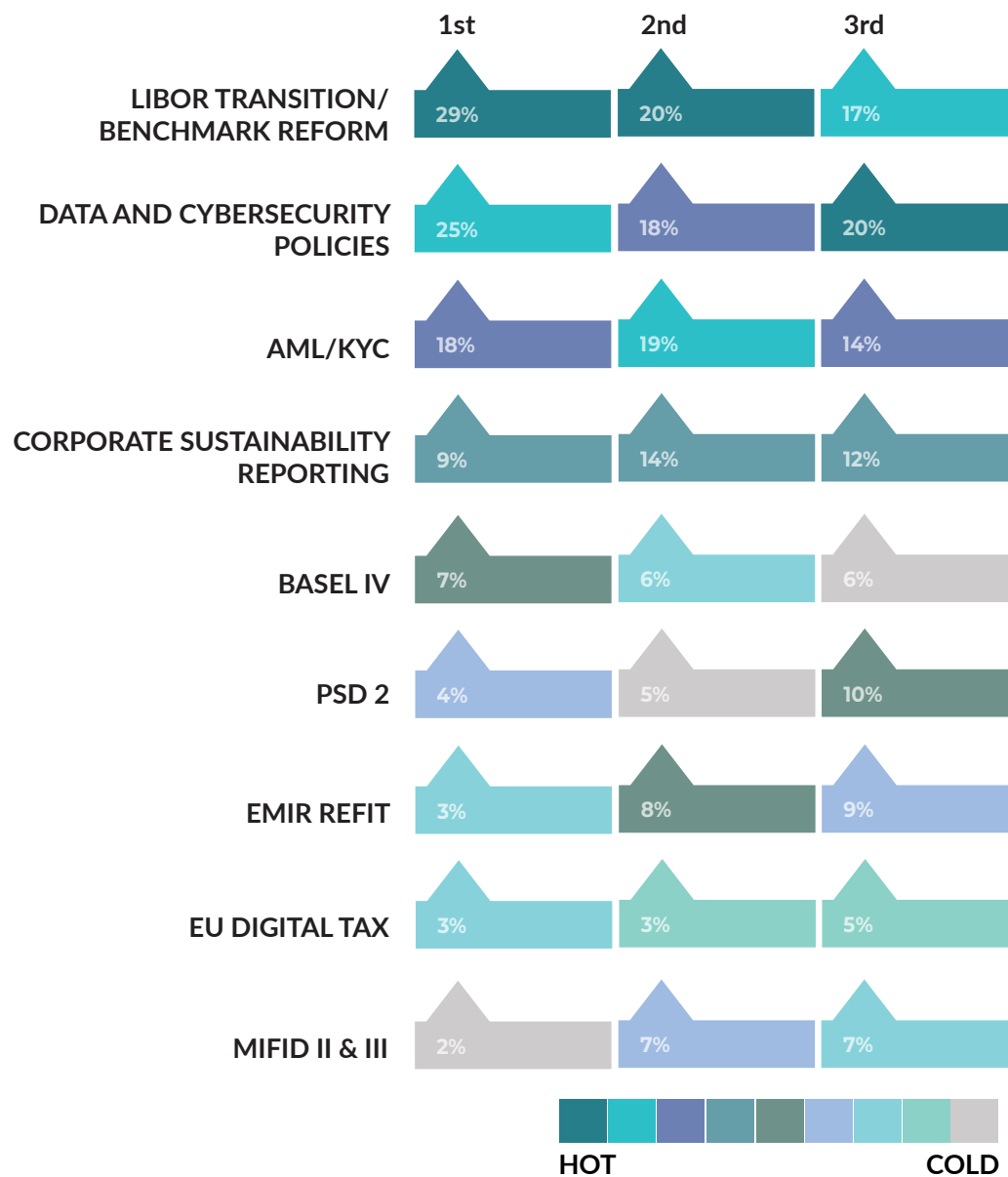
## OVER THE NEXT TWELVE MONTHS, DO YOU BELIEVE THAT ESG OR 'GREEN' CRITERIA WILL BECOME MORE IMPORTANT WHEN CHOOSING SHORT-TERM INVESTMENTS?

It was positive to see that one in two respondents believe ESG criteria will become more important in the selection of short-term investments in the year ahead. The 20% who said 'no' came from a variety of industry sectors and turnover brackets, although zero companies with turnover of €25-100m selected this option.



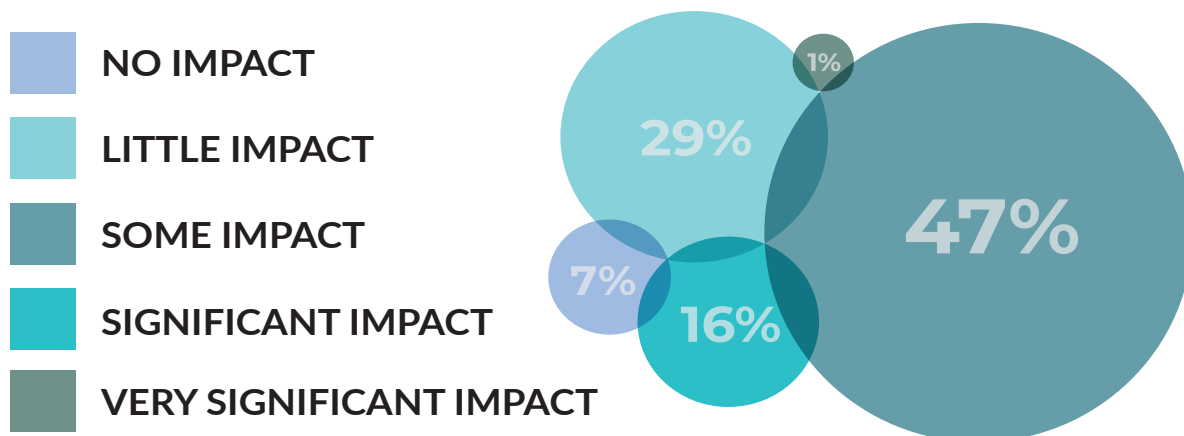
## WHAT ARE YOUR TOP THREE REGULATORY/ POLICY CONCERNS FOR 2020?

LIBOR transition/benchmark reform was the number one concern for 29% of respondents, while data and cybersecurity policies were the chief anxiety for 25%. AML/KYC was also a common top concern, with almost one in five (18%) picking this option. It was interesting to see that the levels of concern around Corporate Sustainability reporting outweigh those associated with initiatives such as the EMIR Refit.



## HOW SIGNIFICANT AN IMPACT WILL REGULATORY DEVELOPMENTS HAVE ON YOUR EUROPEAN TREASURY OPERATIONS IN 2020?

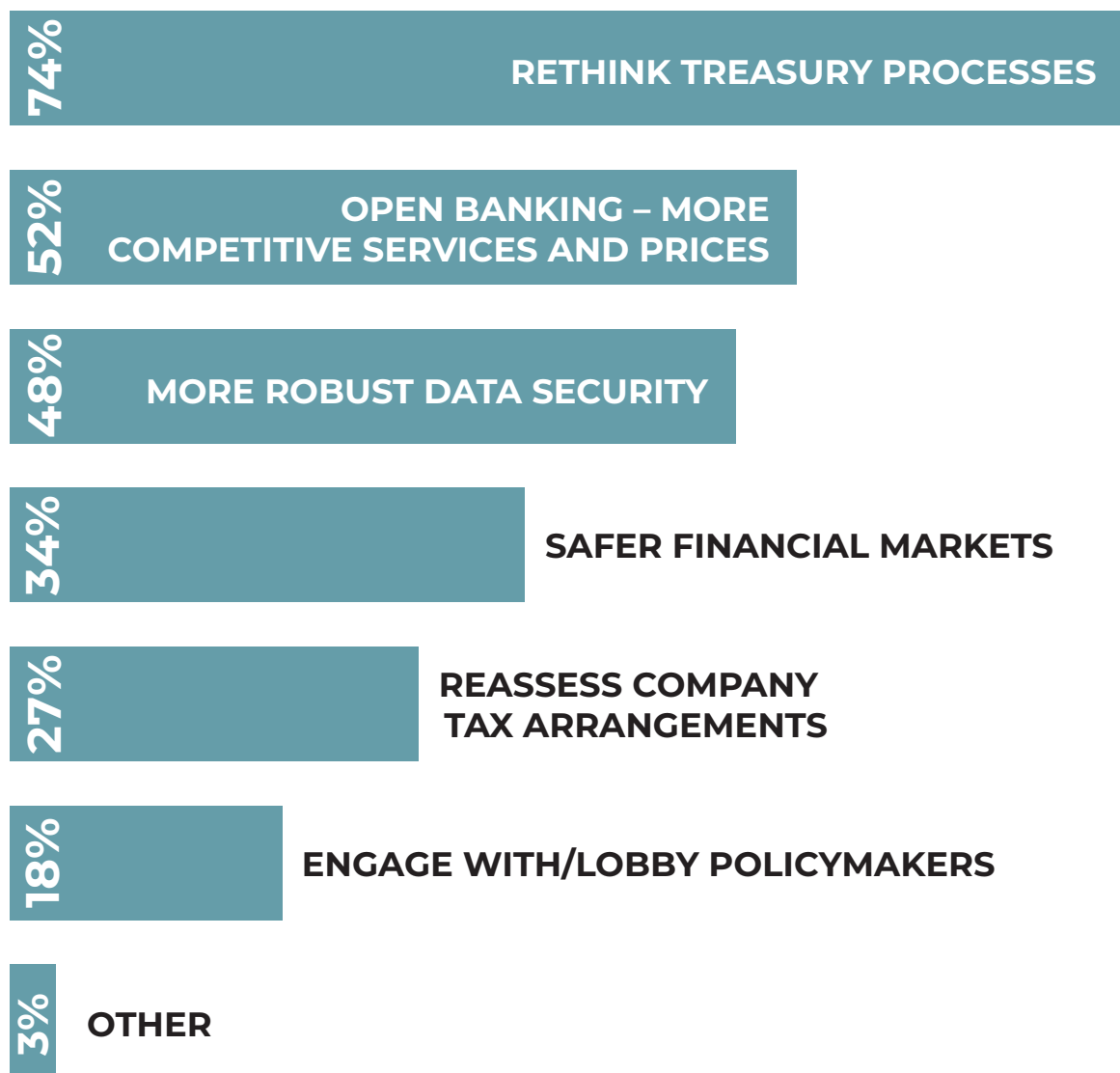
Only 1% anticipated that regulations would have a very significant impact on their treasury operations this year. Unsurprisingly, the 1% came solely from the financial services sector. Perhaps more remarkably, 7% believed that regulatory developments would have no impact at all – with French and UK companies making up over two-thirds of those seemingly unaffected. Almost half (47%) acknowledged that ‘some impact’ would be experienced.



## WHAT OPPORTUNITIES DO YOU SEE ARISING FROM REGULATORY CHANGE?

While regulations can be burdensome, there are potential opportunities too.

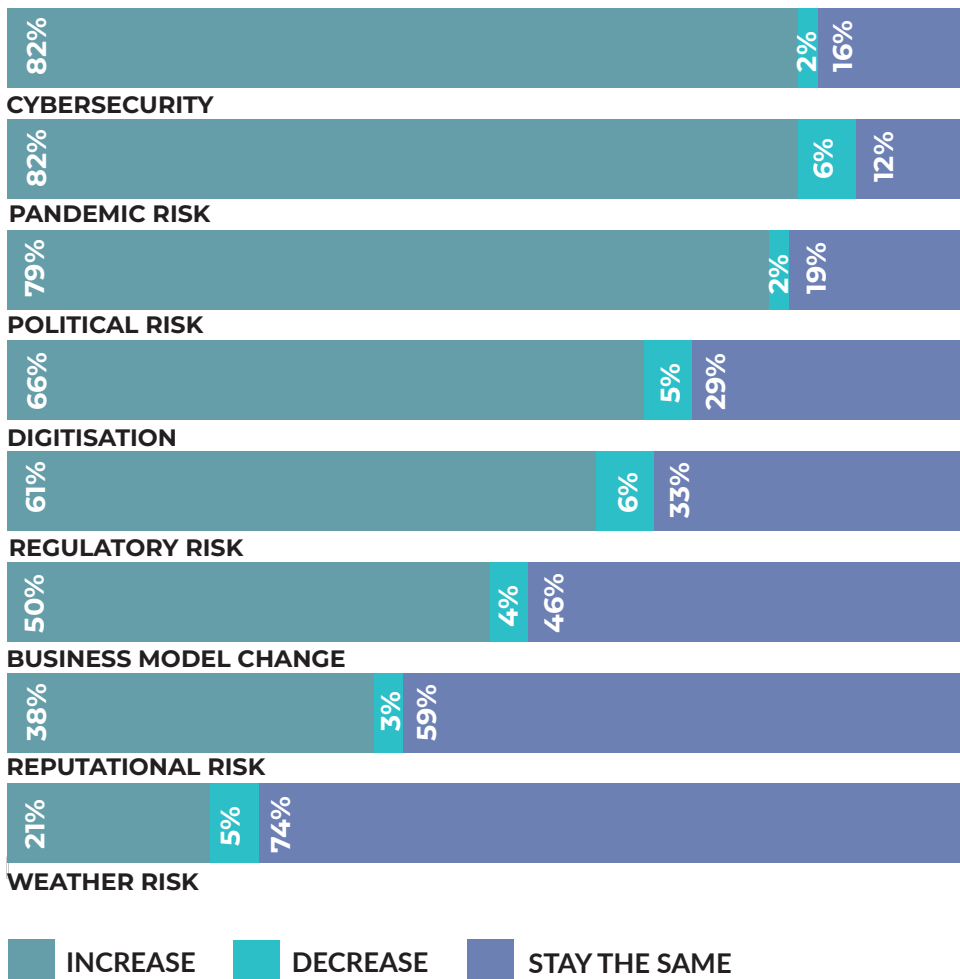
Almost three-quarters (74%) felt that the momentum behind regulatory change could lead to re-assessing treasury processes. Over half (52%) were also hoping that banking services and prices might become more competitive as a result of open banking regulation. The 3% who responded 'other' were more pessimistic, believing there were no opportunities.



## TO WHAT EXTENT DO YOU BELIEVE THE FOLLOWING RISKS WILL CHANGE – IN TERMS OF THEIR IMPACT ON TREASURY – OVER THE NEXT TWELVE MONTHS?

The Covid-19 pandemic and cybersecurity threats jointly headed the list of risks viewed as most likely to increase, each chosen by 82%. The two risks are also intertwined, with the pandemic leading to an increase in cyber-attacks. Political risk was also high on the list (79%) of increasing concerns, as was digitisation (66%) and business model change (50%). The top three sectors where reputation risk is predicted to increase are financial services, food and beverage, and construction and materials.

Weather risk was the least likely to change, according to 74%. The numbers predicting decreased risks in other areas were tiny, ranging from 6% for both pandemic and regulatory risk down to 2% for political risk and cybersecurity risk.





## WITH THE ADVENT OF DIGITISATION, HAVE YOU: REVIEWED YOUR PAYMENT METHODS; REVIEWED YOUR COLLECTIONS; MADE MORE USE OF REAL TIME/INSTANT PAYMENTS?

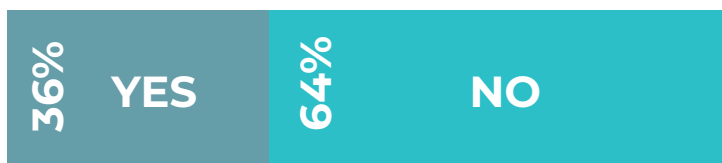
Over two-thirds of treasurers (68%) have already reviewed their payment methods in the new digital era. However, just over one-third (36%) have made more use of instant payments. Aside from financial services, the top sectors using real-time payments were travel and leisure and pharmaceuticals and biotech. Although 59% had reviewed their collection methods, there is still room for improvement in the remainder.



REVIEWED YOUR PAYMENT METHODS



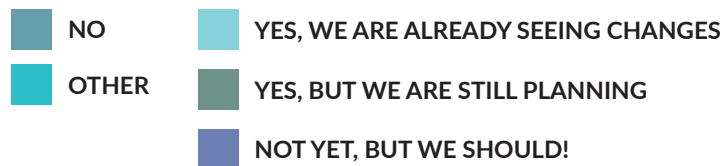
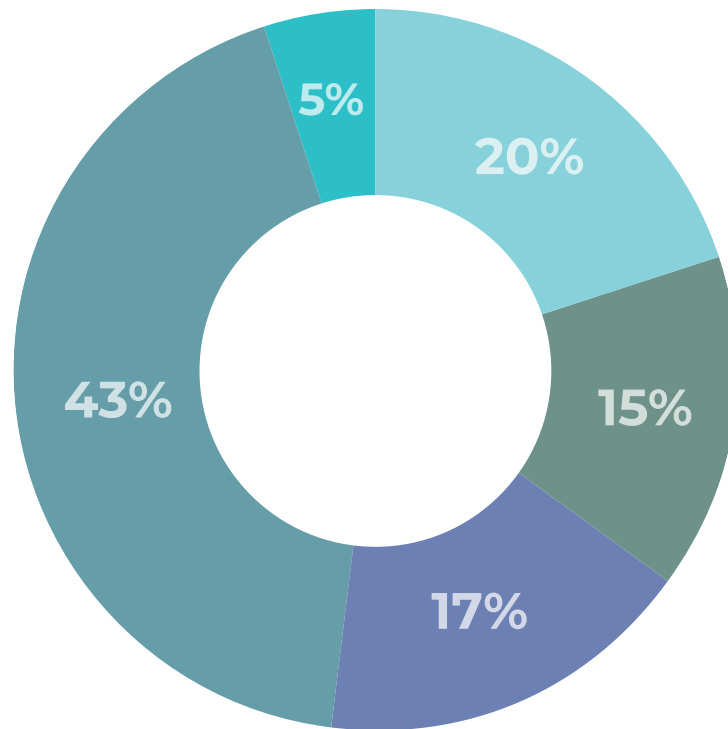
REVIEWED YOUR COLLECTION METHODS



MADE MORE USE OF REAL TIME/INSTANT PAYMENTS

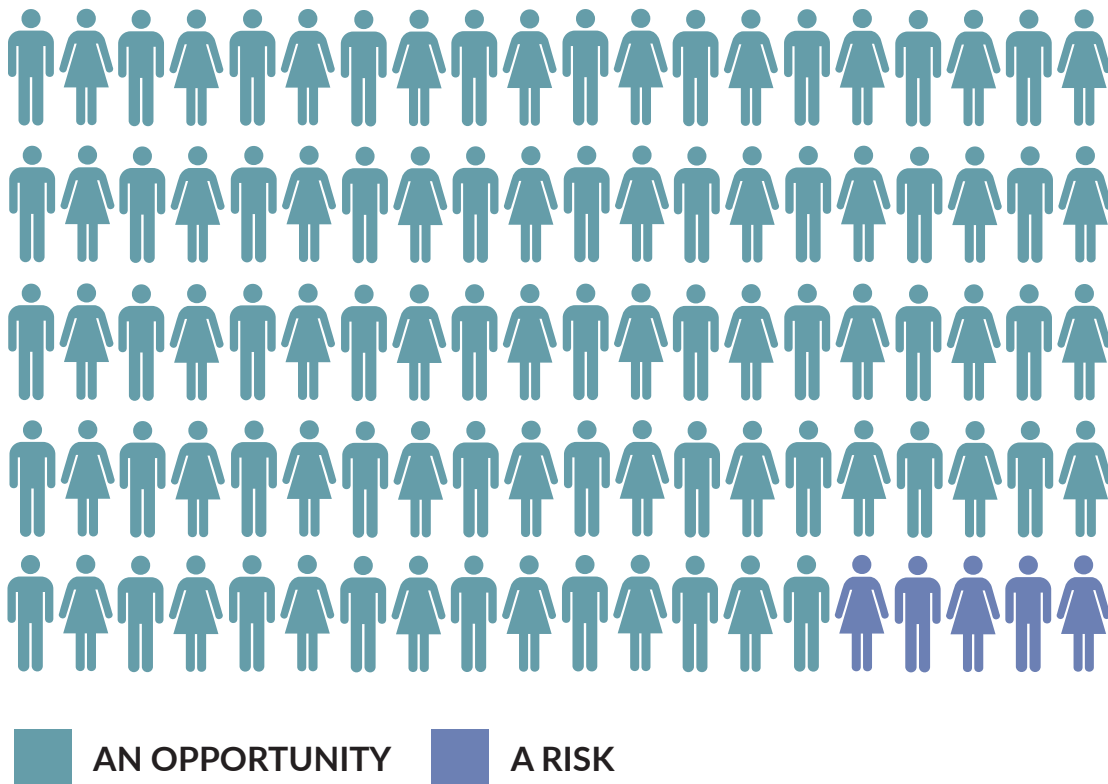
## HAVE YOU CONSIDERED HOW CHANGES IN CONSUMER/BUSINESS HABITS TOWARDS LEASING RATHER THAN BUYING GOODS (CIRCULAR ECONOMY) MIGHT IMPACT FUTURE CASH FLOWS – AND THE BALANCE SHEET?

More than four in ten (43%) treasury functions have not yet considered the impact of the circular economy on cash flows. Among the 20% who have already seen this trend in action, leading sectors were: technology; construction and materials; food and beverage; and financial services. Of the 17% who admitted that they hadn't considered such changes, but ought to, the majority came from the industrial goods and services sector, with non-financial services companies just behind.

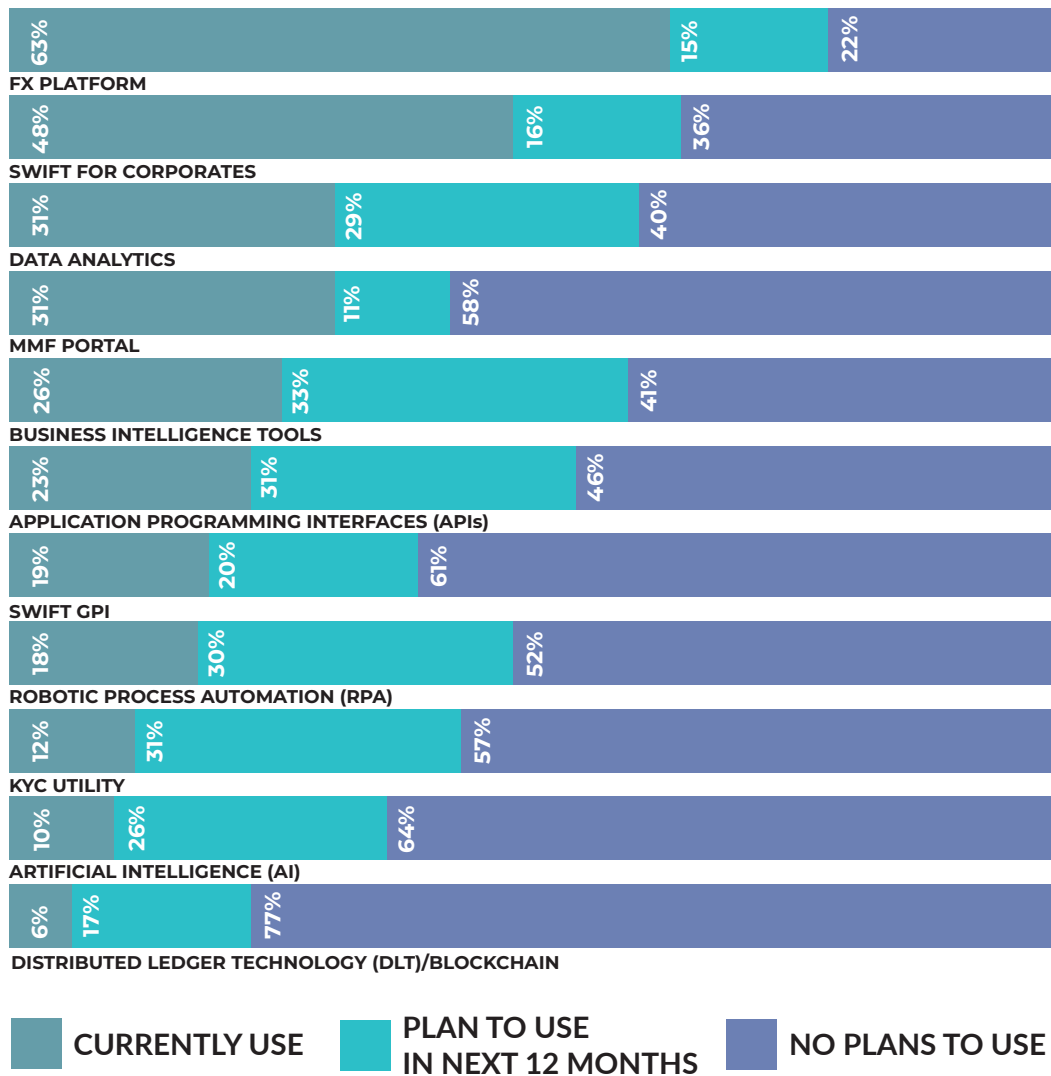


## ON BALANCE, DO YOU SEE TREASURY DIGITISATION AS A RISK OR AN OPPORTUNITY?

An overwhelming number of respondents (95%) have a positive mindset when it comes to digitisation. Of the 5% who feel it constitutes a risk, one-third work in the manufacturing industry. Respondents in Ireland appeared to be most averse to digitisation, compared with their counterparts.



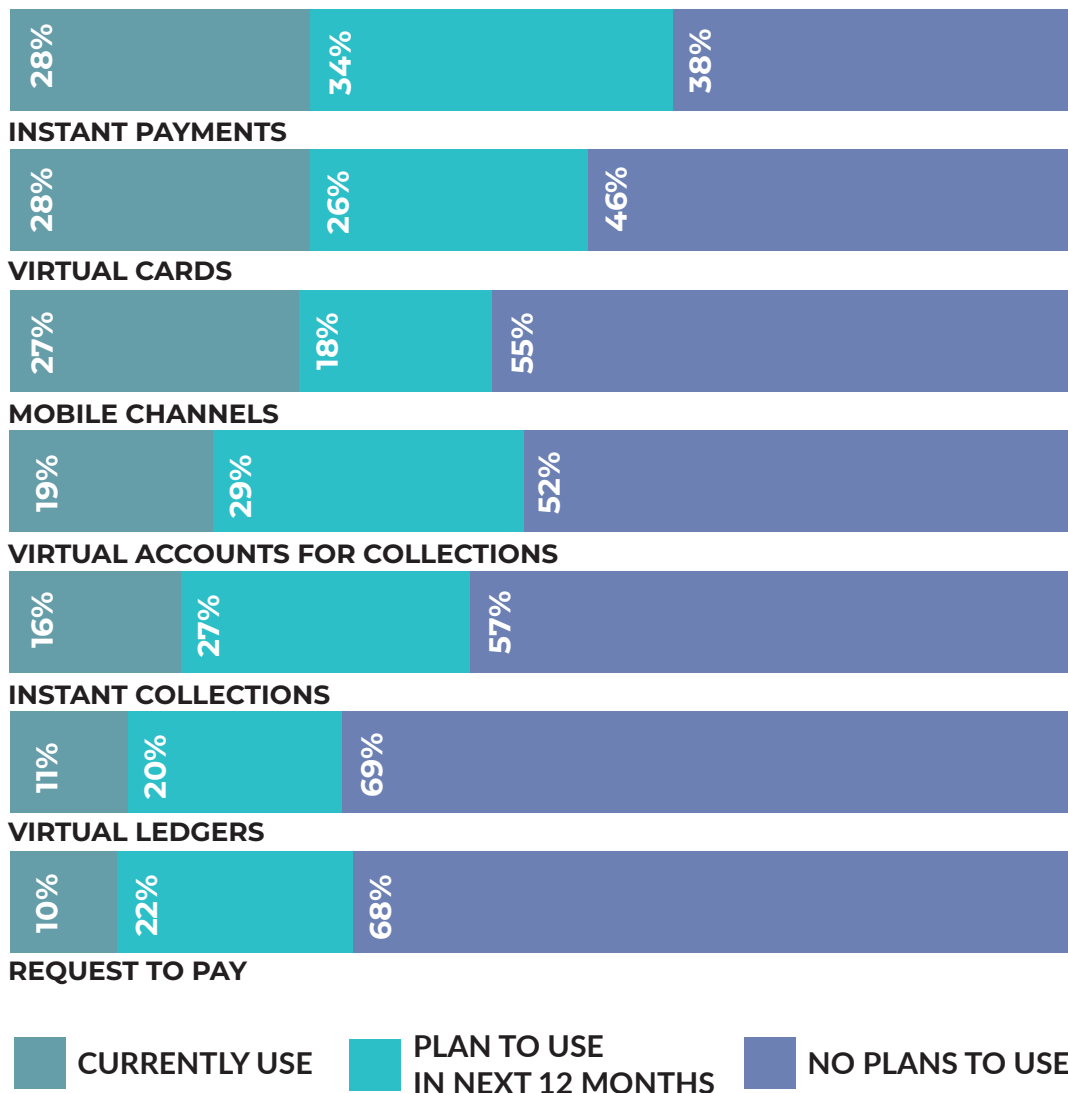
## WHICH OF THE FOLLOWING TREASURY TECHNOLOGIES DO YOU CURRENTLY USE OR PLAN TO START USING IN THE NEXT TWELVE MONTHS?



Respondents were given a list of 11 technologies to consider, and use of an FX platform headed the list of those which are in use already, with 63% benefitting from one. Almost half (48%) of treasury functions use SWIFT for Corporates and just over one quarter (26%) use Business Intelligence Tools. Of the 10% of respondents already using Artificial Intelligence, the majority work in the financial services sector, with media and construction and materials also well represented. The top three sectors planning to use blockchain in the next 12 months are transportation, manufacturing and financial services.

## WHICH OF THE FOLLOWING DIGITAL TREASURY TOOLS DO YOU CURRENTLY USE OR PLAN TO START USING IN THE NEXT TWELVE MONTHS?

Respondents were offered a list of seven different treasury tools. Instant payments and virtual cards were most popular, both being in use in 28% of treasury functions already. Although 27% of respondents already used mobile channels, only 18% plan to start using them in the year ahead. Request to Pay is still emerging, hence only 10% of respondents are currently using it. The sector with most respondents planning to use Request to Pay in the next 12 months is transportation.



## 6

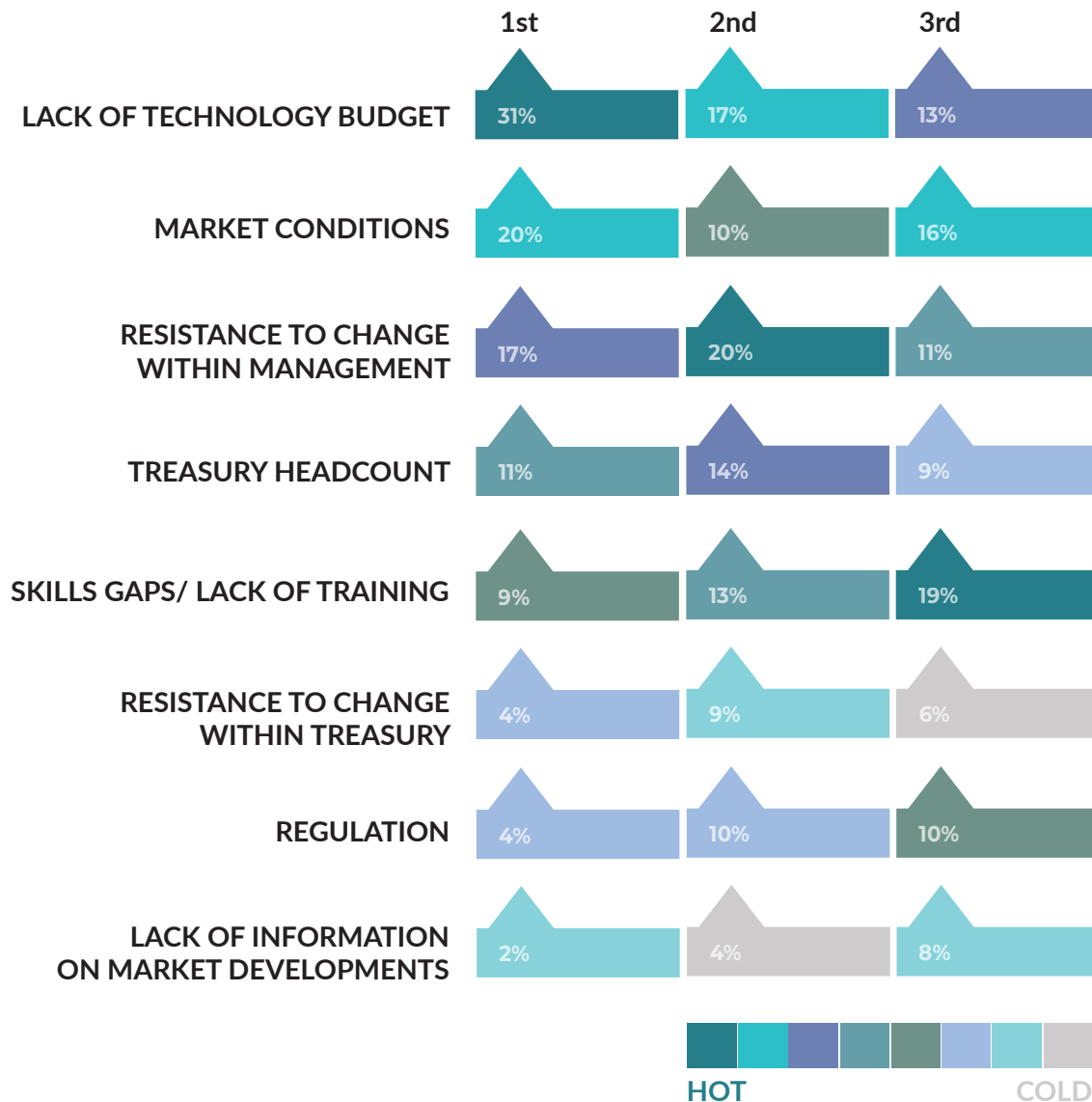
## WHAT IS YOUR OVERRIDING VIEW OF ROBOTS IN TREASURY?

Almost half (48%) of respondents to this question took a positive line, saying that robots would enable treasury to be freed up to be more strategic. However, the same amount felt that the value of robots would be limited to performing repetitive tasks. Only 3% said that they worry about their job because of robots – these respondents came from five different sectors: agriculture and fisheries; insurance; manufacturing; media; and travel and leisure.



## WHAT ARE THE TOP THREE HURDLES PREVENTING YOU FROM REACHING YOUR TREASURY GOALS OVER THE COMING TWELVE TO TWENTY-FOUR MONTHS?

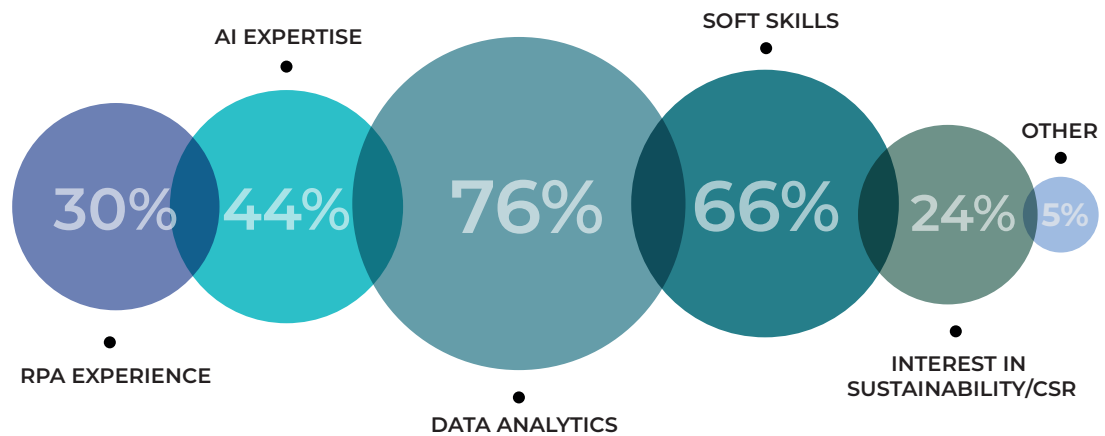
Lack of technology was identified as the top obstacle by 31% of respondents. Resistance to change within management, while third in the ranking as top obstacle, headed the list as a second choice for 20% of participants. Skills gaps/lack of training was the most frequently cited third preoccupation, being a hurdle for 19% of treasuries. The good news is that treasury functions appear well geared up for change, and have sufficient information on market developments.



## 7

## ARE THERE ANY NEW TRAITS/SKILLS YOU WILL BE LOOKING FOR IN FUTURE TREASURY RECRUITS – ASIDE FROM TECHNICAL KNOWLEDGE?

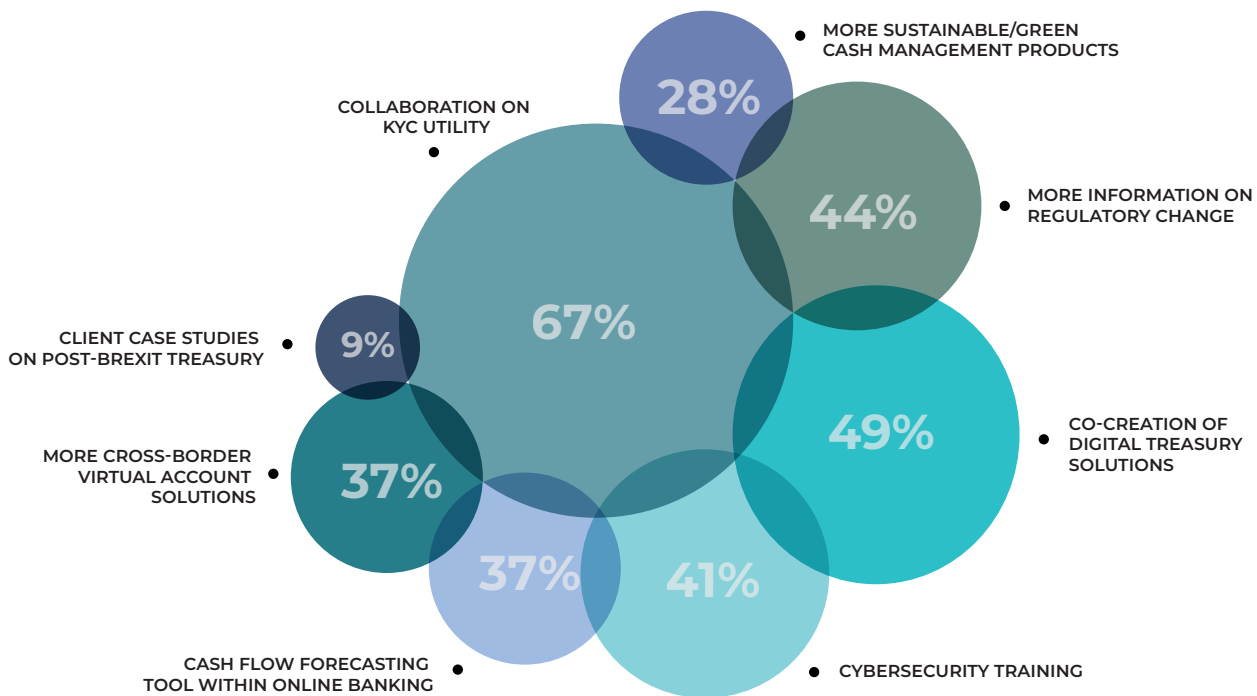
Three in four (76%) treasury leaders will be looking for any new recruits to be versed in data analytics. Meanwhile, two-thirds (66%) voted for soft skills and almost a quarter (24%) will be looking for future treasury employees to have an interest in sustainability/CSR. Among those respondents who selected 'other', one was searching for recruits strong in 'strategic thinking', while another wanted team members with 'an open mind'.





## IN WHAT WAYS WOULD YOU LIKE TO SEE CASH MANAGEMENT BANKS ASSIST TREASURERS IN MAKING THE MOST OF THE ‘NEW EUROPE’?

Collaborating on a KYC utility took pole position here, reflecting a widely felt concern among two in three (67%) respondents. Not far behind came ‘co-creation of digital treasury solutions’, cited by 49%. It was perhaps unsurprising that many treasurers were looking for additional information on regulatory change (44%), and further training on cybersecurity (41%). More remarkable was the appetite for sustainable/green cash management products, which was a priority for 28% of respondents.



---

# Getting Treasury in Shape for the New Normal

The new European landscape presents an interesting mix of risks and opportunities for treasurers. Overall, the survey results paint a positive picture of how treasury functions are preparing for the future – the majority are taking a proactive approach to change.

It is heartening to see leading treasury functions turning negatives into positives by using external developments as a chance to re-engineer internal workflows and treasury set-ups. Treasurers are also embracing technology and upskilling their teams to prepare for the future operating environment – with data analytics being a key component of future-proofing, alongside a greater focus on ESG.

Nevertheless, there is room for improvement in several areas, such as interpreting the impact of business model change on future cash flows. As direct-to-consumer models become more prevalent, and the circular economy sees more leasing rather than buying of goods – even in B2B industries – treasury must be ready. This means having the right payment channels, cash application processes, and forecasting tools in place.

Treasurers must also play their part in helping the business thrive – not just survive – in a digital ecosystem. As the survey findings indicate, a handful of organisations are hesitant to embrace trends such as robotic process automation (RPA), which could prove challenging in an environment where treasurers are expected to add more and more strategic value. Meanwhile, others require additional cybersecurity training in order to stay safe in the digital era.

Of course, treasurers are not alone on this future-proofing journey. Cash management banks like Barclays are here to assist. From providing virtual treasury solutions to sharing knowledge around best practice treasury post-Brexit, Barclays has the insight, international reach, and digital solution-set to help treasury functions achieve peak fitness – regardless of the operating terrain.

To find out how Barclays can support your European treasury operations, visit [barclays.com/europe](https://www.barclays.com/europe).



[linkedin.com/company/barclays-corporate-banking](https://www.linkedin.com/company/barclays-corporate-banking)



[twitter.com/BarclaysCorp](https://twitter.com/BarclaysCorp)



PUBLISHED BY TREASURY MANAGEMENT INTERNATIONAL



In partnership with

