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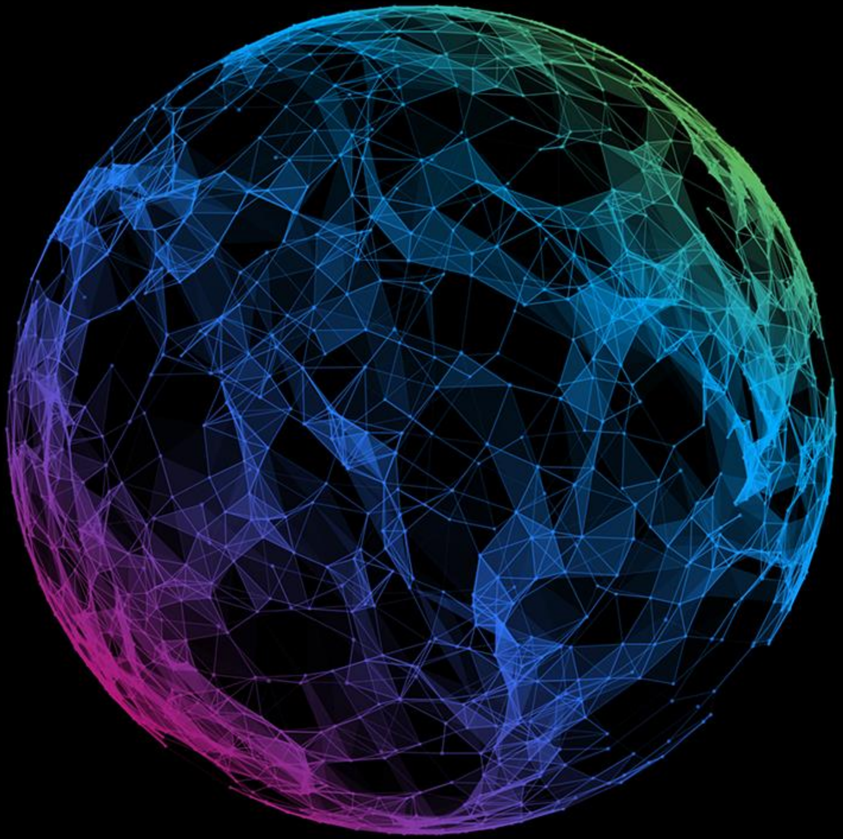

Deloitte Global Treasury Survey

September 2024

Introduction

Deloitte is pleased to release its biennial 2024 Global Corporate Treasury Survey.

We are grateful to the 213 clients around the world that participated in this exercise. Our clients represented a broad based of industry sector and whose sharing allowed us to connect the dots and glean the following insights:

1. **Liquidity risk management continues to be top priority** for Treasurers. This was accentuated by global high interest rates and bank vulnerabilities in some countries. Related to that, other CFO mandates for treasurers included being effective stewards of companies' balance sheet and supporting finance leadership in working capital optimization.
2. As with prior years, Treasurers continue to indicate that **improving cash flow forecasting capabilities is important**. Less than a quarter of organizations surveyed identified the maturity of cash forecasting capabilities as above average. Companies continue to grapple with collating data from disparate sources to build robust cash forecasts. Cash positioning, a core treasury activity, was also viewed as a challenge by some organizations, with 22% of respondents indicating that the maturity of their cash positioning capabilities require development.
3. Several treasurers have identified **use cases for Generative AI such as cash flow forecasting, cash positioning, and market risk management**. At time of survey, few companies had started implementing Generative AI solutions and even fewer were realizing benefits from fully developed and mature solutions.
4. **Treasury technology continues to be centered on a few global vendors.** Since our last survey, respondents have indicated increased technology adoption for Treasury Accounting and Bank Administration & Relationship Management. For many respondents, cash flow forecasting continued to primarily be supported by spreadsheets. Overall, companies adopting treasury technology expect to realize benefits relating to automation of manual processes, institutionalizing system controls for payments and increased reporting/dashboards capabilities.
5. Treasurers have indicated a greater **willingness to outsource operational treasury activities** in treasury technology, bank account administration, In-house banking and treasury payments.

We hope you enjoy reading this report and find the insights beneficial to you and your organization.

Deloitte has one of the largest Treasury advisory practices. In the US, and globally throughout the Deloitte Touche Tohmatsu Limited network of member firms, more than 600 Treasury Advisory practitioners work to serve clients on treasury transformation projects, M&A transaction treasury readiness and technology implementation. We welcome you to reach out to your local Deloitte point of contact when you want an in-depth discussion on any topics presented in this survey.

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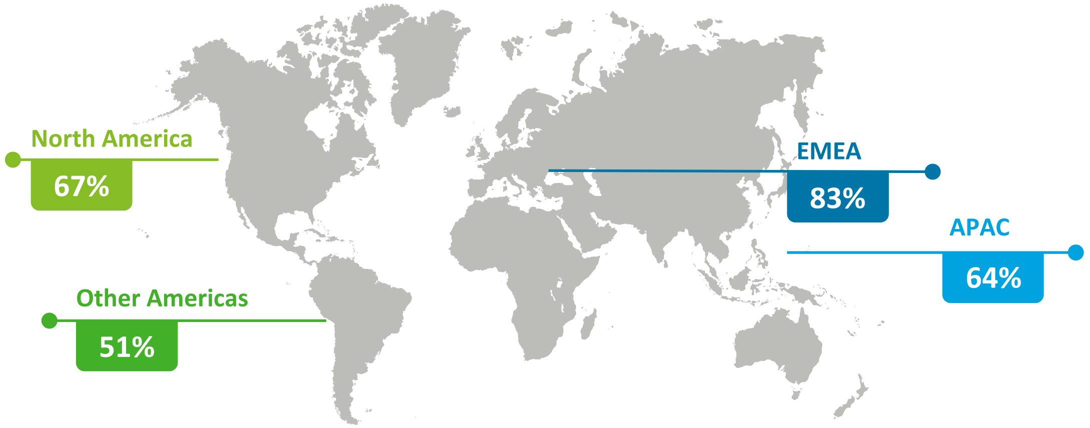
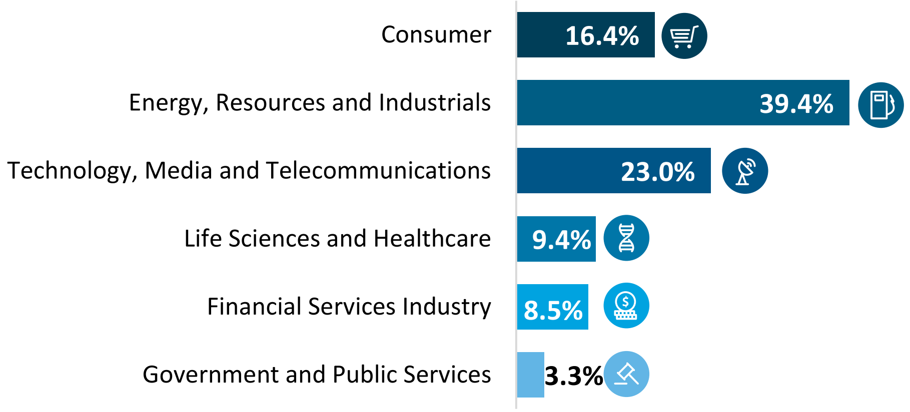
Survey demographics

The Global Treasury Survey in 2024 received participation from 213 respondents across various industries and countries. The survey results provide valuable insights into the trends and developments in the field of treasury

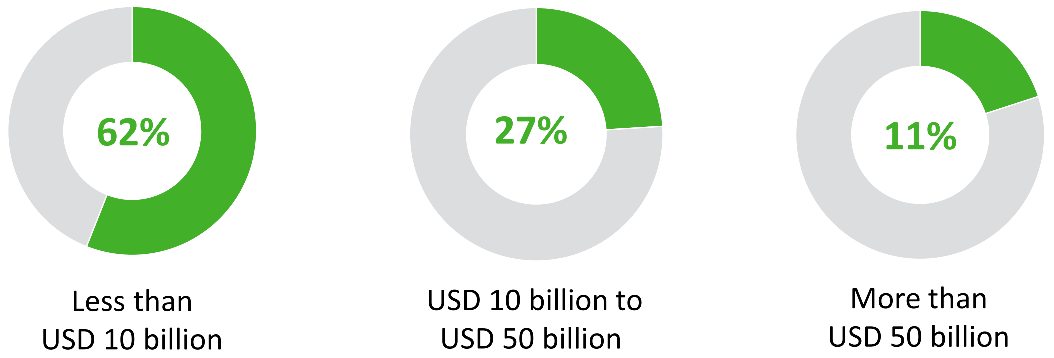
Distribution of company operations



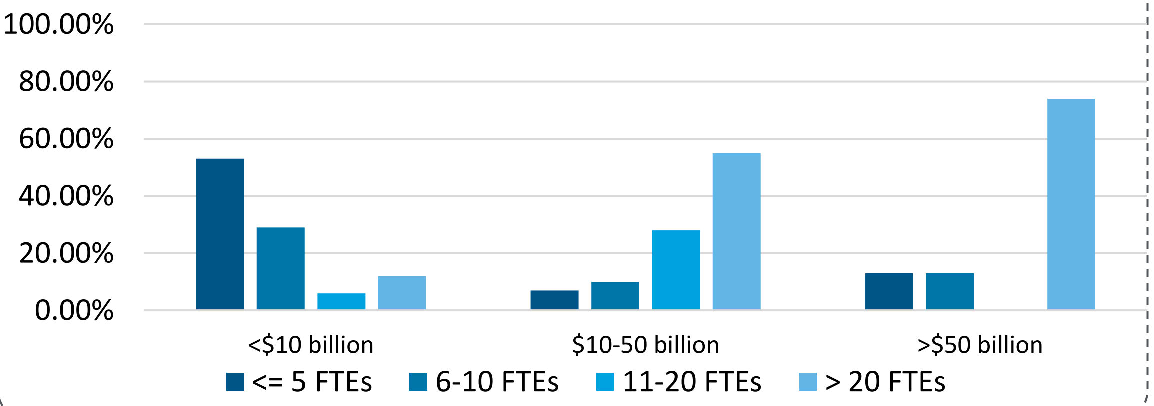
Distribution of respondents by industry



Distribution of respondents by annual revenue



Distribution of FTEs by annual revenue



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1. The strategic treasurer

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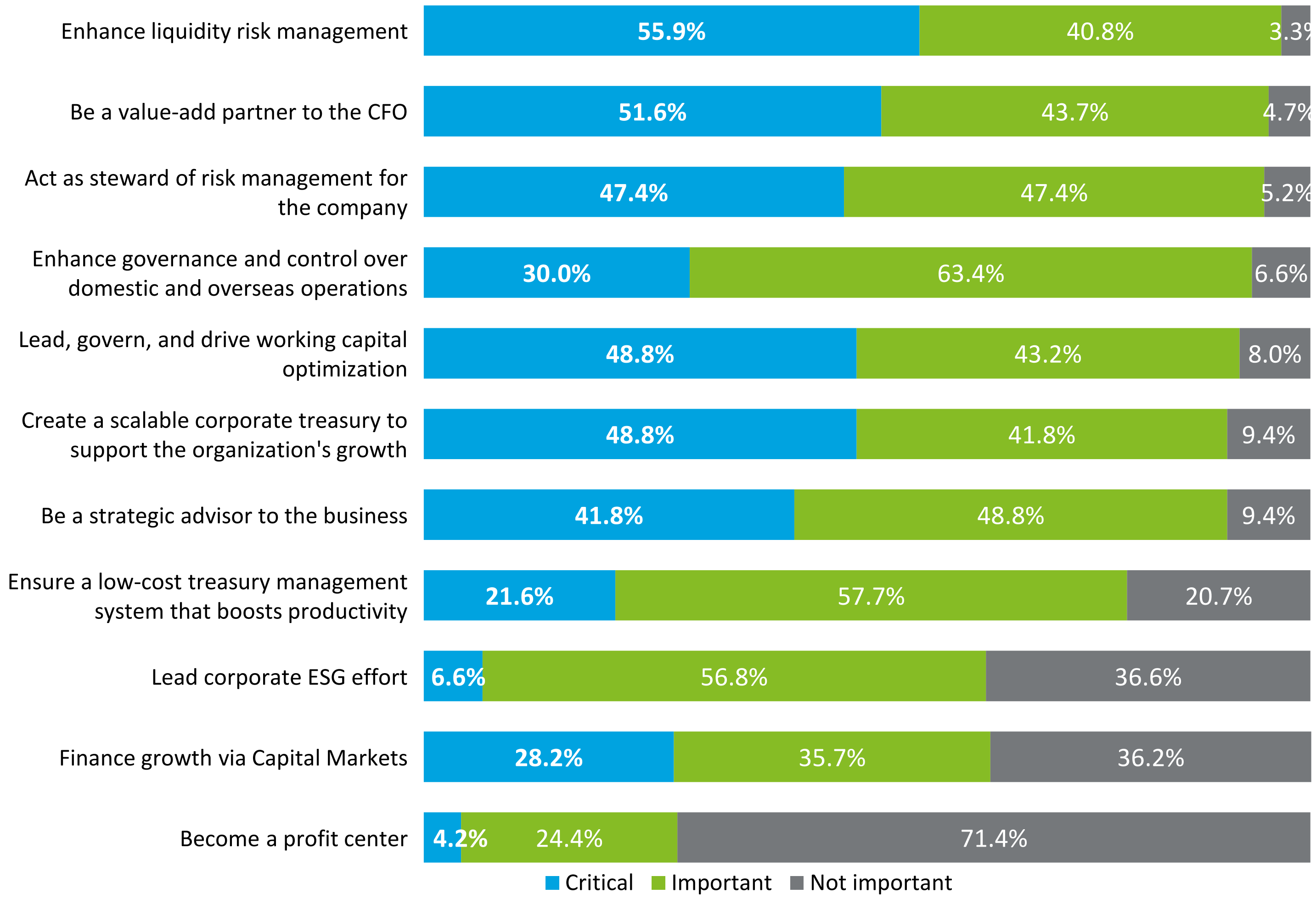
Top mandates defined for treasury function

Consistent with our previous surveys, the top priority set by CFOs for their treasury departments is to focus on enhancing liquidity risk management. Recent events, coupled with volatile interest rates in many parts of the world, has intensified the spotlight on liquidity by corporate finance executives. In the post-pandemic environment, with many companies continuing to support a hybrid work environment, the focus on enhancing governance and control over operations has continued to rise in overall importance.



New mandates by the CFO in 2024

Leading ESG efforts was added to the survey this year, and 64% of the respondents indicated it as a critical or important mandate from their CFO. This is likely driven by the inclusion of ESG assessments in the methodology used by rating agencies.

Mandates prioritized by the CFO in 2024

Creating a scalable corporate treasury to support the organizations growth has moved up two positions compared to 2022 survey results and is regarding as a critical focus by 49% of respondents, up from 39% in 2022.

Least important mandates

Lastly, while treasury as a profit center continues to poll last on the ranking of top mandates, the number of treasurers that indicate that this is not important at all has shrunk by 9%. The higher interest rate environment that many countries and currencies have experienced over the last two years has driven treasurers to assume their role in the reduction of idle cash and the investment of permanent or temporary cash surpluses and made the treasury community focus in the generation of a return on the investment of the cash surpluses that linger on the company’s balance sheet.

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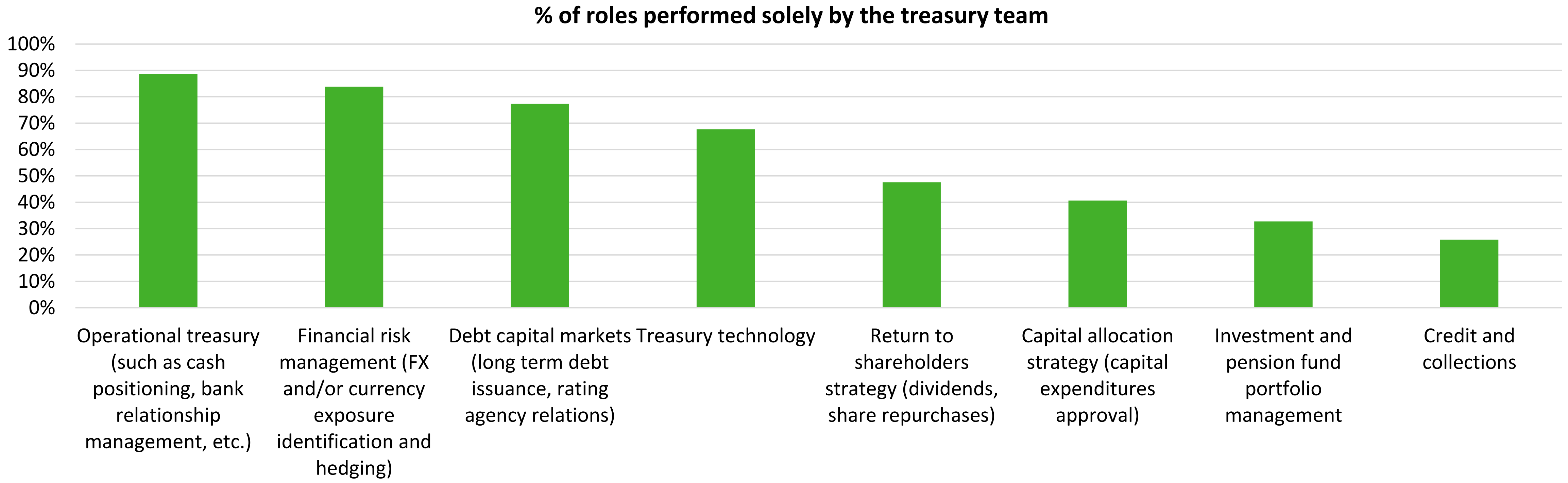
Strategic roles for the treasury function

The survey results indicated 96% of respondents reported that being a value–add partner to the CFO is part of their mandate. However, when asked about the scope and responsibilities that fall within the treasury function, strategic responsibilities such as return to shareholders strategy and capital allocation are all value–add activities with relatively low treasury ownership. This suggests that there is potential for increased efficiencies within finance organizations and by more closely aligning the capabilities of the treasury teams with the strategic objectives of the CFO, this can be achieved.



Treasurers are becoming the driving force of the cash culture in an organization, bringing together their traditional role of managing liquidity risk and ensuring access to financial markets with a more strategy–driven role around capital allocation within the organization and leading the return to shareholder strategies. Less than 50% of the respondents are today combining these two roles within the treasury function.

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2. Insight into treasury operations

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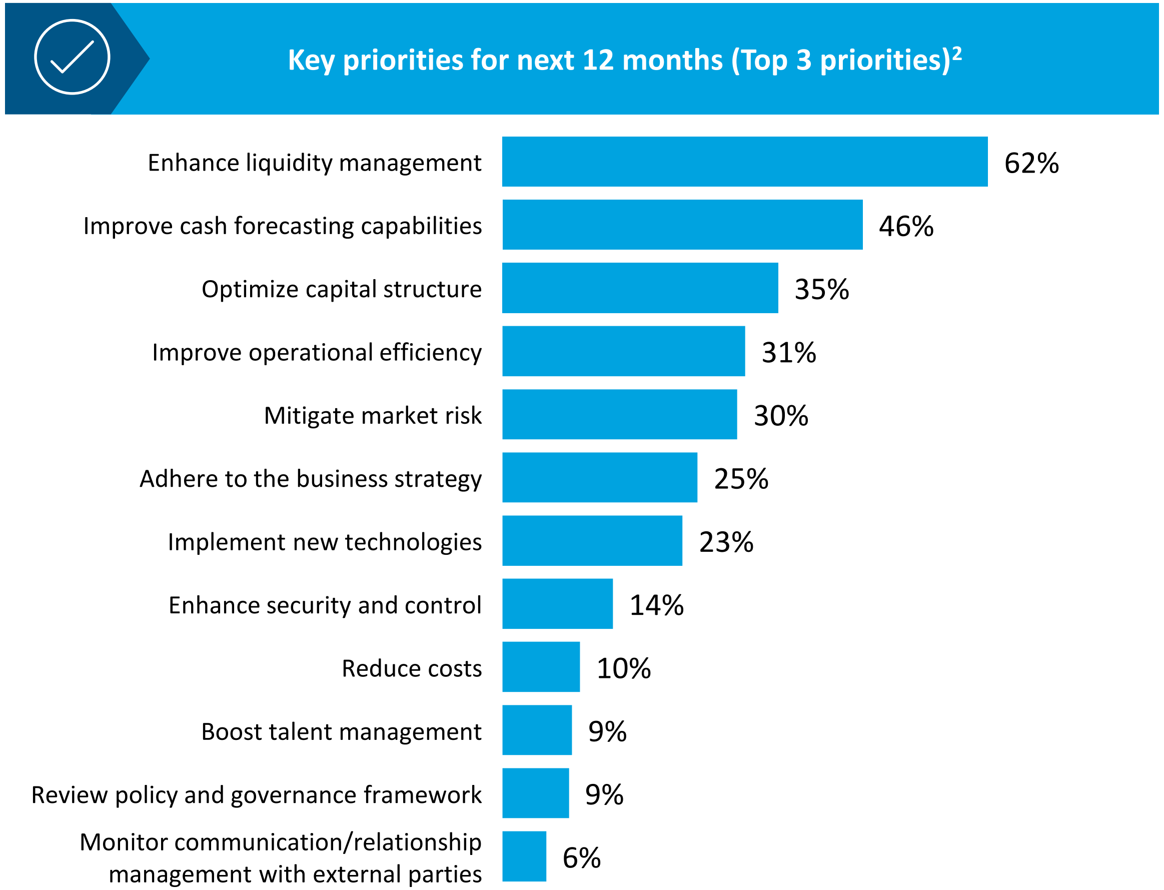
Addressing key treasury challenges

Visibility into global operations, cash and financial risk exposures continues to be the most challenging and time–consuming area for surveyed treasury executives, followed by digital capabilities and liquidity. The interest rate environment and the lingering fear of an economic downturn play a role in the mind of the treasurers when considering liquidity, which raised in the rankings compared to the previous survey. Liquidity management and improvement of cash forecasting capabilities remain the key priorities of the treasurer community.

Board and senior management oversight of the treasury function has gained importance, and treasurers rate the challenge of being able to respond to questions from their board as more important than in our last survey. Interestingly, given the upcoming changes in tax structures brought by Pillar II, operating model changes driven by tax reform creates less of a headache in the minds of the treasury community, compared to two years ago.



1. Each respondent identified their organization's top 5 challenges

2. Each respondent identified their organization's top 3 priorities

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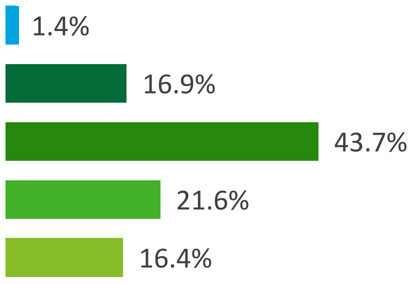
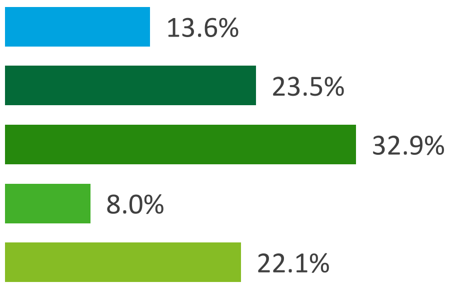
Maturity assessment

As an addition to the survey in 2024, participants to the survey were asked to rate the maturity of their treasury function across the five dimensions that are core to the operational treasury function.



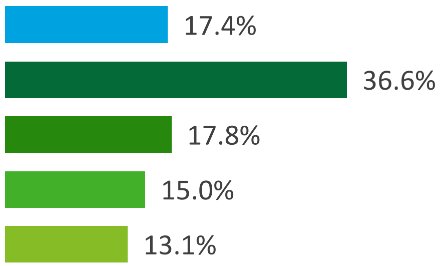
Cash flow forecasting

- As shown on the previous slide, 48% of treasurers have indicated that improving cash flow forecasting capabilities is a top three priority.
- Only 18% of the respondents of the survey claim their forecasting capabilities are above average or best in class, while 38% feel their forecasting capabilities are below average or require development.
- Organizations typically struggle with collating data from a series of sources to build an accurate forecast, either from a mosaic of enterprise resource planning (ERP) systems where payables and receivables can provide sources of future cash flows, and from business forecasts that are often more focused on revenue and margin rather than anticipated cash flows.



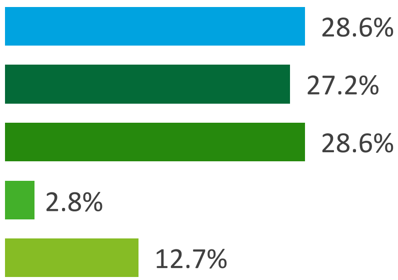
Cash positioning

- Surprisingly, cash positioning, which should be one of the core activities of a treasury function, is a challenge on the maturity scale: 22% of respondents feel that the maturity of their cash positioning efforts requires development, with the larger corporates seeing a bigger maturity gap compared to the smaller companies.



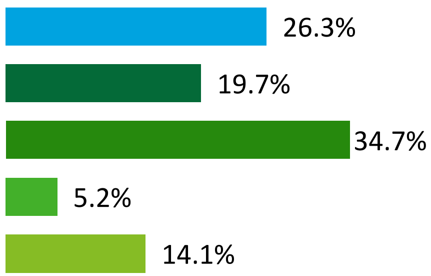
Cash concentration

- Cash concentration tools such as notional and physical pooling used to only be available to large corporates, but several smaller, global companies have been developing more aggressive and performant cash concentration tools
- 54% of respondents indicated cash concentration as above average or best in class
- Despite this optimism, cash repatriation is named by 36% of survey respondents as a key challenge



FX and interest Rate risk management

- Volatility of interest rates and FX rates have been higher in the past two years than in the last ten years
- 56% of participating companies rate themselves as above average or best in class
- As shown on the previous slide, 39% of organizations consider FX volatility as a key challenge faced by their organization.
- Responses indicate that smaller companies seem to be struggling the most with challenges brought by volatile currencies



Bank account administration And account management

- Notably, mid–sized companies rate their capabilities in this area as below average or requiring development.
- While tools like virtual accounts have been well established, the number of bank accounts needed by the business can be a hurdle to generate efficiencies and eliminate unnecessary accounts.
- 57% of respondents indicate that a treasury management system (TMS) is used as part of this function. A TMS can help with completing some duties around bank account management, annual know-your-customer (KYC) compliance and the administration and communication of signatories, but is very often still a manual exercise

Requires development | **Below average** | **Average** | **Above average** | **Best in class**

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Treasury appetite for external support

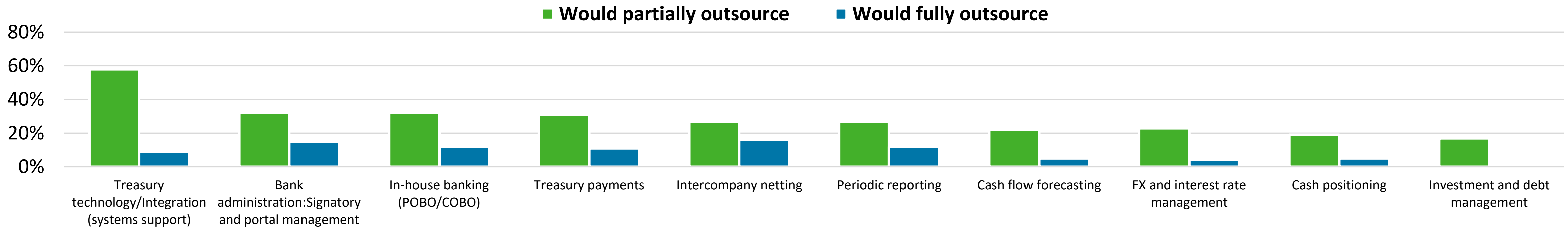
The noteworthy trends that have emerged from recent responses regarding outsourcing indicate firstly, there is a clear divide between the willingness to outsource operational versus strategic functions. Secondly, there is a high demand for outsourcing external treasury technology support. Additionally, results suggest that smaller companies are more willing to outsource than their larger counterparts, who often have in–house talent. However, even larger organizations have shown an appetite for external support for certain functions.

Treasury technology

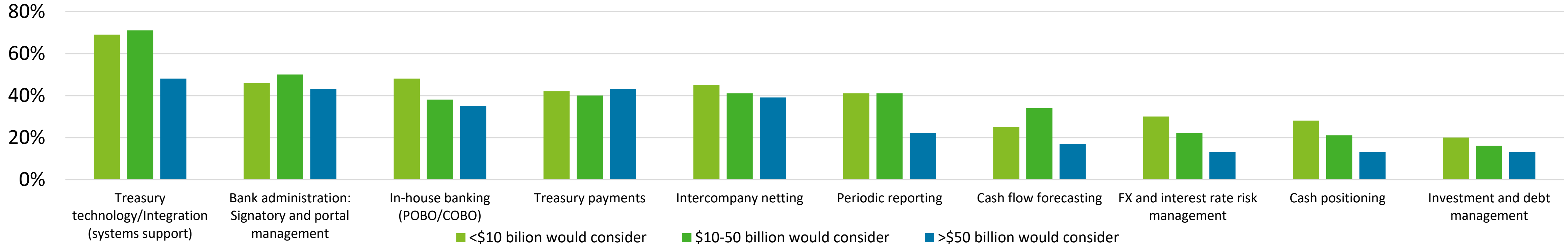
Small and mid–sized companies are most likely to consider outsourcing treasury technology driven by the savings on hiring and the difficulty in finding people with subject matter expertise. The ability to scale professional services support as needed based on different phases of technology cycle (Post–Go Live, Business as Usual) is an attractive incentive to consider outsourcing.

Operational vs. Strategic activities

Being a value–add partner to the CFO has been identified as a top mandate for treasurers in 2024 and the lower willingness to outsource strategic activities such as Investment and Debt Management, Cash Positioning, FX and Interest Rate Management and Cash Flow Forecasting reflects this. The survey indicates a higher willingness to outsource tactical activities such bank account administration and treasury payments.



Would consider outsourcing by size



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3. Trend adoption

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Generative AI adoption and expected impact

Generative Artificial Intelligence (GenAI) has generated significant excitement within the treasury & finance transformation space. Those surveyed identified the most popular use cases within treasury to be cash flow forecasting, cash positioning, and FX and interest rate management. Few companies have fully developed and realized the benefits of mature GenAI capabilities; most companies are currently in the use case identification or solution definition stages. Despite the many benefits provided by this technology, several hurdles remain to successful adoption, including a small talent pool of experts who truly understand how to effectively build GenAI into a company's operation and reliable data sources and infrastructure. Risks involved with utilizing GenAI include impacts to potential sensitive outputs such as financial statements and bank accounts. The drive for change is being pushed by leadership within different functions of the organization, and a challenge for CFOs has been determining how GenAI will impact their business lines and advocating for those efficiencies across the broader organization. Forward–thinking institutions are establishing centers of excellence to best develop cross–functional strategies for GenAI to help mitigate risks, while bringing the greatest benefits to the business.

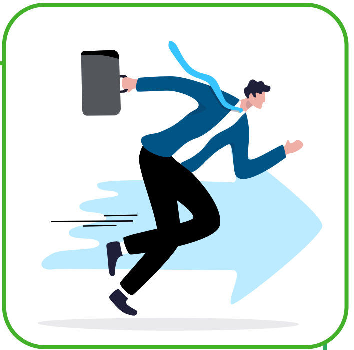
Cashflow forecasting

- Functions that depend on leveraging big data stand to realize greater returns from the adoption of GenAI
- Largest use case identified by respondents
- Offer great improvements in predictive analytics
- Can factor in trends such as expected payables and receivables, specificity around vendors and FX variability

Cash positioning

- Second most identified use case
- Potential tradeoffs (e.g., costs and tech efforts) involved with establishing full connectivity with all banking partners and investing in full features of a TMS
- May provide a potentially cheaper and relatively accurate alternative to establishing full connectivity to banking systems

Potential next steps for companies investing in AI capabilities



- Define business use cases at functional level
- Articulate financial and non-financial benefits from deploying use cases
- Identify internal resources to work through functional and technical aspects of development
- Build proofs of concept (if necessary to prove out identified benefits
- Work with business and IT leaders on coordinating roll-outs for use cases that impact interdependent functions
- Develop strong centralized governance and oversight capabilities to monitor the effectiveness of deployed Gen AI use cases

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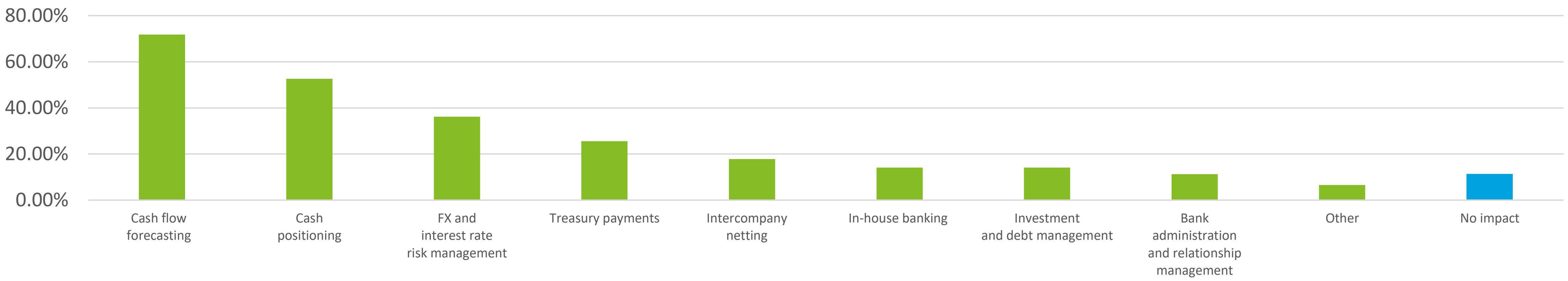
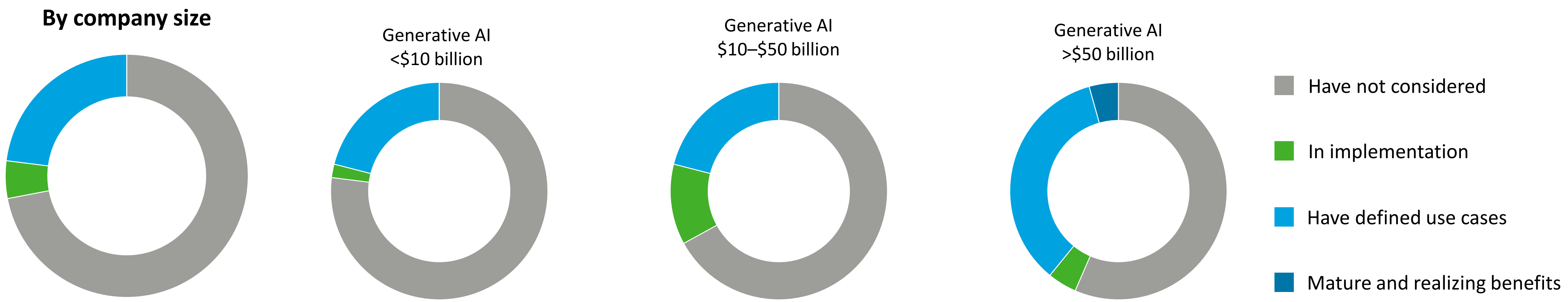
Generative AI adoption and expected impact (cont.)

Gen AI expected impact



Generative AI implementation



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Payment instruments adoption

The majority of surveyed corporations do not plan to adopt new payment instruments within the next year, continuing to operate using legacy payment formats through SWIFT or host to host connections. Many companies make their payments using wires, the most expensive electronic method, and several still make payments through checks. Depending on the market size and industry of the company, there will be varying levels of ability to impact the collections behaviors of suppliers and less so the payments behaviors of customers.

Real time payments

- Real time payments surveyed to be the most likely payment instrument to be adopted over next 12 months
- Impetus for adoption with FedNow[1] launch in 2023
- Will allow companies to move from inefficient payment methods and speed up collections processes
- Real-time payments can help improve liquidity management, instant invoicing, and real-time financial visibility

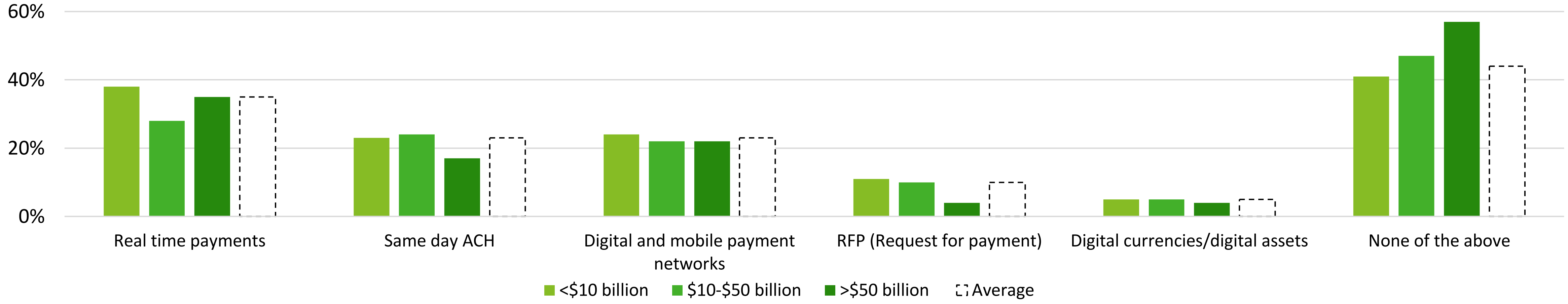
Digital and mobile payment networks

- Adoption typically customer-driven
- Payments and collections through these platforms do not typically sit with treasury
- Potential for payments efficiencies and increased sales/collections by adopting

Digital currencies/digital assets

- Notable reluctance to adoption
- Currently does not fit in several organizations' risk tolerance
- Companies have adopted a "wait-and-see" attitude amid an uncertain regulatory environment

% Implementing new payment instruments within 1 year by company size



1. https://www.federalreserve.gov/newsevents/pressreleases/other20230720a.htm

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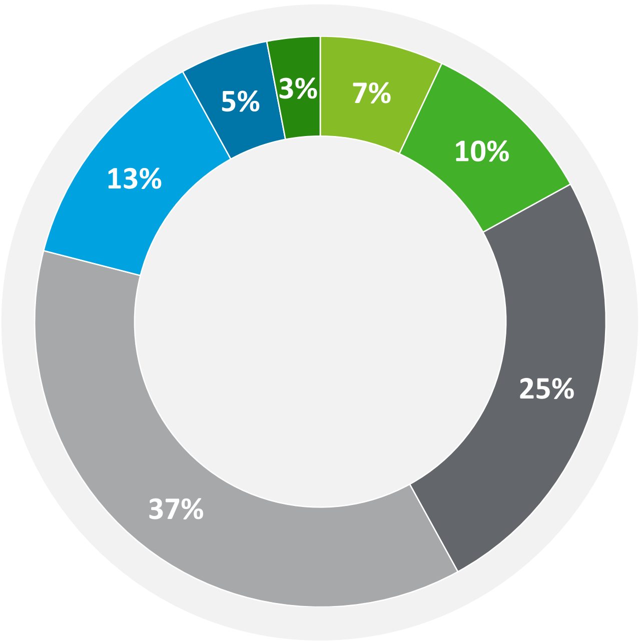
ISO 20022 adoption

ISO 20022 adoption

Most companies have not started to assess the impact of ISO 20022 adoption or are aware of external drivers for ISO implementation. For banks, the transition from Mobile Terminated (MT) messages has been SWIFT mandated with the consequences being that certain MT messages will not be supported after the deadline of November 2025.

To date, many banks are not pushing customers to adopt ISO 20022 formatting and are likely to continuing converting legacy formats for their clients as a service. However, a time may come where the ISO 20022 mandate expands to include commonly used corporate formats and limits the ability of banks to convert, like the evolution experienced with SEPA compliance.

In the interim, for those clients who have converted, we do see the benefits of the consistent format and enriched data tags supporting and streamlining their daily processes as seen in our experiences servicing clients.



- Assessed impact on ERP system
- Assessed impact on treasury management system
- Have not started to assess impact
- Not sure
- Started / completed adoption using treasury management system
- Started / completed adoption via bank solution
- Started / completed adoption using third-party software solution

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4. Treasury technology

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Treasury technology

Since the release of the 2022 Global Treasury Survey, the treasury technology field has seen increased adoption in treasury accounting and bank administration and relationship management, while other functions have seen little growth

	Using technology	Dedicated TMS	ERP	Homegrown solution	No system in place/using spreadsheets	Others	No solution	Market leaders
Treasury payments	88.7%	36.3%	28.3%	4.2%	9.4%	19.8%	1.9%	SAP, Kyriba, FIS
Treasury accounting	89.0%	30.0%	36.7%	1.9%	7.6%	20.5%	3.3%	SAP, FIS, ION Solutions, Kyriba
Cash positioning	74.8%	36.2%	22.4%	4.3%	23.3%	11.9%	1.9%	SAP, Kyriba, FIS
Investment and debt management	70.0%	35.7%	17.6%	2.4%	24.8%	14.3%	5.2%	SAP, Kyriba, FIS
FX and interest rate risk management	66.0%	32.1%	12.0%	3.8%	25.4%	18.2%	8.6%	SAP, FIS, ION Solutions
In–house Banking	63.0%	21.2%	21.6%	2.4%	13.0%	17.8%	24.0%	SAP, Kyriba, ION Solutions
Intercompany netting	63.5%	18.3%	21.2%	1.9%	13.9%	22.1%	22.6%	SAP, Kyriba, ION Solutions, FIS
Bank administration & relationship management	56.5%	22.7%	8.2%	5.3%	32.9%	20.3%	10.6%	SAP, Kyriba, FIS
Cashflow forecasting	46.7	17.1%	8.1%	5.2%	47.1%	16.2%	6.2%	SAP, Kyriba, Home–grown

Increase in system usage for treasury accounting is likely driven by the ease of rules–based configuration and increased adoption of ISO 20022 for statements, which both yield high opportunity for automation.

The growth in bank administration and relationship management comes on the heels of an overall increased focus on counterparty risk in the US and abroad, highlighting the need to have visibility into exposures to banking partners. By digitizing bank administration, companies enhance their controls, governance and visibility into their banking relationships

The TMS market continues to be dominated by few global players which provide solutions that support treasury departments to enhance processes, controls, and automation.

SAP Treasury remains the most used ERP system among respondents followed by Kyriba, FIS and ION TMS solutions depending upon module

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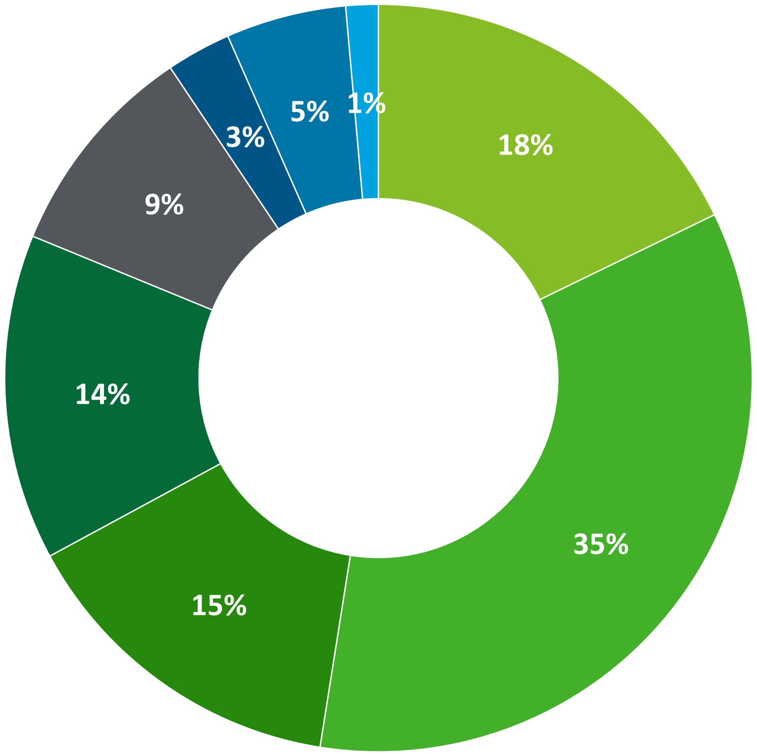
Technology benefits and challenges

Implementing new treasury technology or replacing legacy systems can be a major undertaking for many companies, requiring a well–developed business case that outlines both tangible and intangible benefits. Among our respondents, the primary drivers for automation include reducing manual processes; mitigating risks; enhancing visibility and reporting capabilities; and ensuring 24/7 performance, speed, quality and operational efficiency. These advantages can significantly boost the overall effectiveness and efficiency of a company's operations.

Engaging a third-party implementor such as Deloitte can help reduce the resourcing and knowledge gap, as well as enable capability enhancements through a transformative approach often in a shorter timeline without impacting business as usual activities

Which benefit do you consider to be most important when adopting new technology solutions?

- Risk mitigation (e.g., fewer human errors, enhanced security, increased controls)
- Automation of manual processes
- Visibility and increase reporting capabilities
- 24-hour performance, speed, quality, and operational efficiency
- Scalability to support growth
- Cost reductions for current processes
- Do not have a treasury technology solution
- More satisfied employees due to less repetitive work



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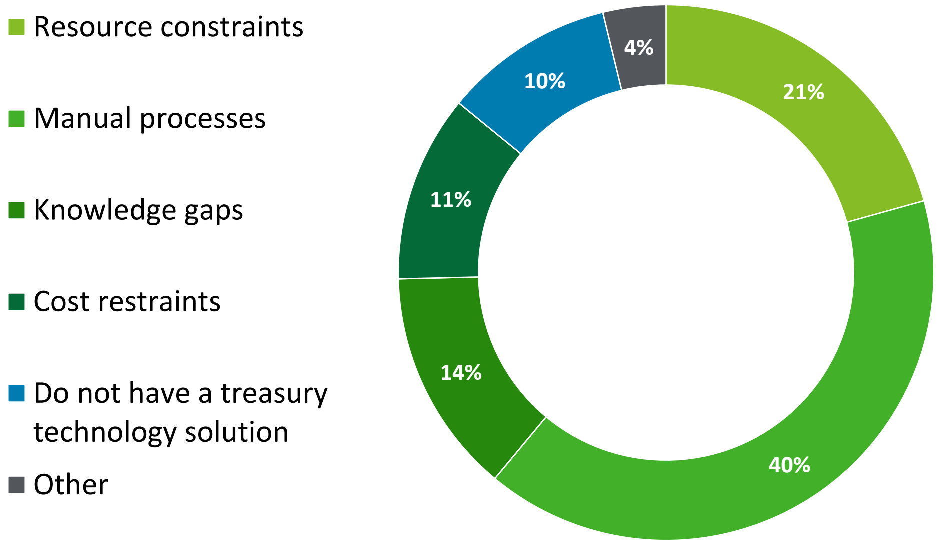
Treasury technology implementation considerations

The largest technology challenges faced by respondents were applying the right technology solutions and selecting the right provider. Companies were more wary of these challenges than cost constraints, which signals recognition of the benefits of adopting treasury technology systems and willingness to invest in them. Engaging a **third-party implementor** such as Deloitte can help treasury in their digitalization journeys, reduce the resourcing and knowledge gap, as well as enable capability enhancements through a transformative approach often in a shorter timeline without impacting business as usual activities.

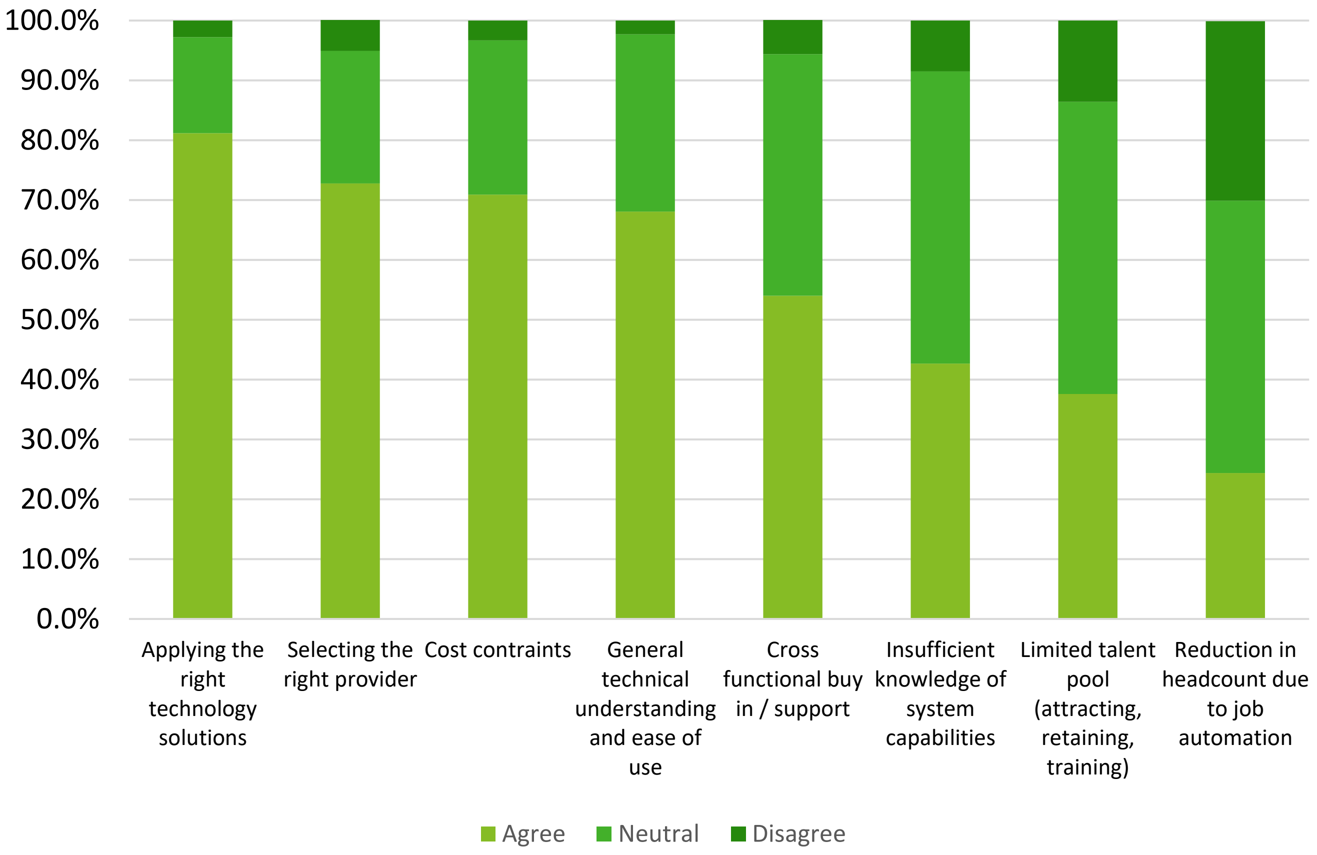
What do you consider to be your biggest technology gap?



Others:

- Connectivity with other systems
- Fragmented ERP landscape
- Lack of support from TMS provider
- Failed system implementation

Challenges considered when implementing new technologies



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5. Appendix

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Maturity assessment definitions[1]

	Requires development	Below average	Average	Above average	Best in class
Cash positioning	Cash positioning is manual or spreadsheet-based; Not all bank accounts are included	Cash positioning is decentralized with limited automation and is not used for funding or investment decision making; all bank accounts are included	Cash positioning is manually centralized at the group level, can be used to make decisions around funding or investing; all bank accounts are included	Cash positioning is streamlined and auto-centralized via ERP, but is not able to realize real-time reporting	The group leadership team has full and real-time visibility into cash needs of organization via TMS
Cash flow forecasting	Limited cash flow forecasting	Forecasts are produced for daily and weekly periods from information provided by business units	Forecasts produced for weekly and monthly periods from information provided by business units; variance analysis is performed to enhance forecast accuracy	Variance analysis to actuals and originally forecasted data is performed to enhance forecast accuracy	Cash flow automation
Cash concentration	No cash pools in place; Some manual cash concentration to the center by some regions	Cash pools are established in some but not all regions	Cash pools are established in some but not all regions; for areas not included in a cash pool arrangement, cash is concentrated manually through deposits with the center	Efficient cash concentration using cash pools, sweeps or manual processes	In-house banking in operation
FX and interest rate risk management	No clear policies established	Business units manage their exposures locally with no visibility or monitoring from the center	Group policies are in place with some exposures hedged centrally but others managed locally	Centralized hedging	Hedging undertaken on a timely basis using competitive quotes; Exposures are netted where possible
Bank account administration and account management	Ad hoc procedures are in place for opening and closing bank accounts; No central visibility into bank fees	List of all bank accounts is not readily available; Some regional bank fee visibility	Procedures are in place for opening and closing bank accounts; operations include bank fee monitoring but no central repository for rate cards	Sound procedures for opening and closing bank accounts with dual authorization; operations include bank fee monitoring and rate card repository	Sound procedures for opening and closing bank accounts with dual authorization; list of all bank accounts is readily available; bank fees fully controlled and visible at group level

1. This scoresheet has been internally developed by Deloitte treasury professionals

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