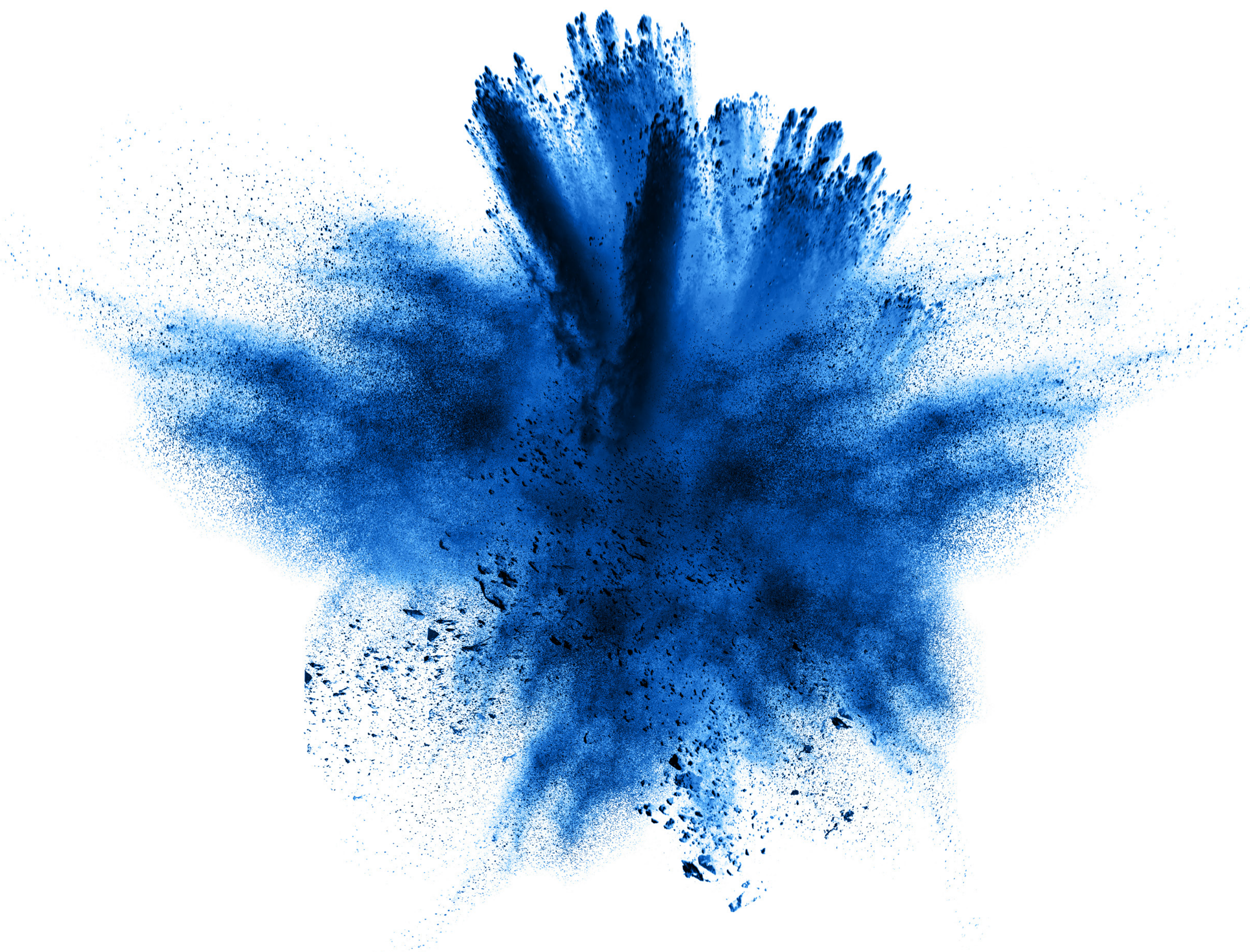
European Treasury Survey 2022:

Faster, Fitter, Stronger



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Survey methodology

Responses were gathered via an online survey, conducted in June and July 2022. There were 244 respondents in total. Some questions were optional.

Thank you to everyone who participated in the survey. Your efforts have 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 Ukraine appeal.

Bouncing Back: European Treasurers Channel Their Inner Phoenix

Helen Kelly
Head of Europe, Barclays Corporate Banking

In the three years since we began this annual European Treasury Survey initiative, in partnership with TMI, the world of treasury has changed immeasurably.

There has been significant turmoil for corporate treasurers to contend with, both personally and professionally – from Russia's war on Ukraine to the ongoing impact of the Covid-19 crisis. Meanwhile, wildfires have spread across Europe, causing devastation to homes and habitats, as well as exacerbating commodity price concerns and supply chain disruptions.

In addition, inflation has entered the picture for the first time in decades, causing headaches for treasury teams as margins are eroded and cash flows dented. And after a prolonged period of low-to-negative interest rates, monetary policy changes designed to curb inflation mean that rates are now rising in the UK and Eurozone – presenting treasurers with fresh funding and investing challenges.

But against this backdrop of adversity, European treasurers have found silver linings – leveraging new business models, digitalisation, and even regulatory change, as an opportunity to transform treasury. Now more than ever, treasury leaders are embracing technology to automate areas such as FX payments and hedging activities, freeing them up to add value in more strategic areas.

Elsewhere, treasury's attention is increasingly being captured by the rise of ESG, and sustainability standards. As society's focus on climate change and diversity, equity, and inclusion, intensifies, treasury is being called upon to support the wider business in achieving its ESG goals. Not only through green loans and bonds, but through ESG investments as well as sustainable SCF solutions, which support minority-owned suppliers, for example.

These themes, and more, are clearly highlighted in the findings of this 2022 European Treasury Survey. Bringing together peer insights from 244 treasury professionals, the results of this survey aim to help treasurers identify opportunities for change in the evolving European landscape. This report also pinpoints challenges to prepare for and provides a benchmark for future-proofing, since treasurers and CFOs across the region must adapt and innovate in order to succeed.

While the hurdles facing the treasury profession, and the world at large, continue to evolve, there are still many exciting opportunities for treasurers and banks to work together and find real solutions. We hope you find this report thought-provoking and we look forward to discussing the findings with you in more detail. Please don't hesitate to get in touch with your Barclays representative to find out more about any of the themes raised in this report.

Highlights from the 2022 survey:

NEW MACROECONOMIC FOES

For the first time since this annual European Treasury Survey began, inflation is back in the picture, and interest rates are rising. As a result, new treasury challenges are on the horizon:

- The most significant macroeconomic concern among 28% is inflation – a phenomenon not seen in many European locations for decades.
- In a bid to curb inflation, central banks are raising interest rates and 19% see this as their top macroeconomic worry.
- Rising commodity prices (10%), coupled with the energy crisis (24%) and FX volatility (8%) are adding to the tough operating environment.
- Russia's invasion of Ukraine has also resulted in turbulence in the business community. Two-fifths (40%) of treasurers are feeling some impact in terms of cash management, and 27% are experiencing either a significant (19%) or very significant (8%) effect.
- The Covid-19 pandemic also continues to be a barrier, with almost one-third (31%) feeling that the impact on cash management has either been significant (21%) or very significant (10%).

HEDGING IS MORE CRITICAL THAN EVER

Given the choppy markets, geopolitical tensions, and the continued growth of cross-border business, hedging is high on treasurers' agendas:

- Thirty-percent of treasurers are looking to hedge more in the coming 12 months.
- Over one-quarter (26%) of survey participants are unsure whether they will increase their hedging activities, and this will likely to be an area of intense discussion.
- More than half of respondents have been considering automating their hedging activities (58%) and/or their low-value FX payments (59%).

SUPPLY CHAINS ARE CHANGING RAPIDLY

There has been a global re-shuffle of trading partners resulting from the pandemic and the war in Ukraine. This has had financial impacts on treasury, and will continue to do so throughout 2022 and into 2023:

- More than two in five respondents (42%) say that the pandemic has either significantly or very significantly impacted their trade and supply chain flows.
- Russia's invasion of Ukraine has led to 35% of respondents seeing some impact on their trade and supply chain flows and 7% noticing a very significant effect.
- Survey participants foresee increased trading in several currencies over the year ahead, as supply chain partners change in an attempt to mitigate disruption. Thirty-three percent anticipate a rise in USD trades and 7% predict an increase in their usage of the Indian rupee. In addition, 16% expect a rise in trading the Chinese renminbi.

ESG REMAINS HIGH ON THE AGENDA

Despite the challenges that 2022 has already brought to the global stage, ESG is not being pushed down the priority list. It is becoming more important in all areas of treasury:

- Over three in five respondents (61%) believe that ESG criteria will have more of an impact on their investment choices over the coming year.
- Over one-quarter (26%) of survey participants are already using sustainable bank lending and 42% intend to over the next 12 months.
- Thirty-five percent of treasurers plan to use green or sustainable deposits in the near future, with 9% already doing so.
- Although 58% of respondent companies publish ESG metrics, only 24% of treasury functions currently include ESG measures in their departmental objectives – this is one area for improvement.

Three-year trends:

SOPHISTICATION LEVELS ARE INCREASING

Over the course of the three years that this European Treasury Survey has been running, the operating landscape has been subject to several black swan events. Treasury teams have leveraged the disruption to embrace digital innovation, adapt to new business models, and upskill team members.

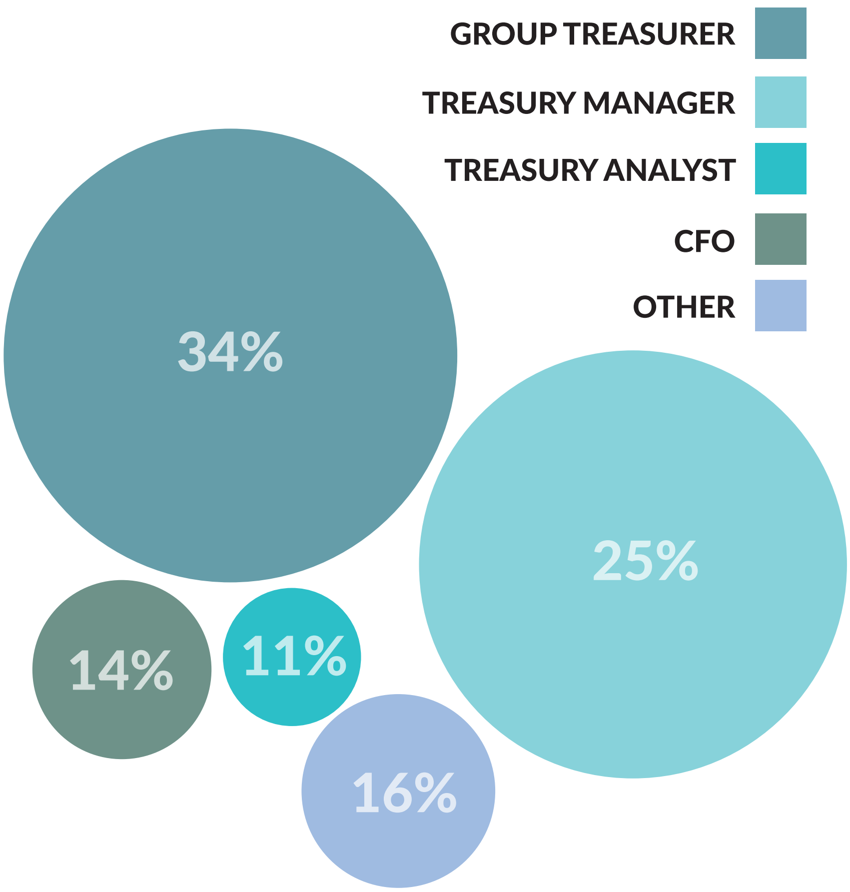
RISK PRIORITIES ARE SHIFTING

While cash is still king, today's treasurers are very much multi-tasking risk managers, rather than just gatekeepers of the company coffers. Treasury's role and skillset has evolved significantly, as have the function's needs for banking and technology services. Treasurers continue to push the boundaries of the possible. They are also now increasingly involved in areas such as ESG, as well as cybersecurity, always with an eye on risk management.

REAL-TIME, CROSS-BORDER SOLUTIONS ARE ESSENTIAL

As treasury has embraced digital ways of working and the international e-commerce boom, instant payments and collections, are now becoming mainstream across B2C and B2B industries. At the same time, real-time cash management tools such as payment trackers, FX portals, virtual accounts and global wallets, are growing in popularity. It will be interesting to see whether blockchain joins the stable of 'must-have' treasury technologies in the years to come.

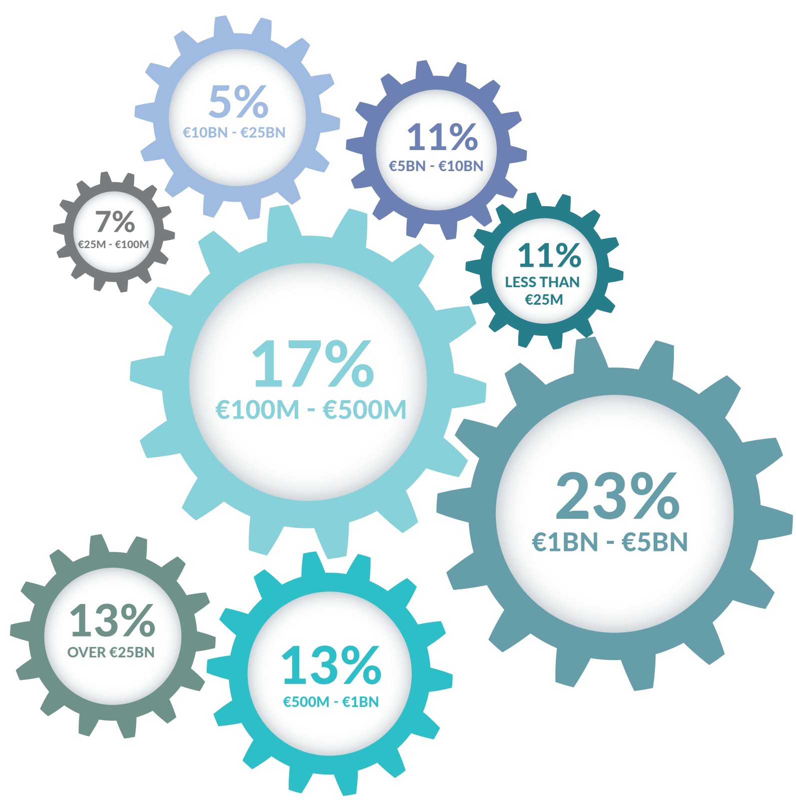
Respondents by job title

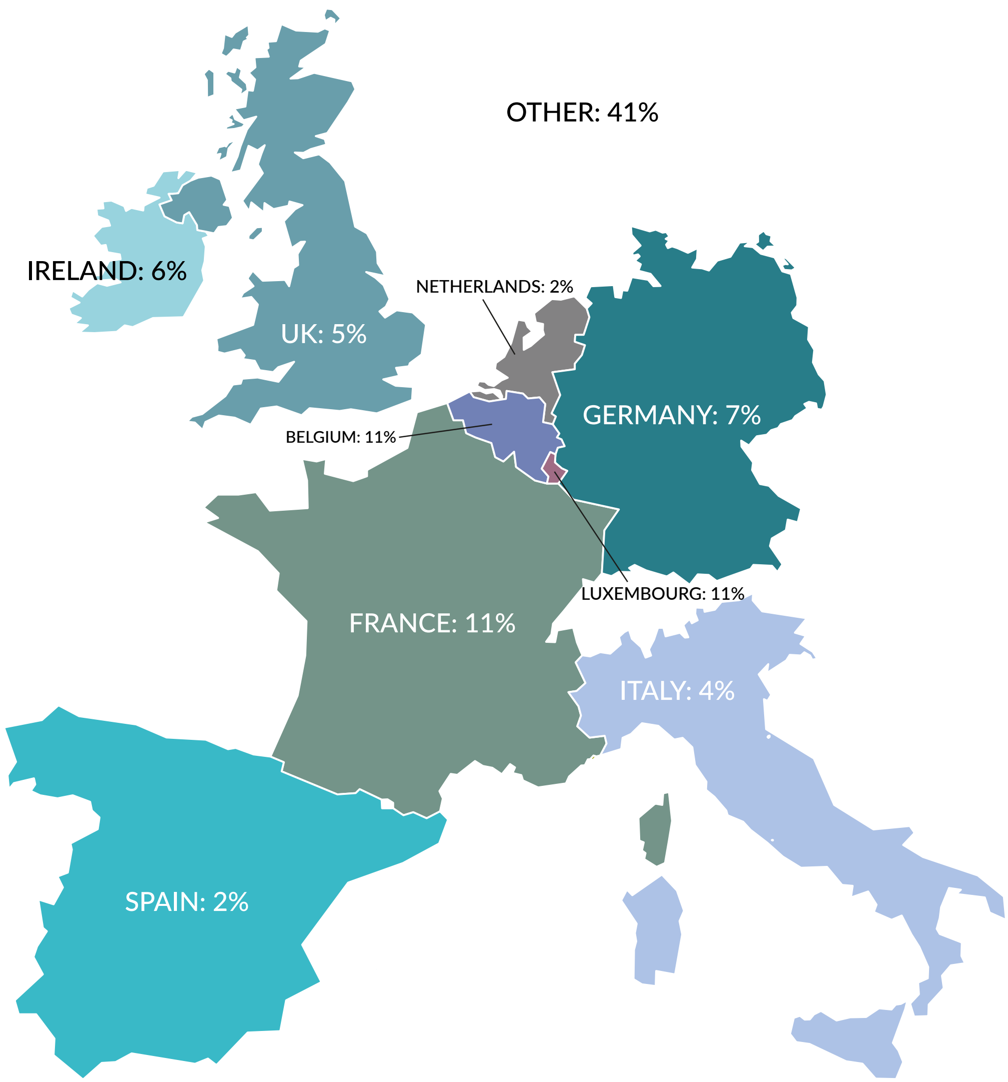


Just over one third (34%) of respondents to this year's survey were Group Treasurers, up from 29% in 2021. Interestingly, there were also more CFOs responding in 2022, with 14% this year compared with 11% in 2021. This trend points to the importance of senior European treasury and finance professionals having access to data on the latest treasury trends and challenges – as means to benchmark progress and understand best practice.

Annual company turnover

All 244 respondents to the 2022 survey answered the (optional) question about the size of their annual turnover. The most common turnover bracket this year was €1bn - €5bn, with 23% of organisations falling into this category. Thirteen percent of respondents had an annual turnover of over £25bn, up from 11% in 2021. The number of smaller companies responding in 2022 is also up on the previous year – rising from 7% to 11%.



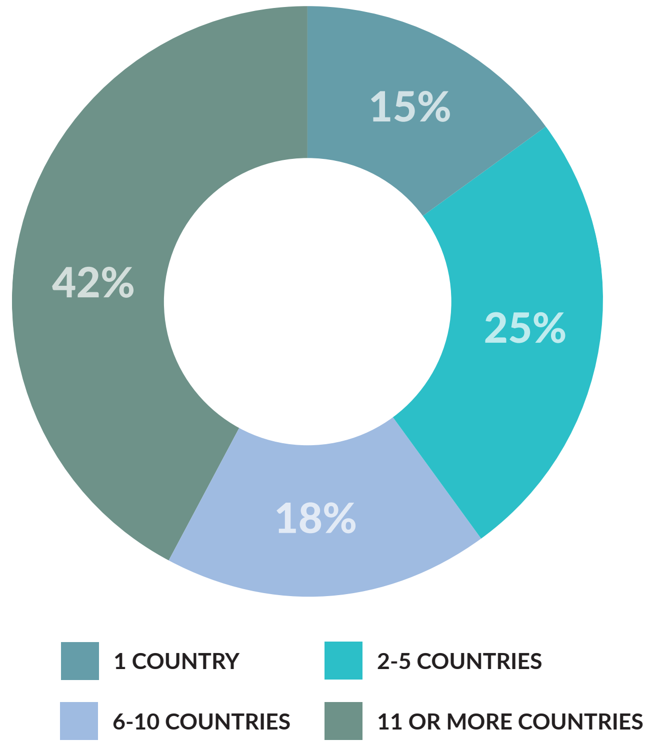


Location of treasury function/European treasury hub

The treasury hubs of survey respondents were spread evenly across Europe, with Belgium, France and Luxembourg each housing 11%. Germany accounted for 7%, with Ireland garnering 6% and the UK registering 5%. Just 2% use the Netherlands as their European treasury hub, and the same number are located in Spain. As per the 2021 survey results, Austria was once again among the most popular 'other' locations. This may be a reflection of the strength of the Austrian Corporate Treasury Association, whose members supported TMI in data gathering for this survey, alongside many other national treasury associations – to whom we are extremely grateful. However, interest in Austria as a strategic treasury location continues to grow, in particular in light of the war in Ukraine (where two respondents' treasury functions are located). Other treasury locations in Europe included: Slovenia, Slovakia, Hungary, Poland, and Greece. Meanwhile, a handful of respondents run their European treasury operations from locations outside of the continent, such as the US, the UAE, Morocco and Brazil.

Countries of operation in Europe

The percentage of respondents operating in 11 or more countries has increased significantly – jumping from 36% in 2021 to 42% in 2022. This may well be a reflection of the rapid growth of digital business models – the proliferation of e-commerce services and the trend towards direct-to-consumer sales has seen companies expanding across borders at speed. Also of note is the fact that in 2021, the majority of respondents operating in 11 or more countries had larger annual turnovers than those only operating in a few locations. But in 2022, the profile is more mixed, suggesting that the barriers to doing international business appear to be reducing.



> *In 2021, the majority of respondents operating in 11 or more countries had larger annual turnovers than those only operating in a few locations. But in 2022, the profile is more mixed, suggesting that the barriers to doing international business appear to be reducing.*

Size of treasury function

As per the results of both the 2020 and 2021 surveys, the majority of companies (42%) have between two and five full-time treasury employees. In contrast, more treasuries now appear to be a solo effort than in previous years, with 19% only having one FTE. This is a marked difference from 2020, when just 8% of respondents had no more than 1 FTE. Another notable trend is the decrease in the percentage of corporates employing 11 or more FTEs in treasury, which has gone from 29% in 2020 to 27% in 2021 – and down even further to 22%. While shrinking treasury teams could be a reflection of greater automation, this phenomenon might also point to headcount restrictions as a result of macroeconomic headwinds.

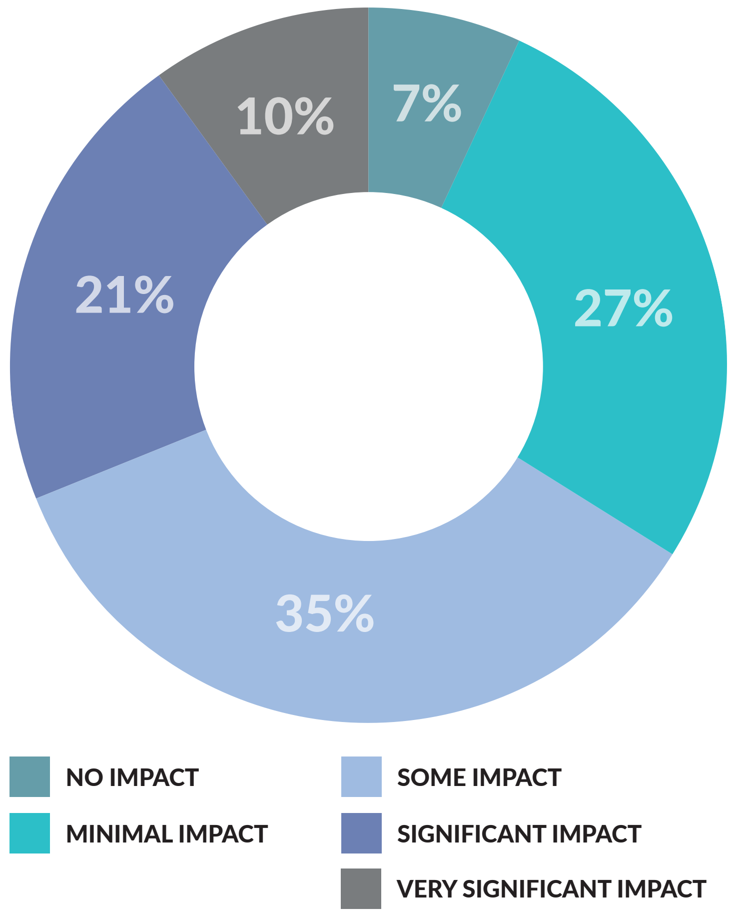
1 FULL-TIME EMPLOYEE: 19%

2-5 FULL-TIME EMPLOYEES: 42%

6-10 FULL-TIME EMPLOYEES: 17%

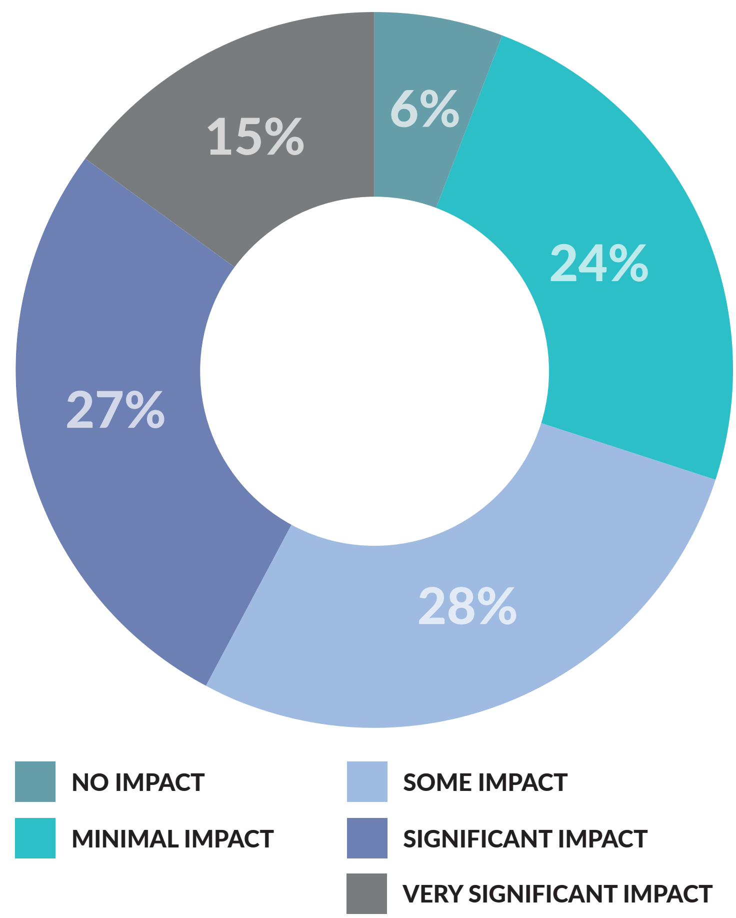
11+ FULL-TIME EMPLOYEES: 22%

How would you rate the impact of Covid-19 on your treasury/cash management operations?



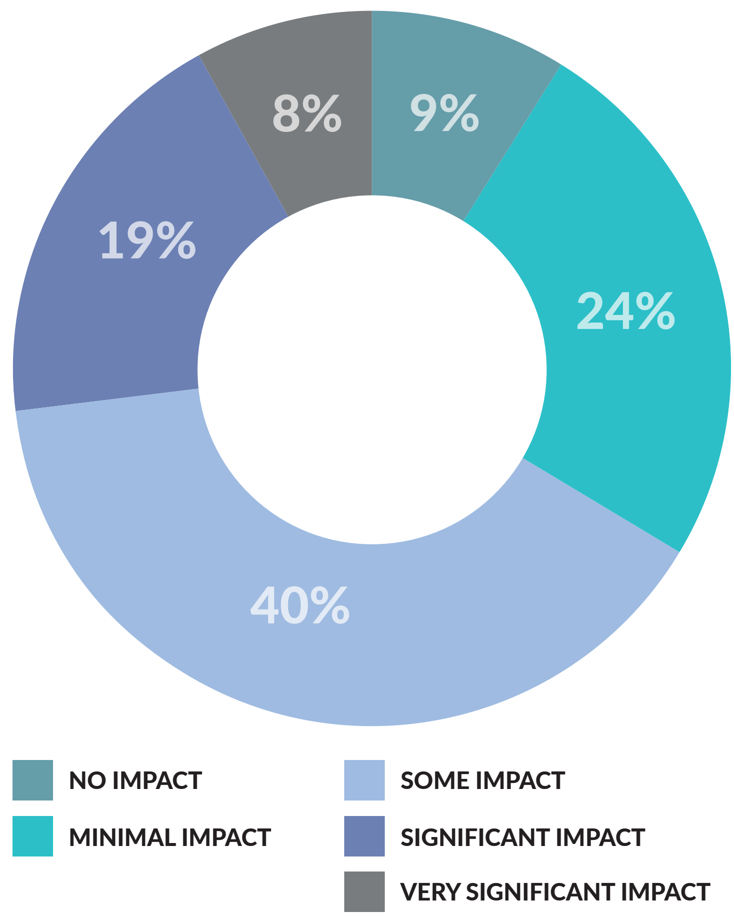
In a new question for 2022, replacing previous years' questions on Brexit, respondents were asked to assess the impact of the recent health crisis on their treasury/cash management operations. While a not insignificant 7% felt that Covid-19 had no effect whatsoever, almost one-third (31%) felt that the impact had either been significant (21%) or very significant (10%). Many companies have changed their business models as a result of the pandemic, in some cases leading to increased revenues from new countries and customer segments. Nevertheless, numerous corporates have also struggled to retain cash flows at pre-pandemic levels, and treasurers in these organisations are more in the spotlight than ever.

How would you rate the impact of Covid-19 on your trade flows/supply chain?



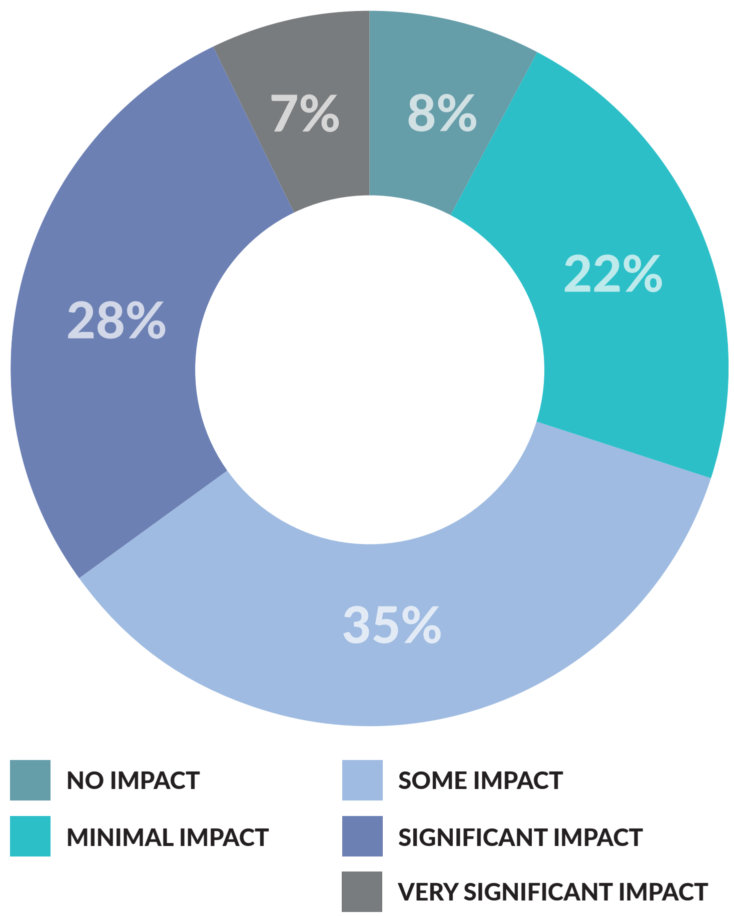
Over two in five respondents (42%) believed that the pandemic had either significantly (27%) or very significantly (15%) impacted their trade and supply chain flows. This is unsurprising, given the levels of supply chain disruption caused by lockdowns across Europe and the rest of the world. Many organisations chose to re-shore or near-shore supply chain operations in order to reduce delays, leading to a shuffling of trade flows. Unfortunately, some suppliers, especially smaller businesses, were unable to survive the pandemic, leading buyers to look to source new business partners, and consider diversifying their supplier base to include 'back up' options at the same time.

How would you rate the impact of the war in Ukraine on your treasury/cash management operations?



On 24th February 2022, Russia invaded Ukraine – representing a major escalation in a war that began in 2014, following Russia's annexation of Crimea. As the global community has rallied to support Ukraine, the vast majority of multinational corporates have suspended their operations in Russia, with many entirely withdrawing from the country. SWIFT has also enacted a payments' ban against Russia. Aside from the ongoing human devastation caused by the war, Russia's invasion of Ukraine has also resulted in turbulence in the business community. Two-fifths (40%) of treasurers are feeling some impact in terms of cash management, and 27% are experiencing either a significant (19%) or very significant (8%) effect.

How would you rate the impact of the war in Ukraine on your trade flows/supply chain?



Russia's invasion of Ukraine is impacting global supply chains in a major way – especially the trade of oil, grain and auto parts. In fact, over 600,000[1] companies across the globe relied previously on Ukrainian and Russian supply chain partners. As a result of the ongoing conflict, corporates are having to source from alternative locations. This disruption is clearly reflected in the survey results, with 35% of respondents seeing some impact on their trade flows, 28% seeing a significant impact, and 7% noticing a very significant effect.

[1] *https://www.forbes.com/sites/paulnoble/2022/05/12/the-ukraine-russia-wars-impact-on-the-supply-chain-why-mro-optimization-is-a-top-priority/*

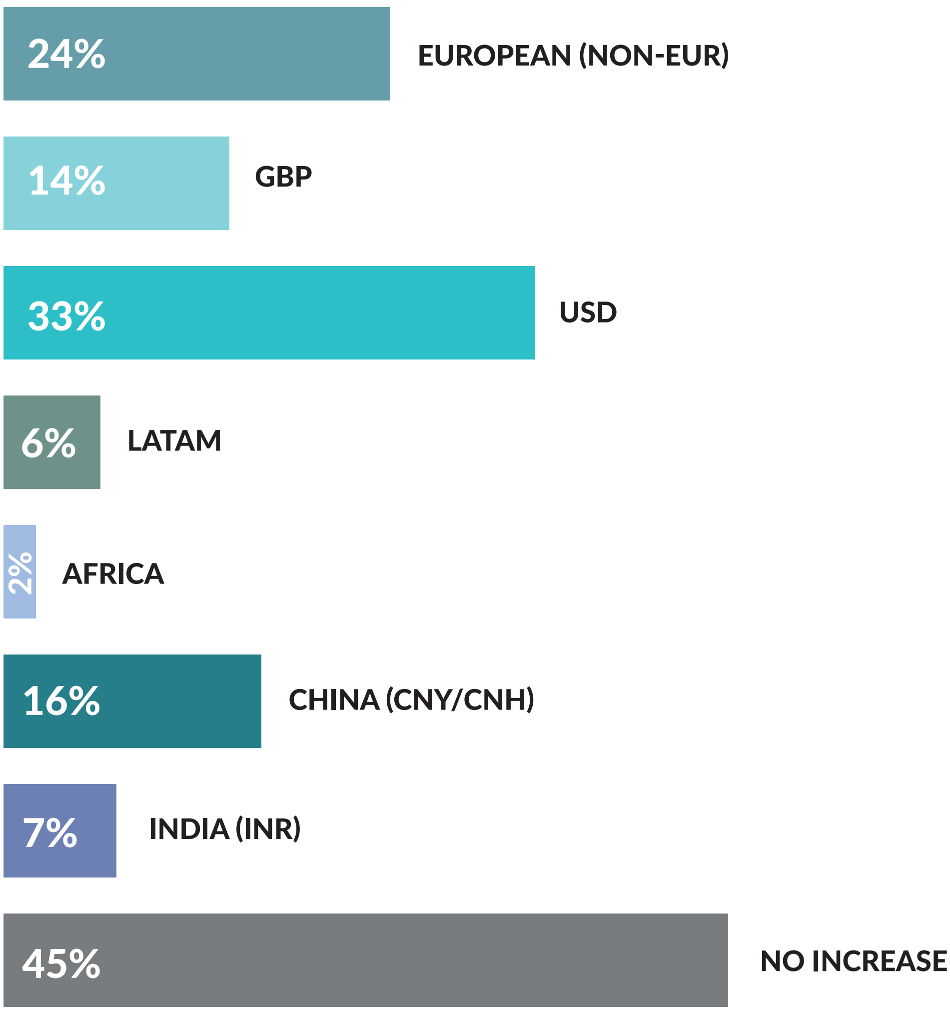
With the challenging environment for global trade, do you see an increased need for trade and working capital facilities in the year ahead?

Given the current complexities involved with global trade in a geopolitically stressed environment, it is no surprise that nearly one-quarter (24%) of respondents believe more trade and working capital facilities will be needed in the next 12 months. This is up from just 13% in 2021, returning to similar levels as 2020, when 27% voted 'yes'. The solutions being requested this year reflect 2021's choices, and include supply chain finance, factoring, and dynamic discounting – several companies noted that they are unable to pay suppliers on time and/or are receiving late payments from their own buyers. RCFs remain popular, as they were in 2020. Interestingly, more guarantees and letters of credit were requested in 2022, reflecting the current risk environment. One respondent also mentioned notional pooling as a means to ensure optimal functioning – and this has been a hot topic on the treasury grapevine in recent months, especially as FX volatility persists.

24% YES | **23% NO** | **53% NOT SURE**

> *The solutions being requested this year reflect 2021's choices, and include supply chain finance, factoring, and dynamic discounting – several companies noted that they are unable to pay suppliers on time and/or are receiving late payments from their own buyers.*

Looking forward, do you see increased trade in foreign currencies? If so, in which currencies (or regions)?*

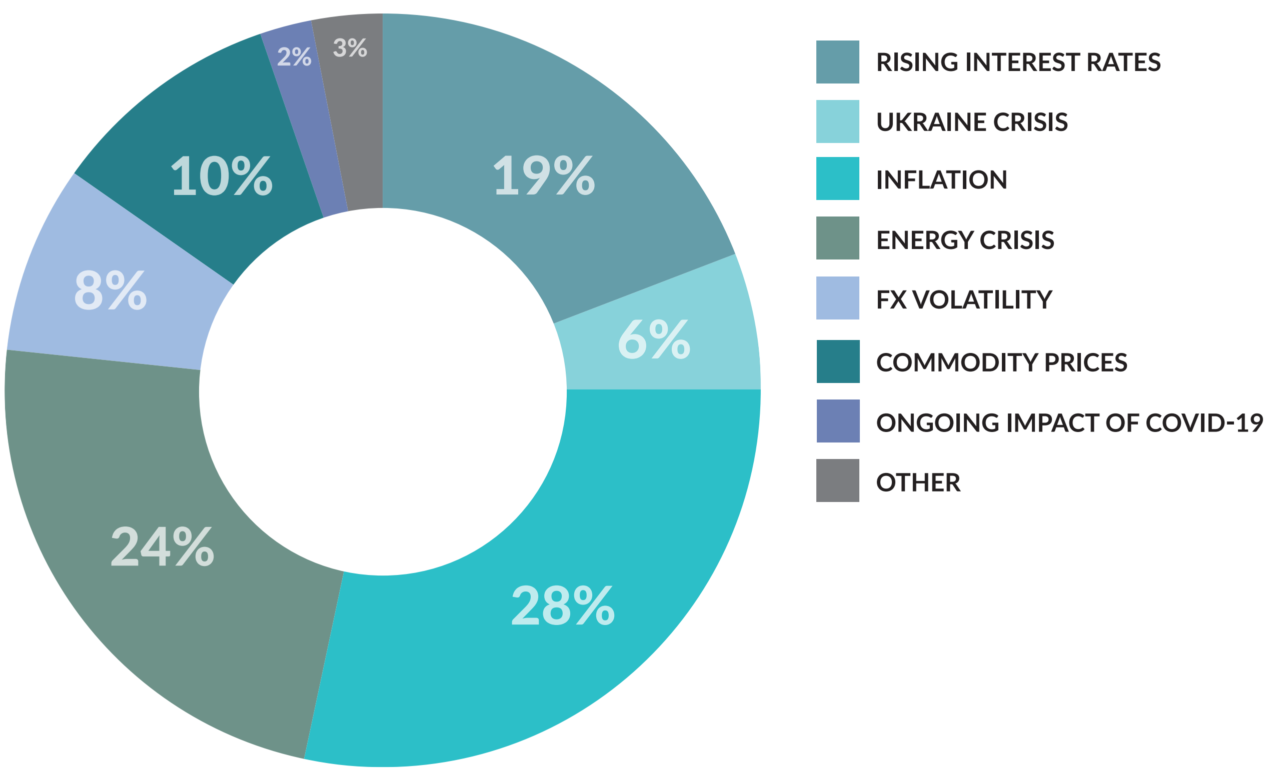


* *multiple responses permitted*

Given the global re-shuffle of trading partners resulting from the pandemic and the war in Ukraine, it is interesting to see 7% of treasurers predicting an increase in their usage of the Indian rupee. India is frequently cited as a growing location for supply chain partners, as companies re-think relations with China due to Covid-related disruptions. Nevertheless, 16% foresee a rise in trading Chinese renminbi. Other emerging markets such as LATAM and Africa are creeping into the picture – with 6% and 2% respectively. However, the most significant FX need appears to be for US dollars, with 33% anticipating a rise in USD trades. This may be an indication of the level of volatility in the commodity market, since many commodities are priced in USD.

What is your TOP macroeconomic concern for 2022?

For the first time since this annual European Treasury Survey began, inflation is the top macroeconomic concern, with 28% citing this as their major worry. This is understandable given that inflation is heading into double digit figures across Europe – a level not seen for decades. Many treasurers and especially junior team members will never have operated in an inflationary environment. The impact on margins will be tough to manage. Treasurers have also become used to a world where low and even negative rates were the norm, yet as they begin to rise, 19% see this as their major macroeconomic concern. Borrowing will become more expensive and there will also be pressure to improve the returns on cash investments. Elsewhere, the energy crisis is a source of anxiety for almost one in four respondents (24%), with rising commodity prices (10%) only adding to the complexity facing treasury teams.



With the current level of volatility in the FX market do you think you will hedge more in the year ahead?

While the macroeconomic backdrop is arguably more complex in 2022 than it was in 2021, the percentage of respondents looking to increase their FX hedges only rose by 1% – reaching 30% this year, up from 29% previously. Over one-quarter (26%) of survey participants are unsure whether they will increase their hedging activities, and this is likely to be an area for active discussion between treasurers, CFOs, and banks in the year ahead.

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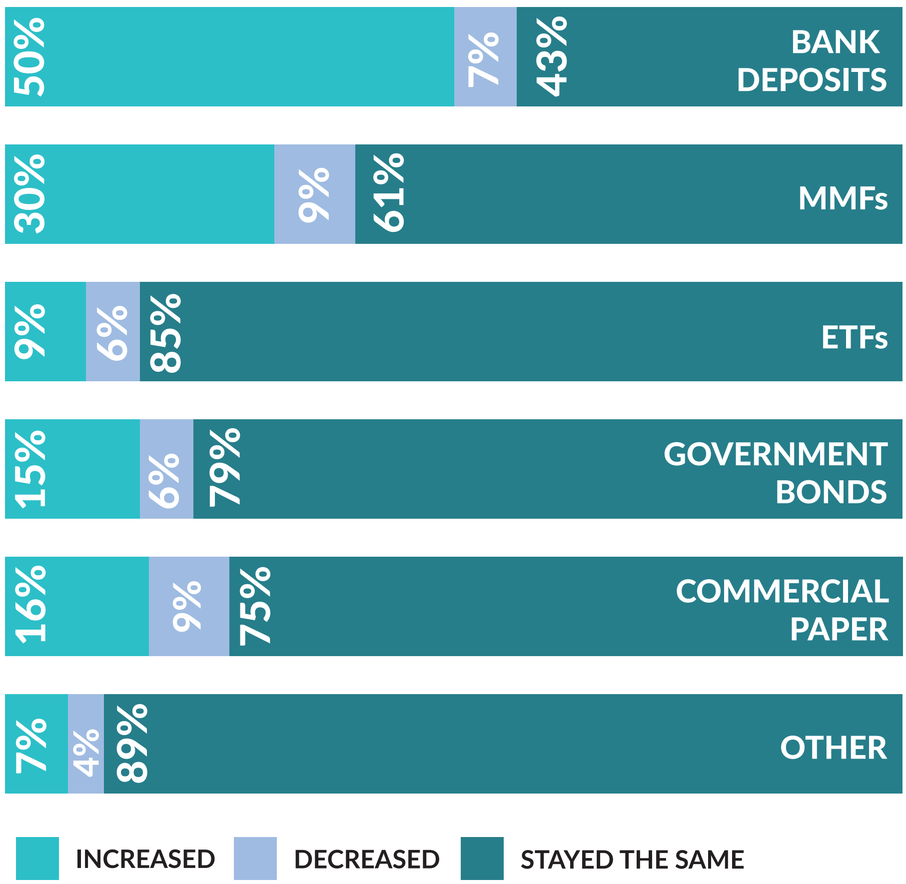
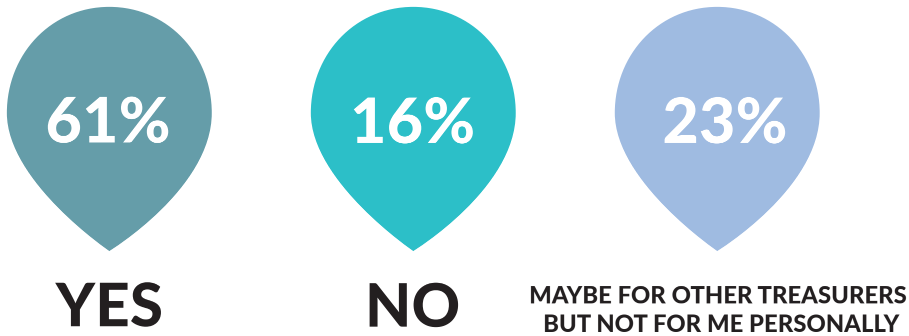
How will interest rate rises impact your usage of short-term investment instruments over the coming 6-12 months?



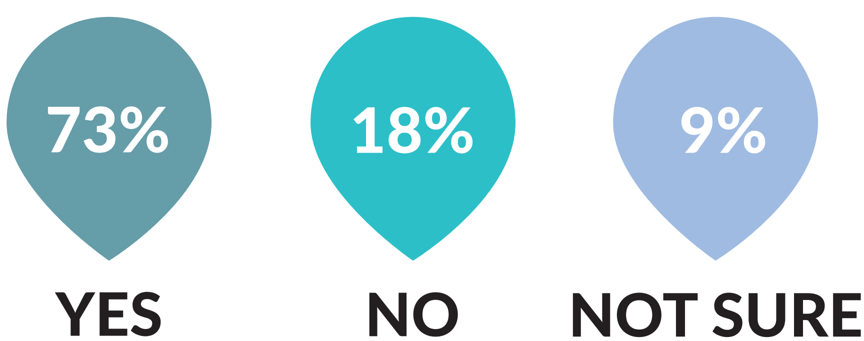
With interest rates now increasing in the vast majority of European economies, and further rate hikes planned throughout the remainder of 2022 and into 2023, treasurers are naturally rethinking their short-term investments. Bank deposits appear to be the major recipient of funds, with one in two respondents looking to grow their usage of these instruments. This shows a stark contrast to 2021 when only 22% were increasing bank deposits and a significant 38% were decreasing them. Government bonds are also back in favour, with 15% looking to use them more, compared with 11% last year and 10% the year before. Despite regulatory changes hanging over the MMFs space, 30% are looking to increase their usage of them – compared with 17% in both 2021 and 2020. Worthy of note is the growing interest in ETFs, with 9% wanting to invest more into them in the months ahead. This has risen from 6% in 2020 and 7% in 2021. Perhaps treasurers are starting to move out of their investment comfort zones and look beyond the ETF 'wrapper' to the underlying holdings. Or perhaps some treasury teams have achieved a better handle on their cash buckets as a result of the pandemic, and feel able to 'step out'.

Over the next 12 months, do you believe that ESG or ‘green’ criteria will become more important when choosing short-term investments?



Treasurers continue to embrace ESG in many areas of responsibility, including short-term investments. While it is positive to see 61% believing that ESG criteria will have more of an impact on their investment choices over the coming year, this figure is slightly down on 2021 (72%). Of course, this could be a reflection of the respondent pool, and industry sectors within that. But it may also reflect the fact that the ESG investment space is still maturing, as well as shifting priorities in a challenging macroeconomic environment, and potential concerns around greenwashing. It will be interesting to see how this trend evolves as more standards, and transparent data, enter the sustainable investing arena.

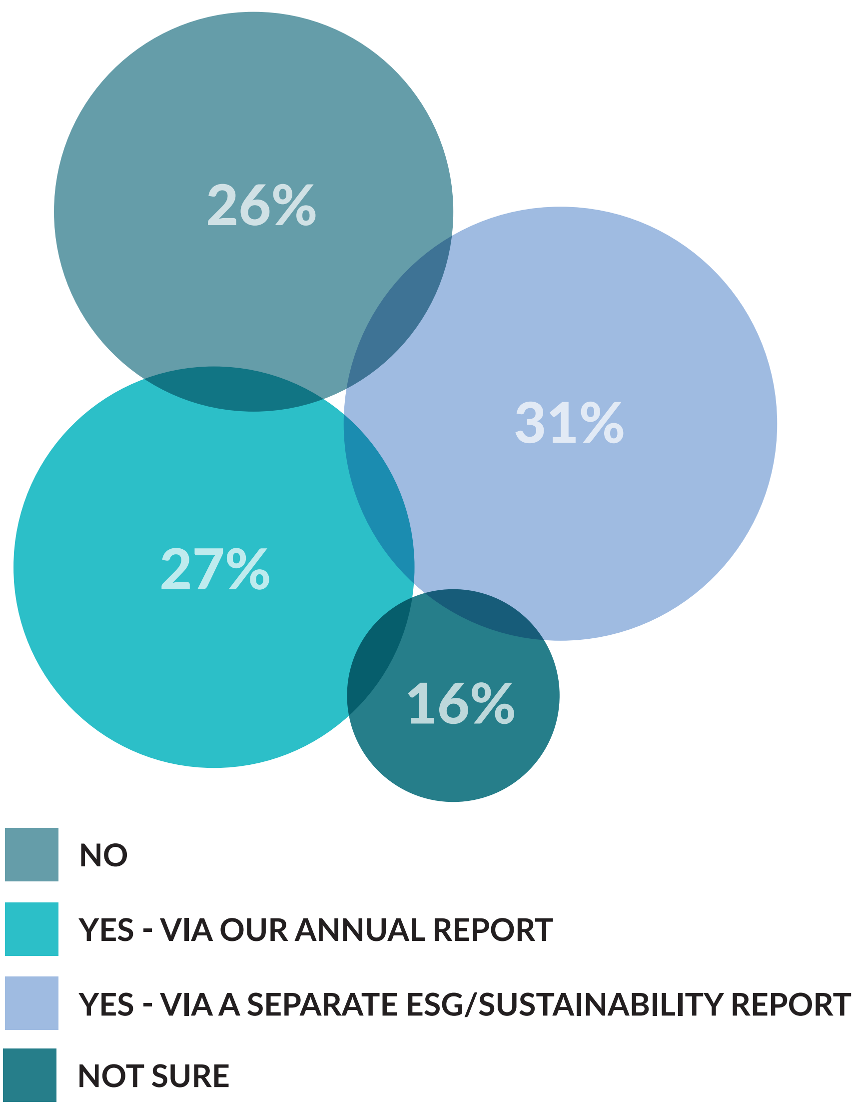
Is ESG/Sustainability a board-level priority in your organisation?



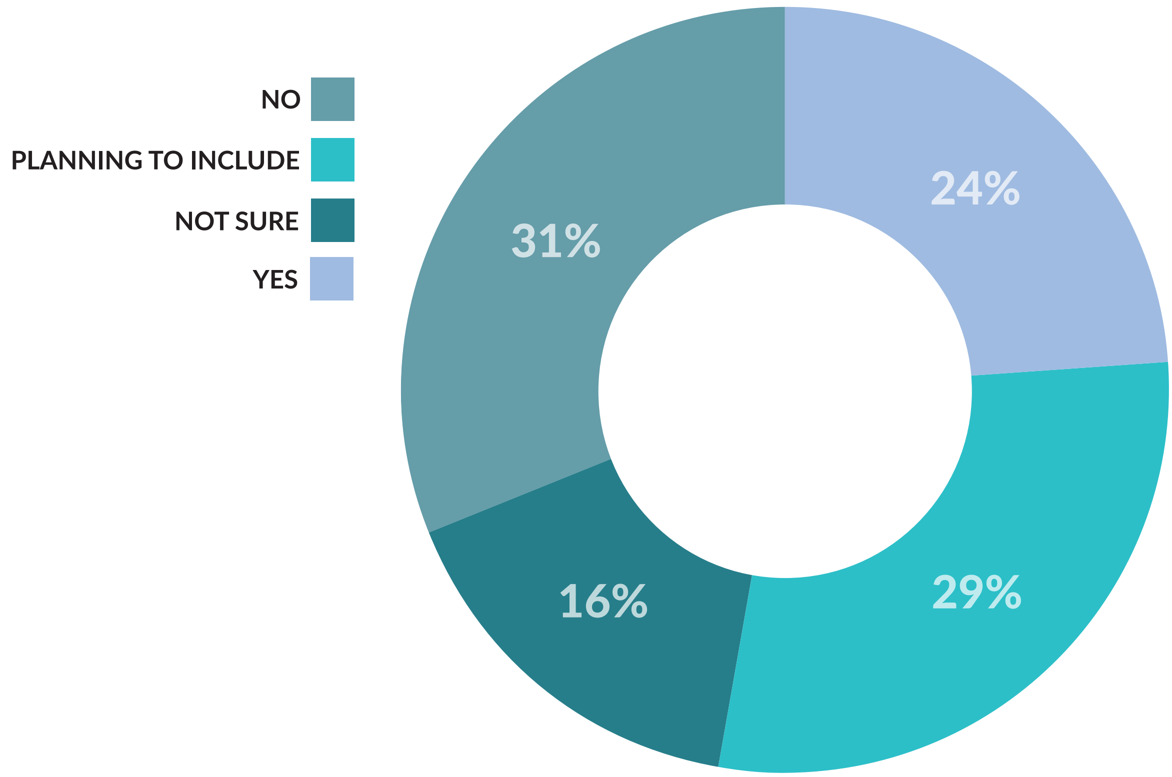
It is clear that ESG is now a critical agenda item for the majority of boards (73%). While 18% of boards are yet to consider ESG as a priority, the growth of sustainability reporting, and the work of bodies like the International Sustainability Standards Board may well change matters in the year ahead. It is promising that fewer treasurers than last year (13%) are still unsure of their board’s view on ESG.

Does your organisation publish ESG metrics?

The percentage of respondent organisations' publishing ESG metrics – either through an annual report or a separate sustainability report – has crept up from 53% in 2021 to 58% this year. Nevertheless, some treasurers appear to be in the dark as to their company's ESG reporting activities, with 16% saying they were unsure. Hopefully, this figure will decline as treasurers become increasingly involved in meeting the wider organisation's sustainability goals.

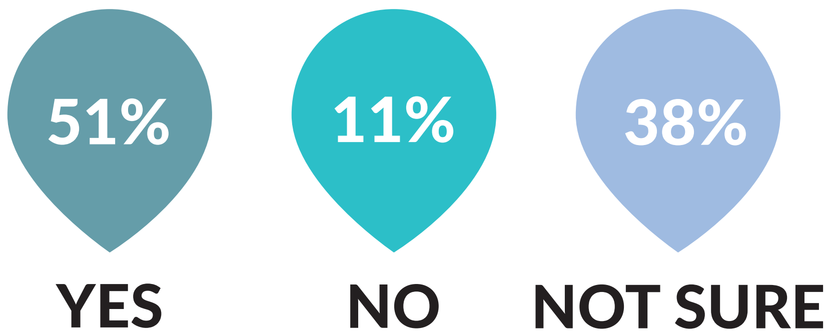


Are sustainability/ESG measures reflected in your organisation's treasury/finance objectives?



While 58% of respondent companies publish ESG metrics, only 24% of treasury functions currently include ESG measures in their departmental objectives. Although 29% do intend to include such KPIs, respondents said much the same in 2021 – and yet little progress has been made. Perhaps treasurers have had competing priorities to deal with, given the challenging operating environment, or perhaps it is proving difficult to find tangible ways to embed ESG-driven KPIs into the treasury function.

Can your banking partner provide the sustainable finance or investment solutions required to support your ESG treasury ambitions?



There has been a slight uptick in the number of corporates reporting good support from their relationship banks when it comes to sustainable finance and investment solutions – rising from 47% in 2021 to 51% in 2022. A significant 38% of respondents still remain unaware of their bank's capabilities in this area, however, which suggests that there is a need for greater dialogue around this topic. There is clearly also a need for further solution development, at least by certain financial institutions, with 11% believing their banks do not offer sufficient ESG-compliant treasury tools.

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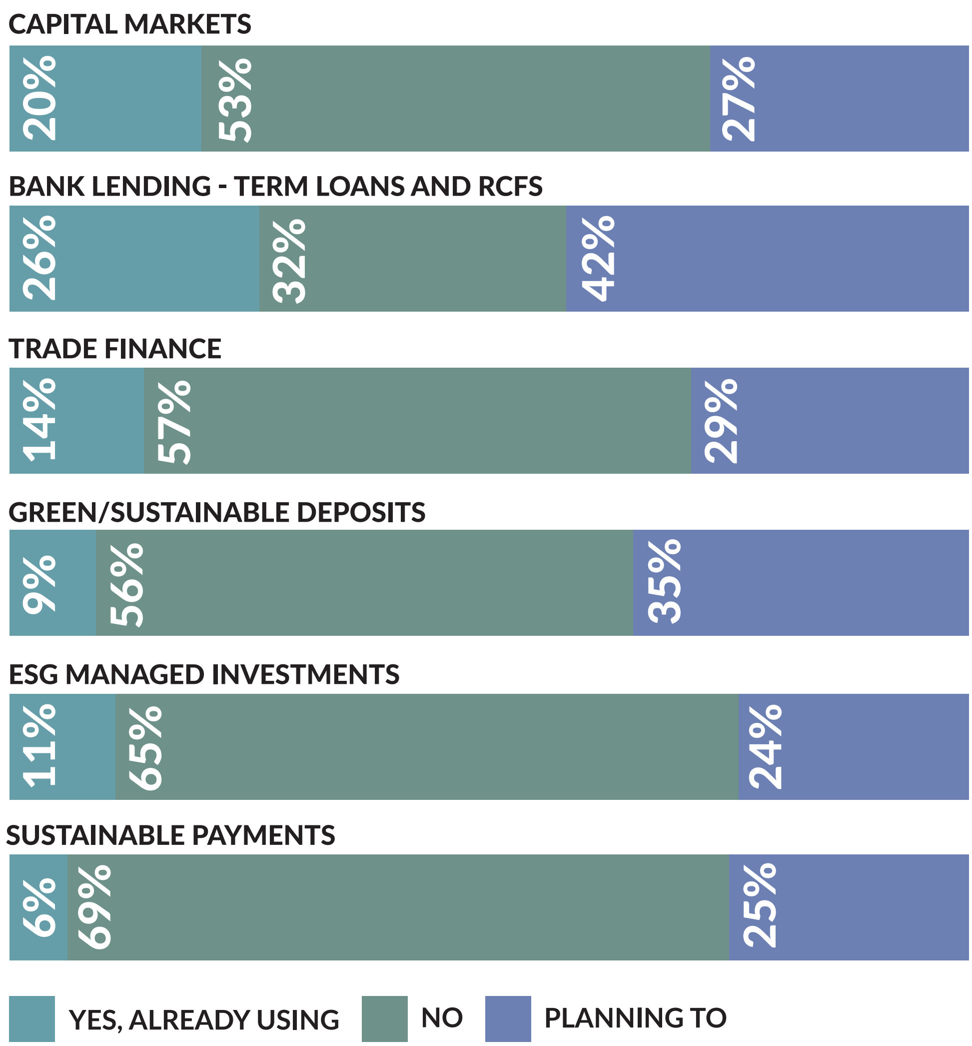
Which green/sustainable banking instruments would your organisation consider using?

In 2022, respondents were asked to outline which ESG solutions they are already using, or planning to use. This was a different take on the question asked in 2021, providing an insightful snapshot into the current uptake of ESG solutions. It was incredibly promising to see that over one-quarter (26%) of survey participants are already using sustainable bank lending and that 42% intend to in the near future. In fact, the overall level of interest in ESG solutions – demonstrated by the 'planning to' percentages below – is heartening, and reflects the evolving role of treasury professionals. The relatively low uptake of green deposit solutions so far, with just 9% currently using them, may increase as rates rise and returns become more palatable.



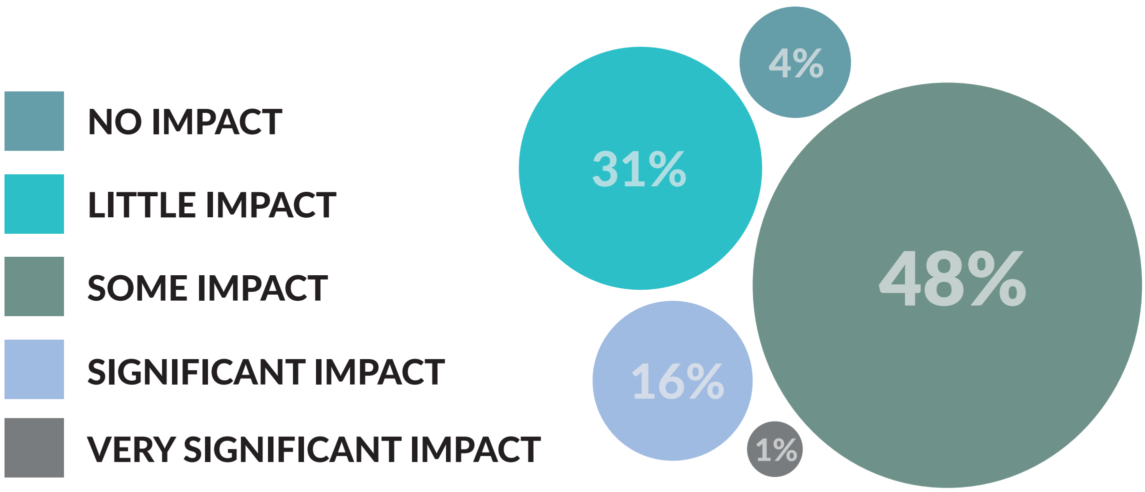
What are your TOP THREE regulatory/policy concerns for 2022?

Data and cybersecurity policies are no longer the very top regulatory/policy concern for corporate treasurers, as was the case in 2021 for 32%. This year, the dubious honour of being the most significant regulatory/policy worry goes to corporate sustainability/ESG reporting, with 29% choosing this as their number one concern. This selection only garnered 14% of the vote in 2021 and likely reflects the speed at which corporate reporting requirements are changing to accommodate ESG, with initiatives such as the EU Taxonomy firmly on treasurers' radars. AML/KYC remains a perennial concern, with 20% voting this as their top issue. The addition of the Global Minimum Tax to the regulatory mix is clearly a worry, especially among those operating in multiple locations with 6% picking this as their number one concern, an additional 10% saying it is their second biggest worry, and 13% selecting it as their third most significant regulatory/policy issue.

	1st Concern	2nd Concern	3rd Concern
CORPORATE SUSTAINABILITY/ESG REPORTING	29%	15%	18%
DATA AND CYBERSECURITY POLICIES	25%	26%	19%
AML/KYC	20%	17%	13%
MMF REFORM	3%	11%	10%
MIFID II AND III	4%	7%	10%
EMIR REFIT	3%	3%	6%
BASEL IV	6%	4%	7%
PSD 2 REVIEW/PSD 3	4%	7%	6%
GLOBAL MINIMUM TAX	6%	10%	11%

HOT COLD

How significant an impact will regulatory developments have on your European treasury operations in 2022?

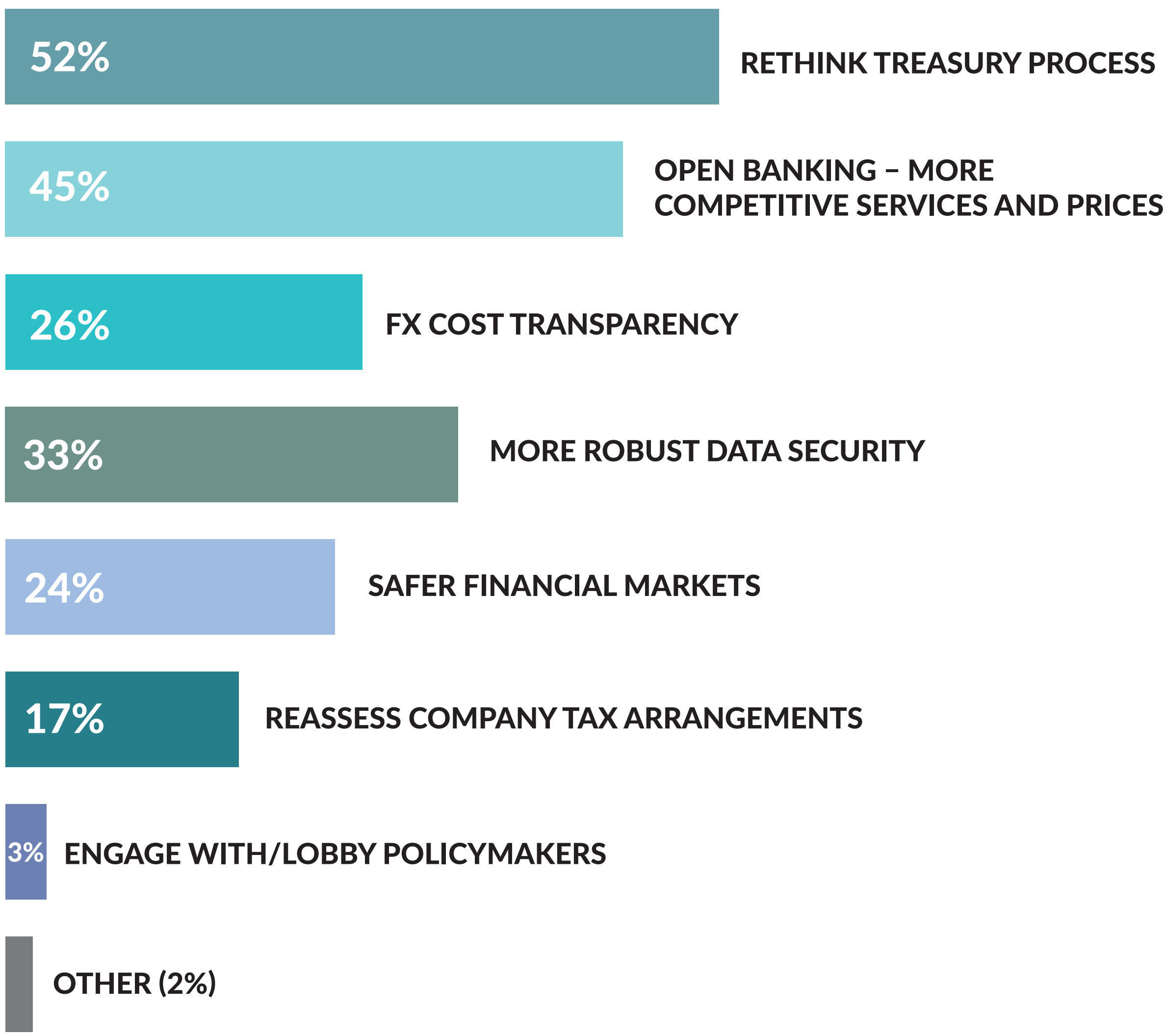


The impact of regulation on treasury functions appears to be intensifying, with just 4% saying they expect no impact whatsoever – down from 9% in 2021. Meanwhile, the percentage of survey participants reporting a significant impact has increased from 11% last year to 16% in 2022. As per both 2020 and 2021, 1% also anticipated that regulations would have a very significant impact on their treasury operations over the remainder of the year.

The impact of regulation on treasury functions appears to be intensifying, with just 4% saying they expect no impact whatsoever – down from 9% in 2021.

What opportunities do you see arising from regulatory change?*

While one respondent commented that regulation has no upsides and is simply a burden, many survey participants were able to see the brighter side of regulatory change. In fact, over half (52%) see shifting regulations as a chance to reconsider and remodel treasury processes. As was also seen in 2021, only 3% were excited by the prospect of lobbying policymakers, but one in three (33%) was pleased that regulation could lead to improved data security. Open banking also continues to be seen as an opportunity (45%) to embrace change and secure improved access to, and pricing for, treasury services.



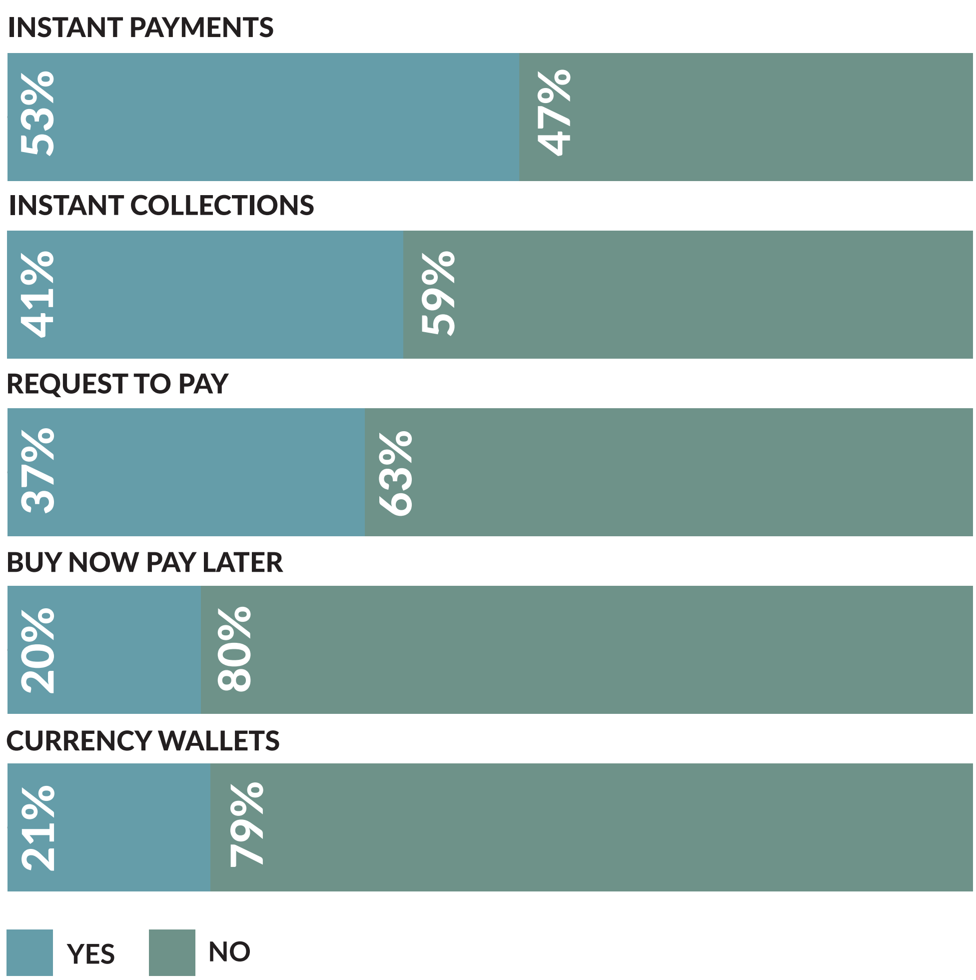
** multiple responses permitted*

To what extent do you believe the following risks will change – in terms of their impact on treasury – over the next 12 months?

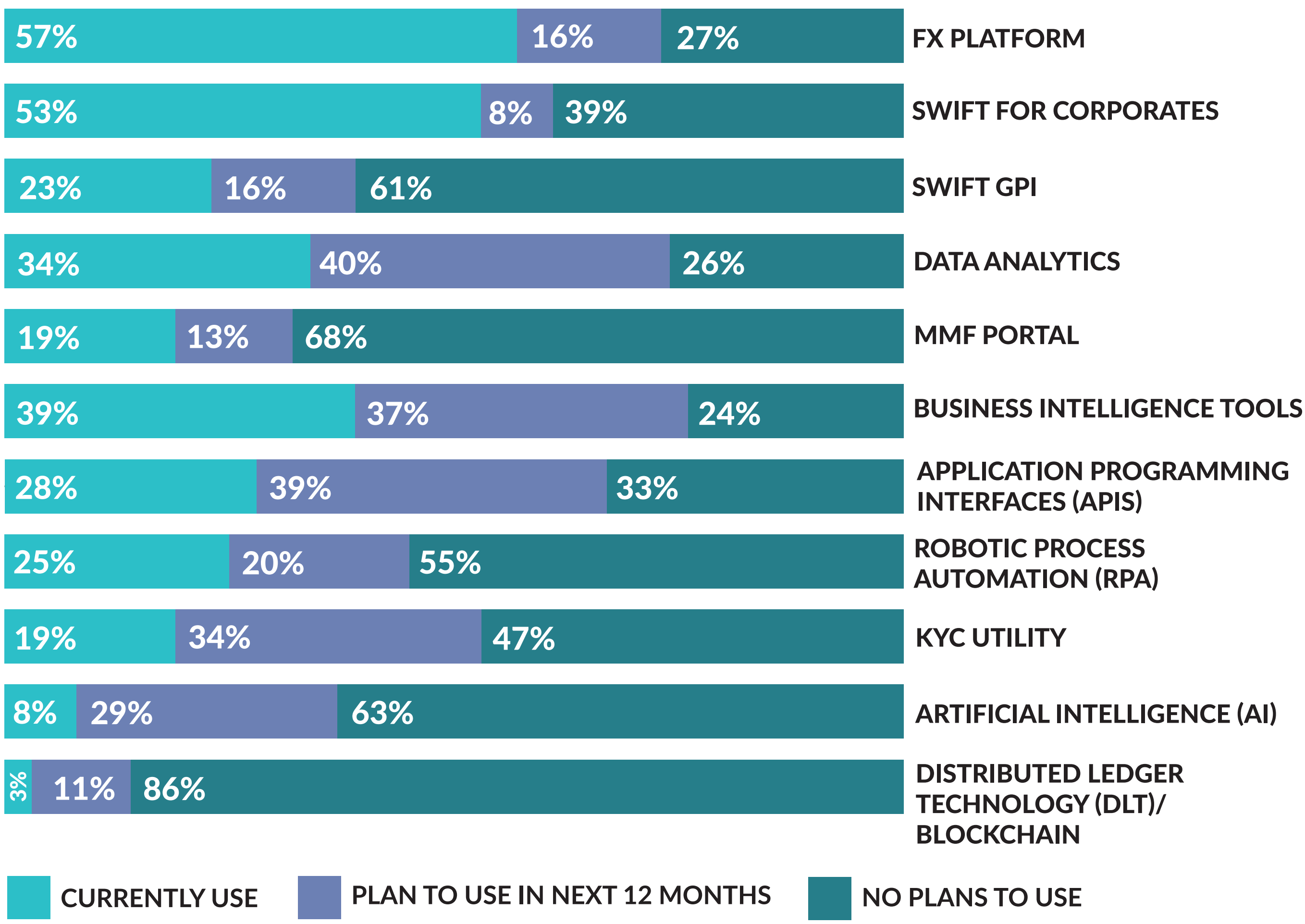
While cybersecurity remains the risk that respondents believe is most likely to increase over the coming year, with 85% selecting that option in 2022 (versus 90% in 2021), arguably the most telling increase is that of political risk – up from 56% last year to a significant 82%. The percentage of treasurers believing the risks arising from digitisation and also business model change will increase has dropped significantly over the last 12 months. The former now stands at 57%, compared with 77% in 2021. While the latter has dropped from 43% to 33% over the same period. This suggests that organisations are now progressing more smoothly through their digital and strategic transformations, and that technology and new ways of selling are becoming more of a help than a hindrance.

With the increase of digitisation, over the next 12 months do you plan to make more use of real-time/ instant payments and digital payment tools?

To help adapt to the new digital environment, minimise risk, and maximise opportunity, many treasurers are embracing innovative payment and collection solutions. Over half of respondents (53%) plan to use instant payments – which can be leveraged in various ways to improve customer retention (where refunds or disbursements are concerned) and improve employee and also supplier relationships. Request to Pay (RtP) is also of interest to 37%, reflecting the growth of the SEPA Request to Pay (SRTP) scheme, which was launched on 15th June 2021, as well as other non-euro RtP initiatives. In a nutshell, RtP offers an innovative way to send data-rich payment requests directly to a customer via a secure digital channel such as their smartphone – and is increasingly being recognised as a modern 'pull payment' method. Elsewhere, the 21% of respondents wanting to use currency wallets are likely to be exploring new ways to mitigate FX risks, as well as preparing for the world of digital currencies.



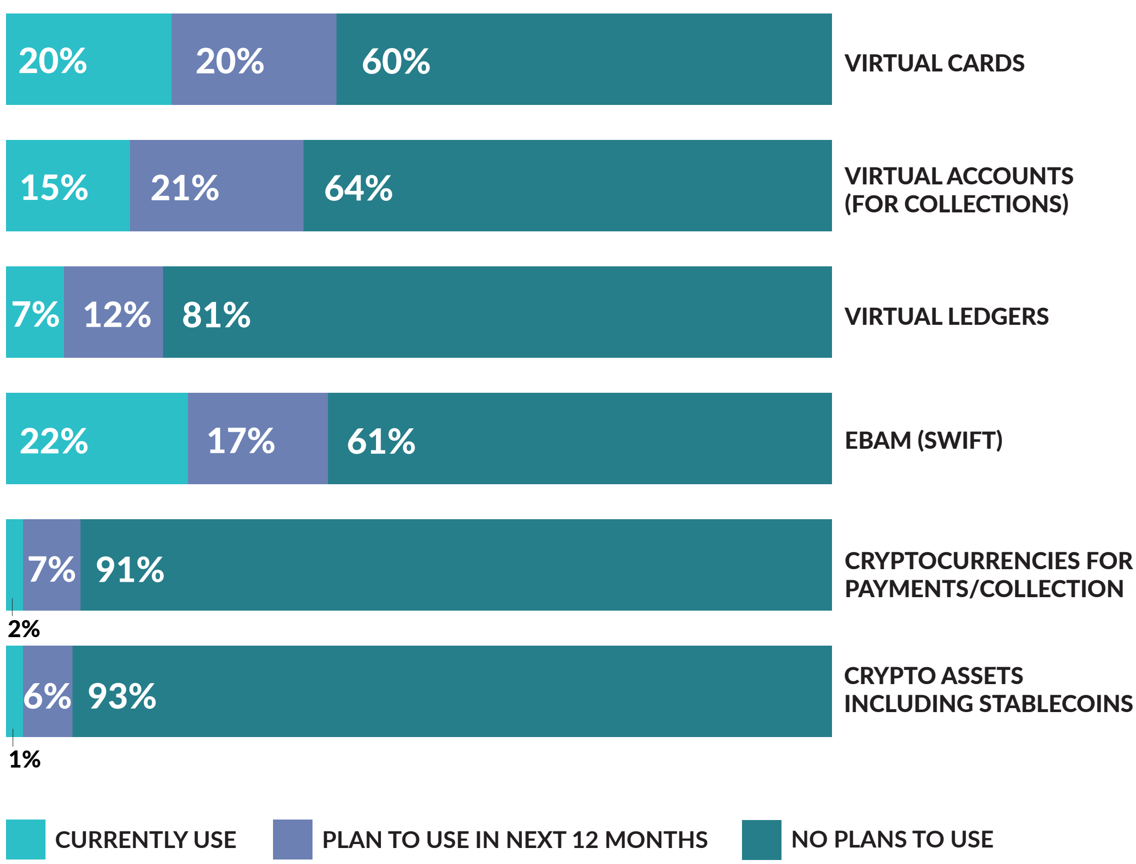
Which of the following treasury technologies do you currently use or plan to start using in the next 12 months?



As per 2020 and 2021, respondents were given a list of technologies to consider, and use of an FX platform once again topped the list of those which are already in use, with 57% benefitting from one. The next most popular technology was SWIFT for Corporates, with 53% making use of it, up from 43% in 2021. Interestingly, the percentage of respondents already using AI, has remained the same over the last 12 months, coming in once again at 8%. It is slightly surprising to see that distributed ledger technology is still of such little interest to corporate treasurers, with 86% having no plans to use it. This may change as corporates become more au fait with the benefits of DLT in areas such as payments and trade.

Which of the following digital treasury tools do you currently use or plan to start using in the next 12 months?

When it comes to digital treasury tools, the solution with the most respondents planning to use it over the coming year is virtual accounts (21%). This could point to a growing need for straight-through reconciliation processes, as collecting and applying cash as quickly as possible becomes paramount in this challenging macroeconomic environment. While the vast majority of treasurers have zero interest in cryptocurrencies, it is worth noting that a handful of sophisticated corporates are already using them for payments and collections (2%). In addition, the same number are investing in crypto assets (2%). Naturally, the risk profile of crypto instruments remains high, yet 13% of treasury teams have plans to use them in one form or another over the coming year.



How would you rate the benefit of digital trade to your trade business?

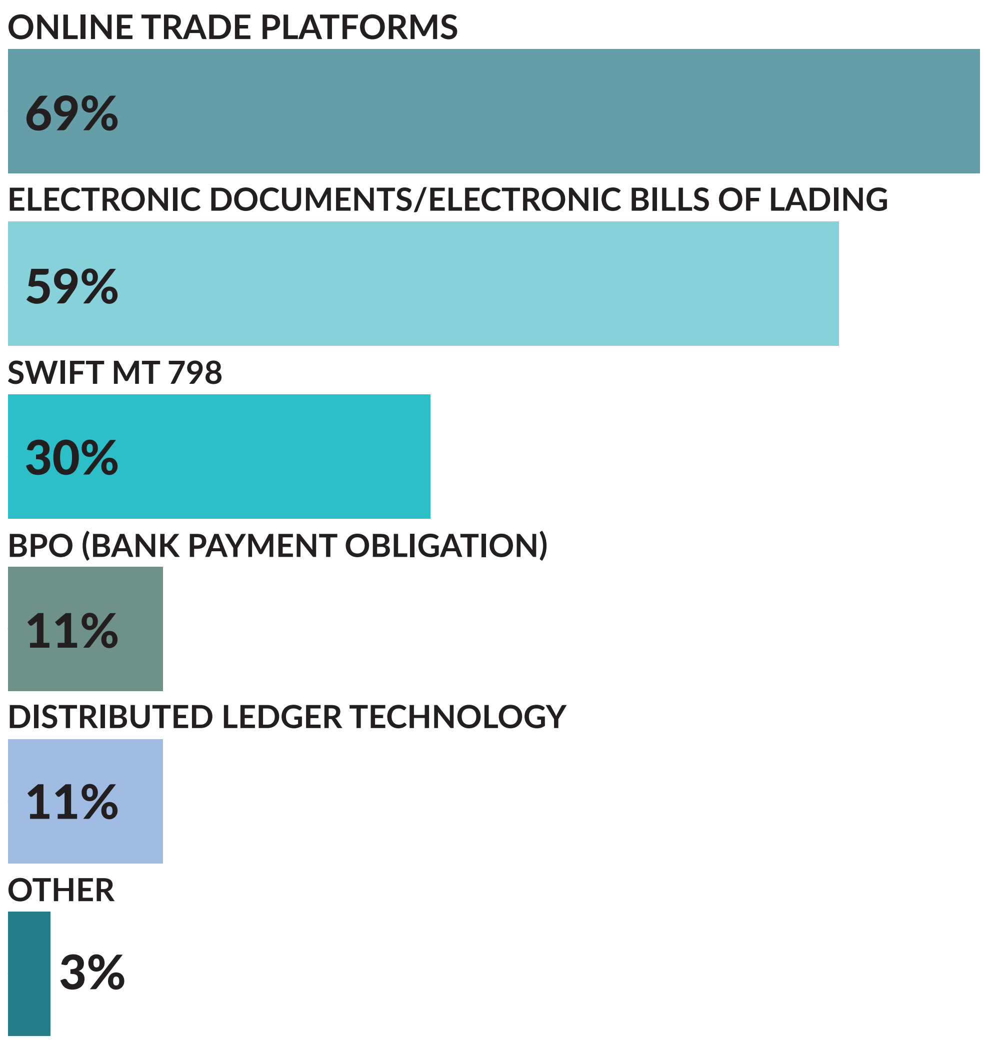
LITTLE/NO BENEFIT: 44%

MODERATE BENEFIT: 38%

SIGNIFICANT BENEFIT: 18%

Trade has long been paper-based, but thankfully the digital tide is starting to turn. Treasurers are also beginning to register the potential benefits of dematerialisation in this space, with 18% (the same percentage as 2021) predicting a significant benefit. While 44% do not see the potential here, this may reflect the fact that treasury is not always closely engaged with trade activities. But it could also point to digital trade solutions still being relatively concentrated among select industry players, with greater need for industry-wide progress.

Which of the following digital trade solutions would you consider relevant to your trade business?*



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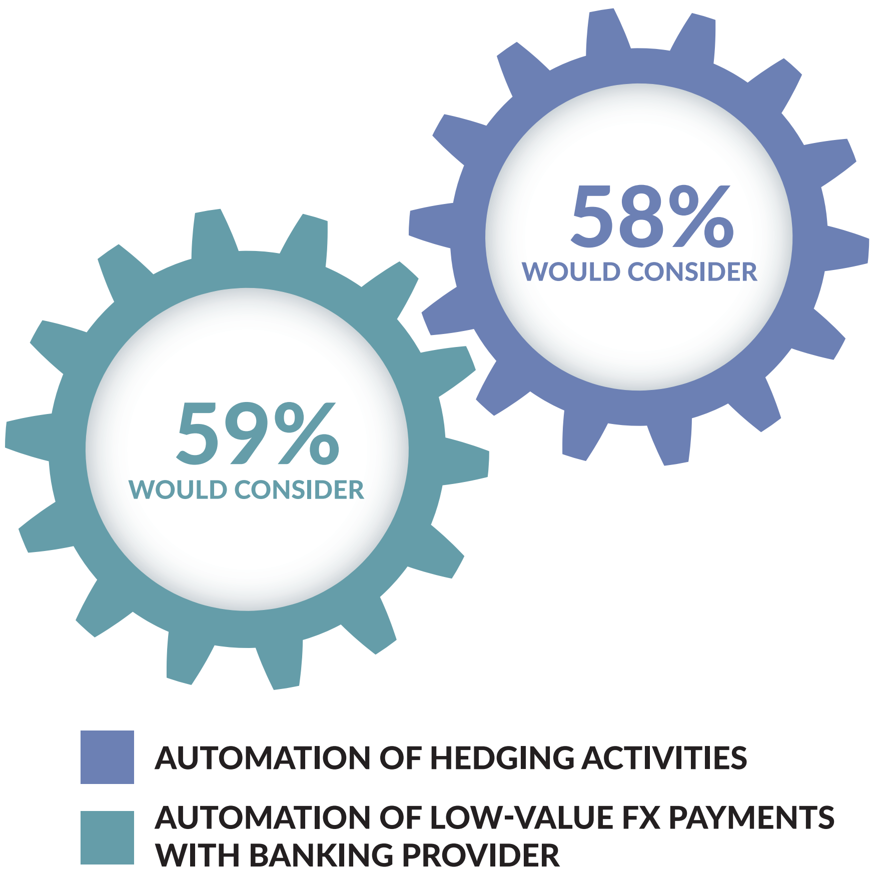
Since 2021, there has been a significant jump in the level of interest in online trade platforms, up from 38% to 69%. Electronic documents are also markedly more popular today, with 59% voting for them, versus 40% last year. More treasurers are also now interested in the potential of DLT to improve trade processes in 2022 (11%) compared with 2021 (7%). Overall, the relevance of digital trade solutions is on the up.

In the past year, have you considered the following as part of automating your treasury workflows?



Another area of technology that is garnering interest in treasury, as a means to improve efficiency, reduce errors, and free up resources, is automation. Over half of respondents have been thinking about automating their hedging activities (58%) and/or their low-value FX payments (59%). Despite the positivity here, similar percentages of respondents said the same in 2021 (55% and 58%, respectively) – indicating that it is time to turn talk around automation into positive action.

What are the top three hurdles preventing you from reaching your treasury goals over the coming 12-24 months?

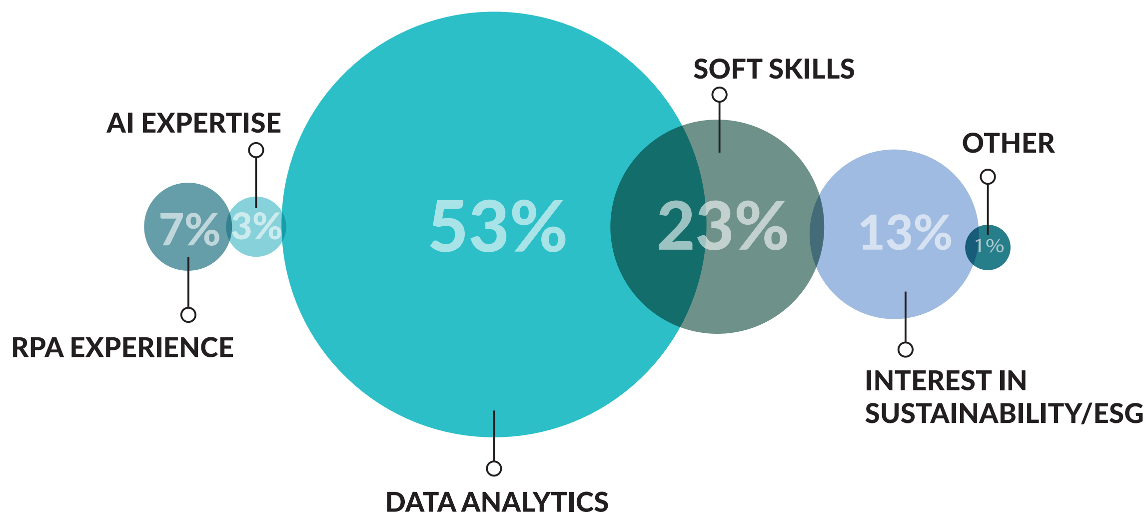
	1st Hurdle	2nd Hurdle	3rd Hurdle
LACK OF TECHNOLOGY BUDGET	28%	16%	20%
MARKET CONDITIONS	20%	22%	12%
RESISTANCE TO CHANGE WITHIN MANAGEMENT	12%	16%	16%
TREASURY HEADCOUNT	22%	16%	13%
SKILLS GAPS/LACK OF TRAINING	6%	12%	11%
RESISTANCE TO CHANGE WITHIN TREASURY	1%	5%	8%
REGULATION	9%	9%	9%
LACK OF INFORMATION ON MARKET DEVELOPMENTS	2%	4%	11%

HOT COLD

For the third time in as many years, a lack of technology budget was identified as the top obstacle preventing treasury teams from reaching their goals – this time 28% of survey participants, compared with 34% in 2021 and 31% in 2020. Market conditions are markedly more challenging this year, with 20% citing this as their number one obstacle versus 13% last year. That said, this is not a result of lack of information on what is happening in the market, with just 2% saying this is their biggest hurdle. As per previous editions of this survey, treasury headcount remains a significant challenge, with 22% selecting it as their most pressing roadblock. On a positive note, the number of treasury functions reporting a skills gap has decreased slightly, dropping to 6% in 2022, down from 8% the previous year and 9% the year before that. Perhaps technology is finally helping to bridge those gaps, or targeted training is being provided.

Are there any new traits/skills you will be looking for in future treasury recruits – aside from technical knowledge?

The percentage of treasury leaders will be looking for new recruits to be skilled in data analytics has dropped to 53%, down from 78% in 2021 and 76% in 2020. As seen in other areas of this survey, this result suggests that user-friendly technology is now being made available to help treasurers easily accommodate new job requirements like data analytics. In other words, the emphasis is now on tech vendors and banks to provide easy-to-use technology, rather than requiring treasurers to recruit for team members who are skilled enough to use it. This is echoed by the fact that only 3% of respondents plan to recruit for AI/ML expertise, which is a huge drop from 2021 when 40% selected this option. Soft skills remain a sought-after capability, with 23% citing them as a desired trait. Meanwhile one treasurer simply requested 'common sense'.



The emphasis is now on tech vendors and banks to provide easy-to-use technology, rather than requiring treasurers to recruit for team members who are skilled enough to use it.

During the last 12 months, did your banking partner provide you with the support needed to navigate the Covid-19 pandemic?

The good news is that almost three-quarters (73%) of respondents feel well supported by their relationship bank(s), having had positive interactions throughout the pandemic. But, similar to 2021, over one-quarter of treasurers are struggling to get the level of support that they expect from their bank(s). And of those respondents who aren't happy, only a handful (3%) are taking steps to improve matters by shifting to a new banking partner. While relationships in the transaction banking space might be sticky, they are not always happy – and this is one area for improvement throughout the remainder of 2022.

73% YES

WELL SUPPORTED

24% NO

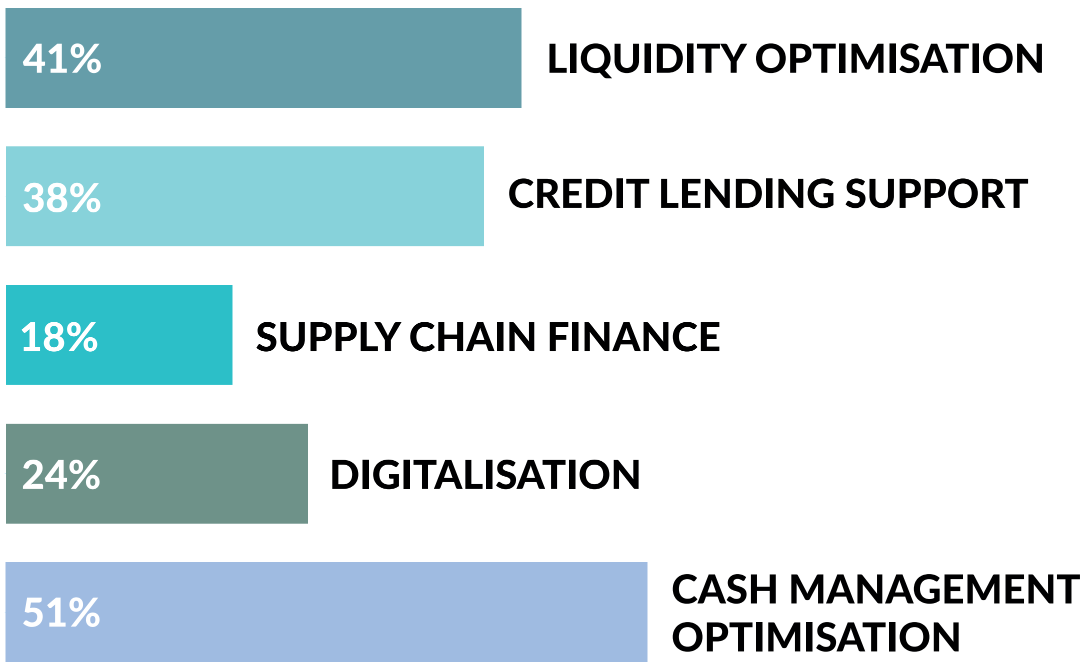
BUT STAYING WITH BANKING PARTNER

3% NO

MOVED OR MOVING TO NEW BANKING PARTNER

> *Almost three-quarters (73%) of respondents feel well supported by their relationship bank(s), having had positive interactions throughout the pandemic.*

Given your experience in the past 12 months, what critical role has your banking relationship played in achieving your treasury goals?*

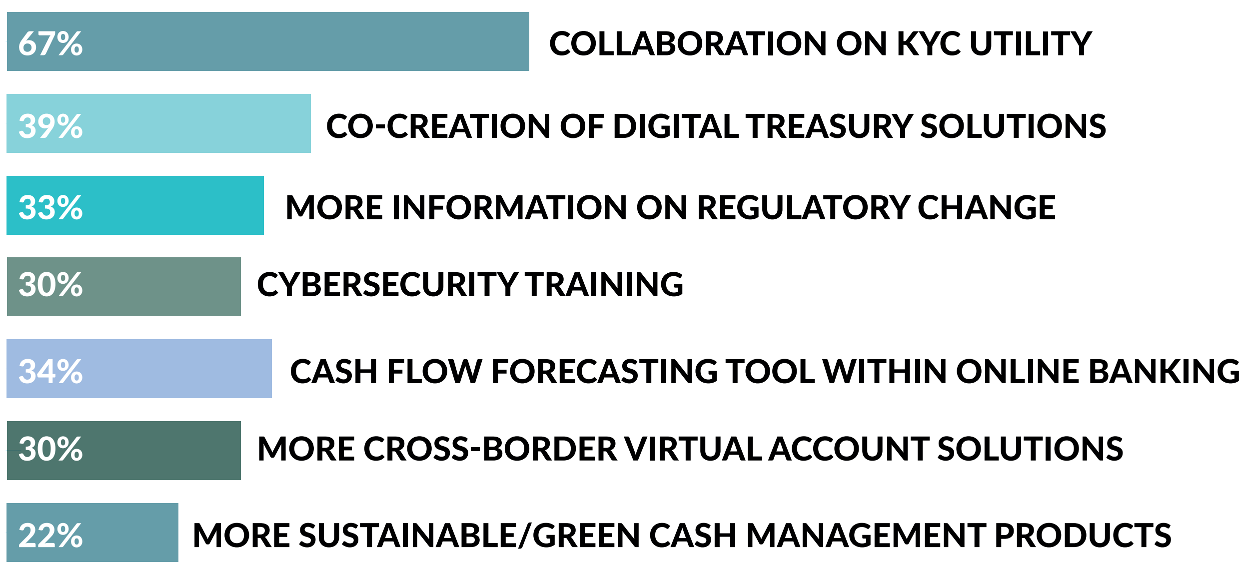


** multiple responses permitted*

Once again, banks have fulfilled their 'traditional' support roles well – with 51% actively helping corporates to achieve cash management optimisation and 41% assisting with liquidity optimisation. Interestingly, only 24% of respondents believe their banks have played a critical role in digitalisation, suggesting that there is room for further digital innovation from banks to better meet client needs. Supply chain finance is still relatively low on the list, with only 18% selecting it. Perhaps banks could do more to help treasurers pinpoint the benefits of SCF programmes, and realise them through onboarding support.

In what ways would you like to see cash management banks assist treasurers with their European business?*

Three years in a row, KYC remains the top area where corporates would like banks to collaborate, with 67% requesting a utility – up from 51% last year. While areas such as co-creation of solutions and the provision of cash forecasting tools are still common on European treasurer's wish lists, the percentages have decreased slightly in the last 12 months – going from 48% and 40% respectively in 2021 down to 39% and 34%. Rather than indicating a drop in appetite, this shift could in fact suggest that banks are actually now delivering on these desires.



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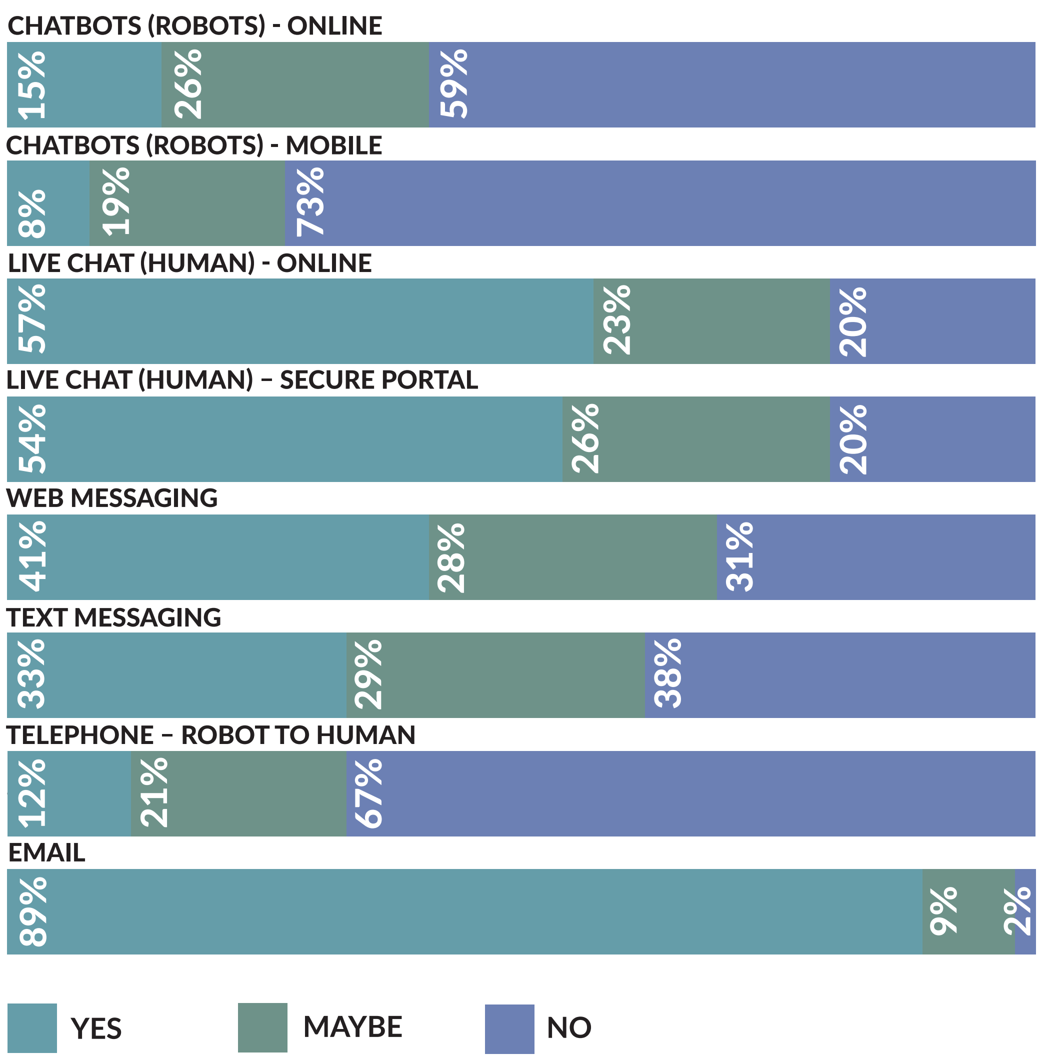
> *Three years in a row, KYC remains the top area where corporates would like banks to collaborate, with 67% requesting a utility – up from 51% last year.*

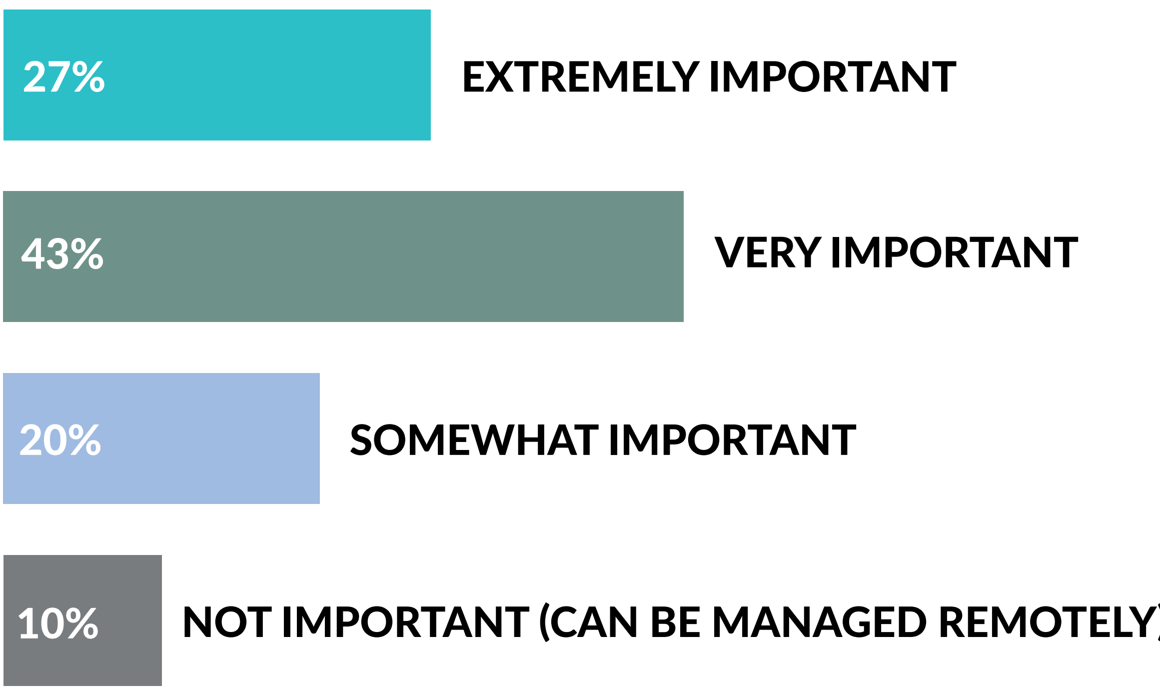
Which of the following digital client servicing tools would you consider using to communicate with your banking partner?

Despite the advent of new technology and various forms of automation in treasury, it seems that survey respondents still prefer the human touch when it comes to bank interactions. Indeed, 59% were averse to chatbots online, with that figure rising to 73% for chatbots on mobile devices. Robots on the telephone were also a no-no for 67% of respondents. While live chat with a human remains popular, both online (57%) and via a secure portal (54%), nothing beats the convenience of email as a communication channel (89%). That said, text messaging is becoming more widely accepted, with 33% endorsing it compared with 28% last year.



How important to your treasury business is localised client service and support from your banking provider?

Last but by no means least, respondents voiced their opinions on the need for localised client service and support from their bank(s). It is not unexpected that the majority feel it is either extremely (27%) or very important (43%). However, it is worth noting that the percentage of corporates who believe localised support is no longer needed, given remote capabilities, has doubled in the space of 12 months – up from 5% in 2021 to 10% this year. This is a significant shift and demonstrates that banks are making critical strides in providing remote support.



Blazing a Treasury Trail into 2023

Throughout the past year, treasurers have had to contend with everything from inflation and interest rate rises, to supply chain disruptions on the back of the pandemic, and subsequent cash flow bottlenecks. Some treasurers, including two responding to this year's European Treasury Survey, have also been operating in a warzone, as a result of Russia's invasion of Ukraine.

But, as ever, treasury professionals have adapted to these tough conditions with remarkable resilience and even panache. Digital tools are becoming an ever-present feature within treasury functions, ranging from FX portals to SWIFT gpi, and even blockchain. Automation is also growing, with FX hedging being a particular focus at a time when volatility is high. In addition, leading treasurers are diversifying their investments with ESG-compliant instruments, and also building sustainability into SCF programmes in order to better support suppliers, while also benefiting the planet.

Despite the progress, there are still areas where treasury teams can look to become more robust, streamlined, and fit for the future. The survey results demonstrate that there is room for improvement in fully leveraging real-time payment and collection channels, for example. There may also be scope for additional conversations around approaches to hedging as the macroeconomic and geopolitical backdrop continues to be challenging as we head towards the end of 2022 and into 2023. Given the significant risk posed by cyber and fraud threats, ongoing training in this area is a must.

While this 'to do' list may seem daunting, treasurers are not alone in their improvement endeavours and transformation journeys. As is clear from this year's survey findings, banking partners have a range of solutions on hand to assist – from doing the basics well to innovating at speed, while supporting clients with both local and global capabilities.

This is precisely what Barclays Corporate Banking intends to continue providing throughout 2022, and into 2023. And thanks to our corporate banking platform, which covers nine European countries in a single interface, treasurers can benefit from the same experience in each country – from electronic onboarding, right through to all the payments capabilities that they need, and more.

With its long European heritage, Barclays also has the insight, reach, and digital solutions to help treasury functions blaze a transformation trail – even when the operating terrain is challenging and unpredictable.

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