

HELLENIC ASSOCIATION OF TREASURERS

Σύνδεσμος Ελλήνων Χρηματοοικονομολόγων

An introduction to the Hellenic Association of Treasurers HAT

Angela Nikolaidou, Treasury Specialist & Head of Educational Working Group, HAT

Member of



July 6th 2023

HAT | Who we are

The **Hellenic Association of Treasurers (HAT)**, is the leading professional association for Treasury professionals and related professionals in Greece and abroad. The association is a non-profit organization founded in 2020. Its members are employed by multinationals, large corporates, mid-sized companies, financial institutions, governmental bodies, and non-profit organizations. HAT members are involved in activities, including but not limited to Trading, Corporate Finance, Risk Management, Cash Management, Capital Management, Treasury Accounting & Control, Treasury Operations, Asset & Liability Management, etc..

Mission

To inform, advocate, and educate all relevant stakeholders in the private and public sector of the best practices and importance of treasury

Vision

That treasury, in small and big enterprises, is where all financial risks are centralized and managed in a sophisticated and professional manner

Ambition

To become the medium for graduates and experienced professionals of a meaningful and successful career in treasury

HAT | Demographics

Members by country

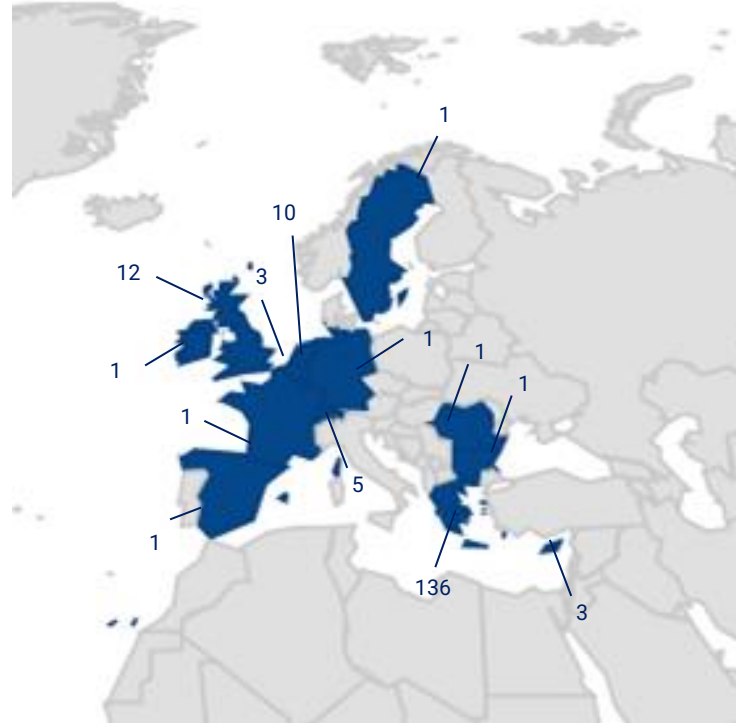
Americas



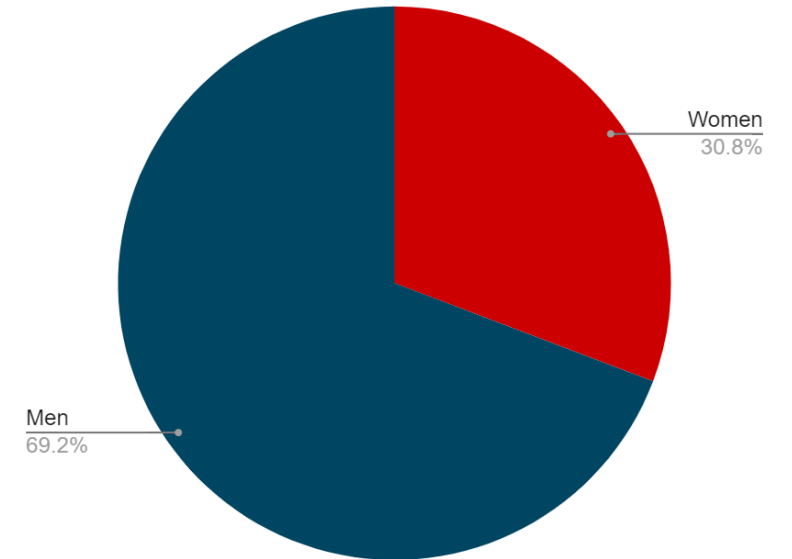
South Africa



Europe



Members by Gender



Total members:
Countries of HAT Members:

183 (Greece: 137 members or 75% of total members)
18

Next Sessions...

Session 1 & 2 Topics covered:

In today's sessions: Part 1: Intro to Corporate Treasury
Part 2: Cash & Liquidity management

Next sessions to follow:

TBA Corporate & Sustainable Finance
TBA Financial Risk Management

By end of these sessions each of you will:

- Understand better what a Treasury team does
- Know more about the priorities of Treasurers and why
- Have a better understanding of Key Treasury terms

3rd HAT International Treasury Summit | 08.09.23

WHEN:

Friday, September 8th 2023

Registration: 08:00 a.m. | Sessions: 09:00 a.m. – 19:00 p.m. | Networking: 19:00 p/.m. - 22:00 p.m.

WHERE:

Benaki Museum, Leof. Piraeus 138

WHO:

Any Treasury & Finance professional from all over the world

HOW:

Visit our LinkedIn page to preregister for the Event at the below link

<https://www.linkedin.com/events/3rdhatinternationaltreasurysumm7081495503024074752/comments/>

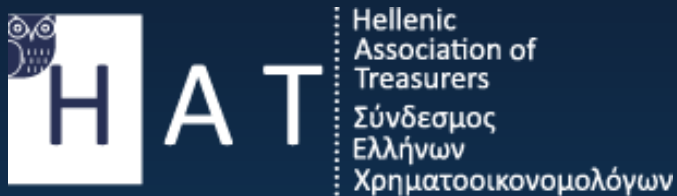
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Find more about us at our website www.treasury.gr and our [Linkedin](#) page

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HELLENIC ASSOCIATION OF TREASURERS

Σύνδεσμος Ελλήνων Χρηματοοικονομολόγων

An introduction to the world of Corporate Treasury

Prepared by

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Marianna Polykrati, Avramar Group Treasurer & HAT Board Member

Member of



July 6th 2023

Agenda

- 1** Introducing the Treasurer
- 2** What is Treasury? Strategic vs Traditional Treasury
- 3** Mission, Scope and Strategic Objectives
- 4** With whom does Treasury interact?
- 5** Key Corporate Treasury responsibilities
- 6** Establishing a successful treasury: what the management should expect from the treasurer in year one
- 7** Treasury Blueprint: treasury benchmarking Cheat Sheet for all successful treasuries
- 8** Treasury Structure within the organization: the benefits of Centralization
- 9** Corporate treasury evolution and comparison with the Greek treasury market
- 10** Treasury leading the digitalization journey: Technology is key to a Treasurer's success
- 11** Skills of the Corporate treasurer
- 12** Art or Discipline?

Is the treasurer the cashier of the firm?



The perception that the treasurer is the professional dealing with the petty cash in a local company is long gone...

During the last two decades, several liquidity events made the value of professional treasury crystal clear to the business as a whole. However, we still see companies without a cash culture in place, lacking global visibility, having outdated treasury policies in place and/or still relying massively on spreadsheets and numerous bank accounts. To make things worse, some of them haven't properly organized financial risk management activities letting key financial decisions to non-professionals...

Therefore, it's fair to wonder, what is "treasury" nowadays?

A simple but good definition of the role of treasurer could, then, be ensuring the right amount of cash, at the right time, at the right place and in the right currency under various scenarios. **But is that all?**

What is Treasury?

Strategic vs Traditional Treasury:

Treasuries should be in the "heart" of the business!

Treasury should help the company's leadership to turn each crisis into opportunity while minimizing volatility by mitigating various financial risks

What is the Primary duty of the Corporate Treasurer?

The primary duty of the Corporate Treasurer is to ensure the company can meet its financial obligations as they fall due

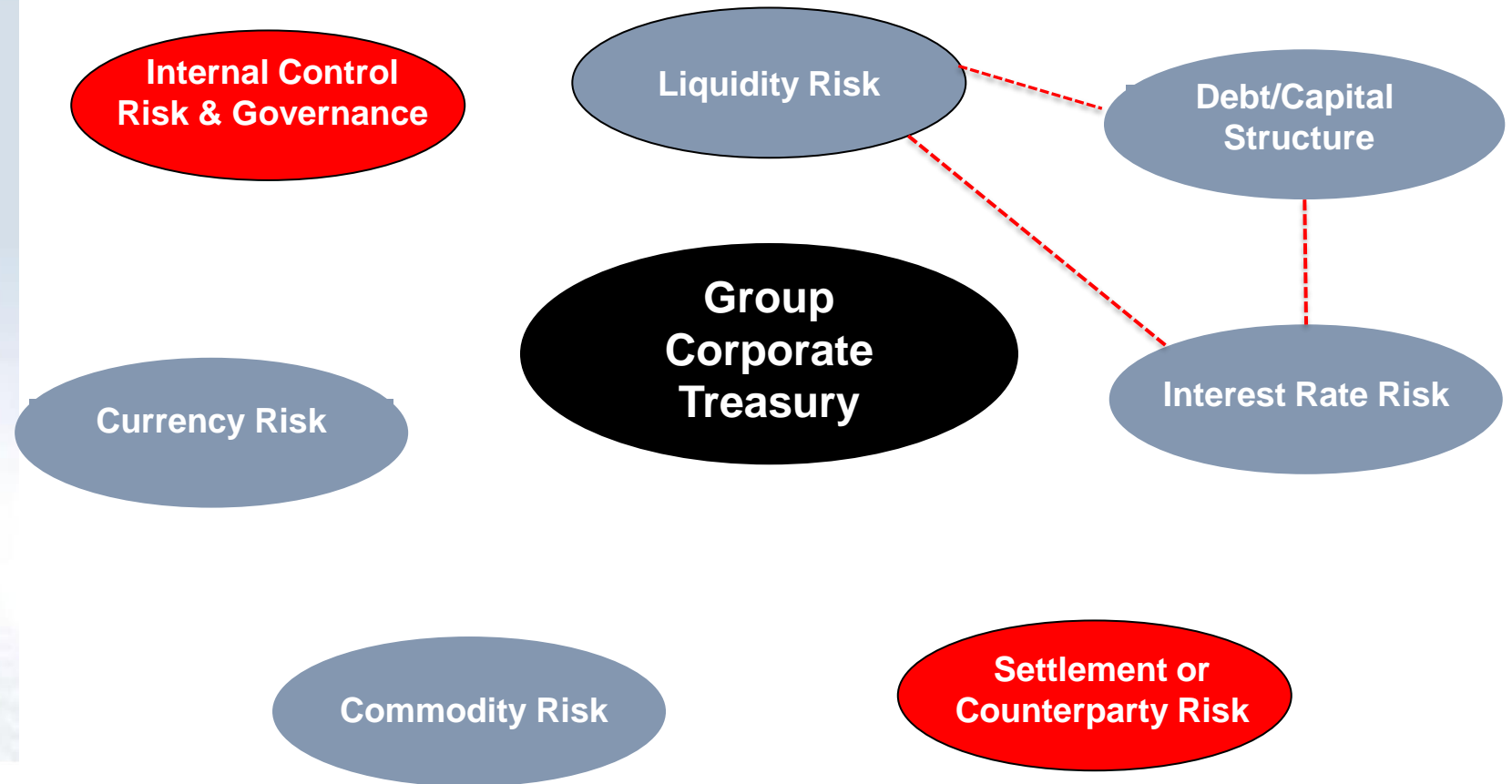
Treasury is an Art to balance risks and opportunities so that each group can deliver its strategic plans...



Mission

Treasury's mission is to balance Risks and Opportunities...

Overview of Various Risks



Scope and Strategic Objectives

Maintain cost efficient liquidity and financial flexibility to support growth in the business

Minimize cost of Funding

Proactively manage financial risks to reduce volatility at an acceptable cost so the company achieves its plans

Maximize Return on Investments with Flexibility

Strategic Focus:

Develop a company wide banking strategy that allows the company to have the right mix of banking partners, reduce costs and ensure cash visibility and reporting

Strategic Focus:

Manage debt ensuring that liquidity is always available when needed with attractive conditions

Strategic Focus:

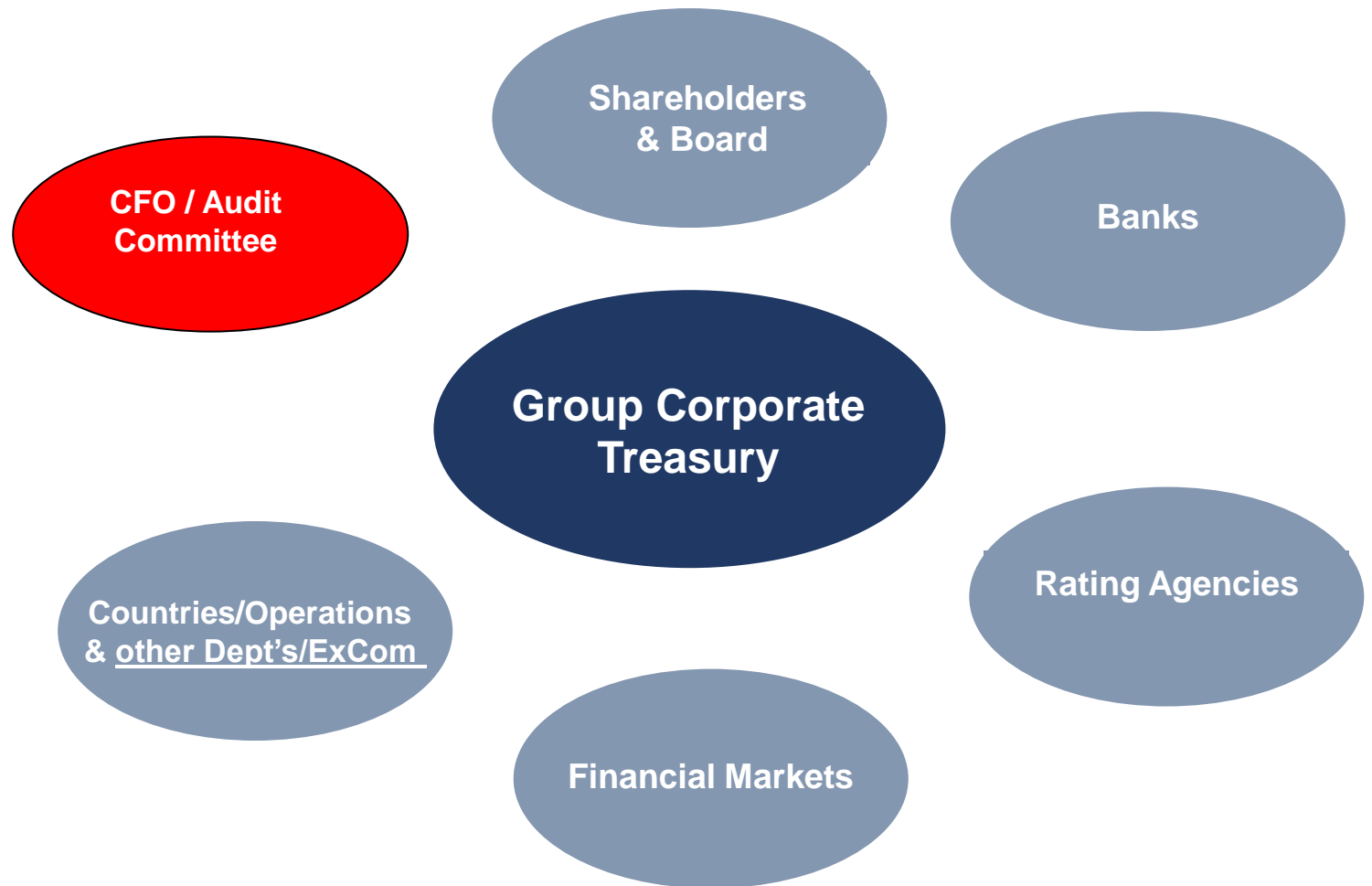
Develop risk management capabilities and position Treasury to assess individual financial risks on a proactive basis

Strategic Focus:

Invest cash with a goal to maximize return while managing counterparty risk

Treasury's primary objective is to manage risks in a manner that contributes to achievement of the Group's strategic and financial objectives

With whom does Treasury interact?



Besides managing risks, treasury's key role is to protect the reputation of the organization...

Key Corporate Treasury responsibilities

The treasurer is responsible for financial management like arranging financing, investing surplus cash, and lead risk management related to financial activities, forecasts the cash flow of the organization and makes necessary and sufficient arrangements to prevent the financial crisis and to ensure that business runs smoothly. *However, this list is not exhaustive...*



- ✓ **Not a single treasury is similar:** there are various areas that fall under Treasury department (depending the complexity of the group).
- ✓ **It is the seniority and skills of the Treasurer & team** that dictate additional tasks that in many cases were traditionally managed by consultants, CFOs or CIOs.
- ✓ The additional and broader roles, change the reporting lines with many senior Treasurers reporting to CEOs

Key Corporate Treasury responsibilities



Cash Management & Liquidity Planning

- ✓ Cash Management (position, collections & disbursements)
- ✓ Cash pooling arrangements
- ✓ Consolidate and manage group cash pooling
- ✓ Cash Flow Forecasting
- ✓ Bank Account management & administration
- ✓ Short term investments & borrowing
- ✓ Intercompany lending & netting & Management of Agreements
- ✓ Confirmation & Settlements



Financial Risk Management

- ✓ Liquidity Risk
- ✓ Credit & Counterparty Risk
- ✓ Debt management risk
- ✓ Interest rate risk
- ✓ Foreign Currency Risk
- ✓ Investment Risk
- ✓ Commodity Risk
- ✓ Operational Risk



Corporate Finance & Capital Structure

- ✓ Define debt/capital structure
- ✓ Dividend planning as defined in the Treasury policy
- ✓ Debt Financing
- ✓ Debt assignment and compliance with covenants and other commitments
- ✓ Long term Investments
- ✓ Share repurchase plans
- ✓ Securities and other financing
- ✓ M&A Advisory and Structuring

Key Corporate Treasury responsibilities



Treasury Operations, Systems & Governance

- ✓ Implementation of treasury management systems
- ✓ Monitor and report on treasury key performance indicators as per Treasury policy
- ✓ Trade Finance & guarantees
- ✓ Monitor banking costs
- ✓ Treasury Procedures
- ✓ Compliance & Cybersecurity Risk
- ✓ Regulatory Compliance
- ✓ KYC & regulations
- ✓ Reporting

Relationship Management

- ✓ Develop relationships with the right mix of banking partners and manage relationships with banks and other institutions (i.e. IFC, European Development bank etc.)
- ✓ Credit Rating and relationships and management of the group's ratings
- ✓ Internal stakeholders & the Board

Other

- ✓ Leading roles in Finance integration plans
- ✓ Investment Management
- ✓ Business unit advisory (tax & exposure reporting)
- ✓ Real Estate leasing/ Sale and Lease back
- ✓ Insurance
- ✓ Pension management, etc..

Corporate Treasurer must-haves



Objective

Subsequent initiatives

There are some key objectives that each treasurer should deliver in their 1st year in the role and continue to improve thereafter



Treasury Policy

- ✓ Create a comprehensive Treasury policy that sets out the objectives as to how financial risks are managed & governed
- ✓ Following Board approval, policy rollout including procedures
- ✓ Treasury Guidelines to all entities
- ✓ Training, governance & reporting



Framework for Financial Risk Management

- ✓ Mapping of all financial exposures, support each entity to identifying exposures and ensure monthly reporting
- ✓ Establish Hedging Lines and ISDA/CSA agreements
- ✓ Hedging as per policy
- ✓ Contract management support (creating "natural hedges")
- ✓ Policies to protect Group Financial assets and monitor financial liabilities



Cash management & Automation

- ✓ Review Banking Relationships
- ✓ Bank account review : streamlining bank accounts & costs
- ✓ Establish cash pooling structures
- ✓ Establish adequate reporting to management and Board
- ✓ Improve Cash flow reporting
- ✓ Review Systems & Controls
- ✓ Review payment and collection management & automation



Debt Capital Structure & Financing

- ✓ Define optimal debt liquidity structure
- ✓ Agree Financial Headroom
- ✓ Rollout a funding strategy for the group and initiate actions for execution
- ✓ Initiate Long term financing strategies (project financing, syndicated facilities, bonds, etc.)
- ✓ Driving ESG Agenda

Ensure that the right team is in place. Identify and develop Treasury talent!

Treasury blueprint

Treasury manages organization's liquidity risks, financial risks, banking relationships & working capital

Corporate Finance & Strategic Planning

- ✓ Agree optimal debt capital structure & get Board approval
- ✓ Agree allocation between long-term to short-term debt & establish limits for financial headroom
- ✓ Lead arrangement of any new financing deals including public markets
- ✓ Driving ESG Agenda (Green Bonds, ESG linked loans etc.
- ✓ Manage the Group's financial headroom through the optimal arrangement of facilities
- ✓ Provide input into financial and strategic planning processes
- ✓ Key role in all strategic planning materials and budget guidelines including providing common economic assumptions
- ✓ Structure M&A transactions and lead all strategies related to financing M&As and provide structuring input
- ✓ Dividend policy setting and execution

Financial Risk Management

- ✓ Manage foreign exchange and hedging risks
- ✓ Manage credit and counterparty risk
- ✓ Analyze and manage interest rate risks
- ✓ Lead management and execution of commodity risk management schemes
- ✓ Work with each department to ensure that all financial risks are minimized by building natural hedges
- ✓ Develop and implement debt management strategies
- ✓ Hedging of all spot and derivative activity
- ✓ Risk Portfolio analysis and market analysis reporting
- ✓ Regulatory compliance

Treasury Operations, Systems & Governance

- ✓ Implement and maintain treasury management systems
- ✓ Monitor and report on treasury key performance indicators
- ✓ Develop policies and procedures for treasury activities
- ✓ Manage guarantees for commercial projects
- ✓ Lead all Trade Finance related activities & ensure guarantees management
- ✓ Consolidate and manage group cash pooling
- ✓ Monitor banking costs
- ✓ Apply appropriate controls to minimize the potential for financial loss through human error, fraud or the inappropriate use of financial instruments or any other treasury transactions
- ✓ Automate confirmation and settlement processes

Cash Flow & Liquidity Management

- ✓ Establish cash pooling arrangements that fit the group's needs
- ✓ Understand cash flows and liquidity needs
- ✓ Forecast short-term and long-term cash needs
- ✓ Develop and implement cash management strategies
- ✓ Working capital review and management by leading working capital improvement projects

Relationship Management

- ✓ Manage relationships with banks and institutions
- ✓ Build relationships with rating agencies and bond investors
- ✓ Develop strong relationships with internal stakeholders & the Board

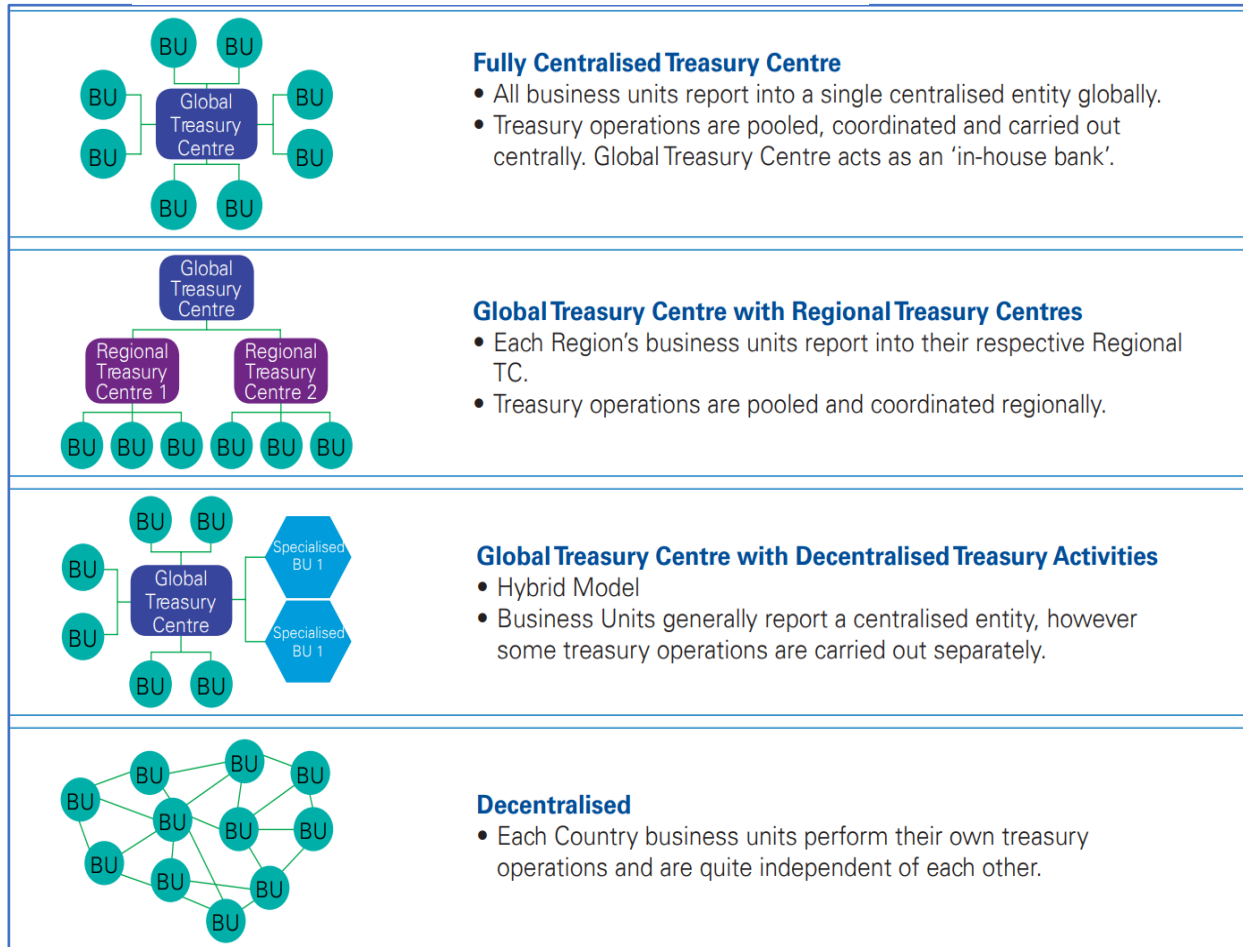
Team and own development

- ✓ Provide multiple training courses across all finance personnel to improve knowledge of treasury
- ✓ Stay up-to-date with changes in financial markets and central banks
- ✓ Continuously improve treasury processes
- ✓ Develop and maintain a growth mindset to seek out opportunities for professional development

Treasury Structure within the organization

The Corporate Treasury is commonly located at the Head Office of the organization.

Treasury Centre Operating Models



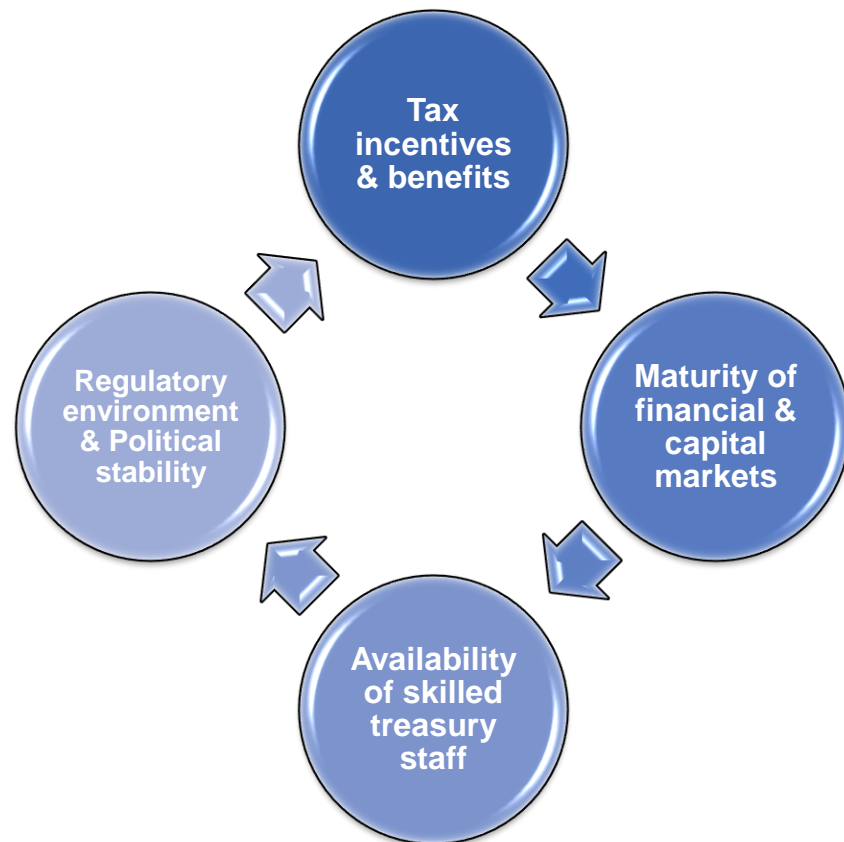
Ref: KPMG: The Structure, Role and Location of Financial Treasury Centers: A Process of Evolution

Why centralize?

- ✓ **Efficient Liquidity Management:**
 - ✓ Improved control, that is visibility of cash within a group and improving working capital through cash pooling structures
- ✓ **Costs:**
 - ✓ Cost reductions in the form of a reduced treasury staff headcount across the group
 - ✓ Leverage with financial institutions: better pricing for bank services such as facilities, cash pooling and other transactional costs
- ✓ **Financial Risk Management excellence:**
 - ✓ Netting of exposures that may have been individually hedged
 - ✓ Concentration of the specialist staff needed for commodity hedging and debt financing
 - ✓ Consolidation of group debt
- ✓ **Control & Governance:**
 - ✓ Easier compliance with external regulations
 - ✓ Improvement of internal controls
 - ✓ Automation speed

Treasury Structure: what makes a location more attractive?

There are many reasons and considerations when choosing the location and the setup a Corporate Treasury office, such as: **What makes a country attractive for such projects?** Young, skilled and multi-lingual labor force, competitive real estate costs and a politically independent public sector committed to assisting investments through tax incentives.



Financial attractiveness

- ❖ Inflation
- ❖ Compensation costs
- ❖ Flexibility
- ❖ Real estate costs
- ❖ Infrastructure & office admin costs
- ❖ Tax and regulatory costs

Business environment

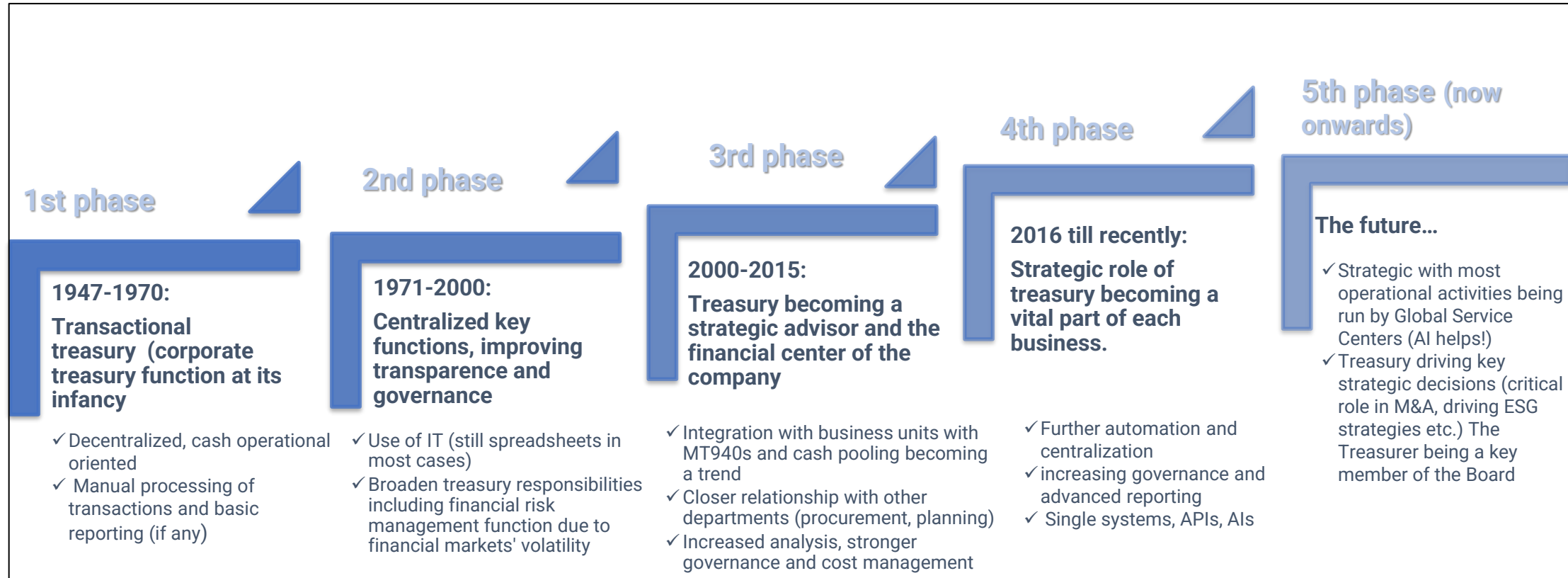
- ❖ Government support
- ❖ Infrastructure
- ❖ Global and legal maturity
- ❖ IP security and privacy
- ❖ Political & economic environment

People skills and availability

- ❖ Language capabilities
- ❖ Availability of skilled treasury staff & attrition level
- ❖ Education
- ❖ Cultural compatibility

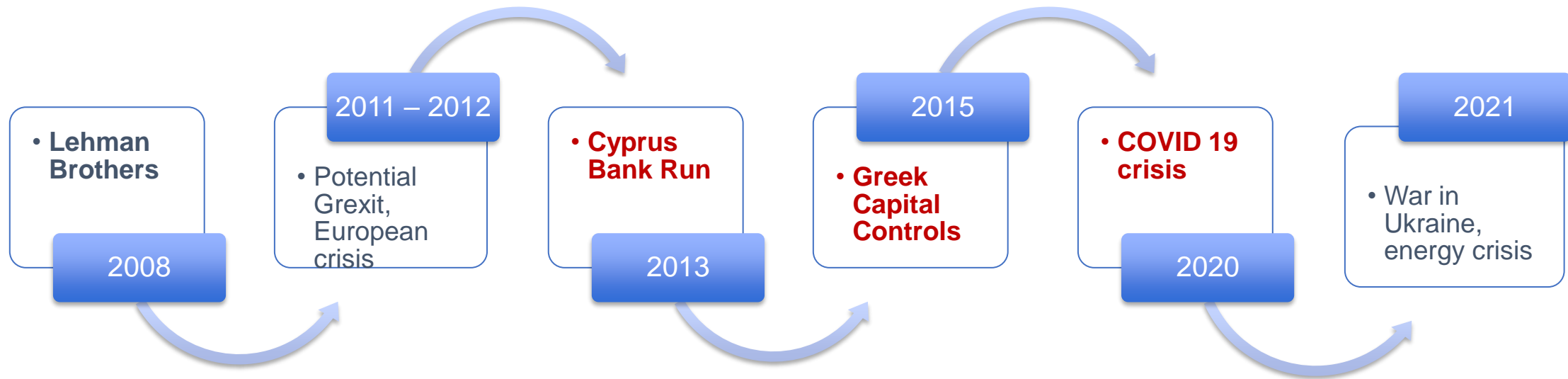
HAT Brain & Business Gain Group has presented a proposal to the government to amend Law 89 adding treasury centers and other support functions: this put Greece on the map for the selection of treasury center locations

Corporate Treasury Evolution...



The key to success is to find out what mindset shift must treasury teams make to become more instrumental in transformation

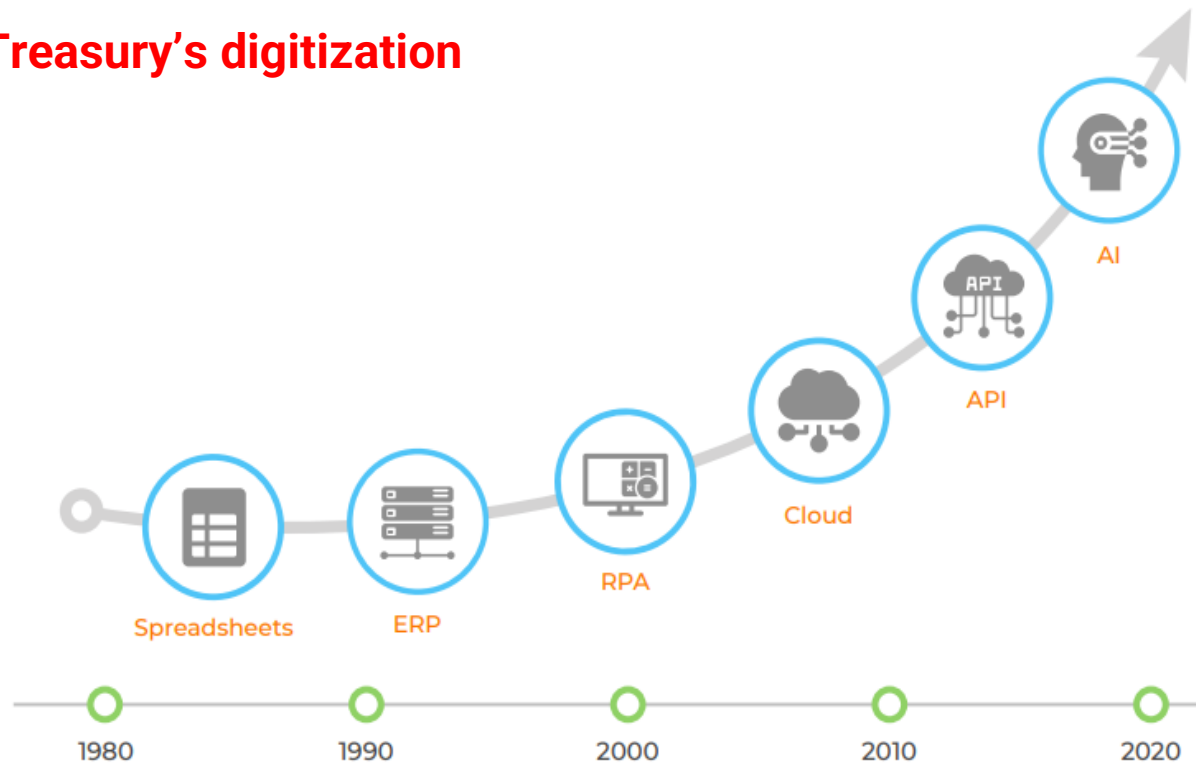
Greek Treasurers had their own challenges...



- ✓ While the rest of the world was advancing the role of the treasurer, most of the Greek treasurers after 2012 were still managing liquidity daily to overcome the liquidity difficulties and planning for business continuity scenarios, thus becoming resilient, resourceful etc.
- ✓ Thus, when in 2020 the rest of the world were trying to cope with the difficulties of remote working and scarcity of resources, the Greek treasurers were steps ahead in one area (the business continuity scenarios)
- ✓ And as of today, they are transforming the role of the treasurer to more strategic than traditional

Treasury's digitization journey...

Treasury's digitization



Artificial intelligence drives the way leading corporates think about the way they provide everything from customer services to financial analysis and decisions

Robotic process automation is helping corporates automate things they couldn't do before, without having to hire an army of developers

Blockchain with its ability to store information on distributed ledgers without a central clearinghouse could support a number of treasury activities

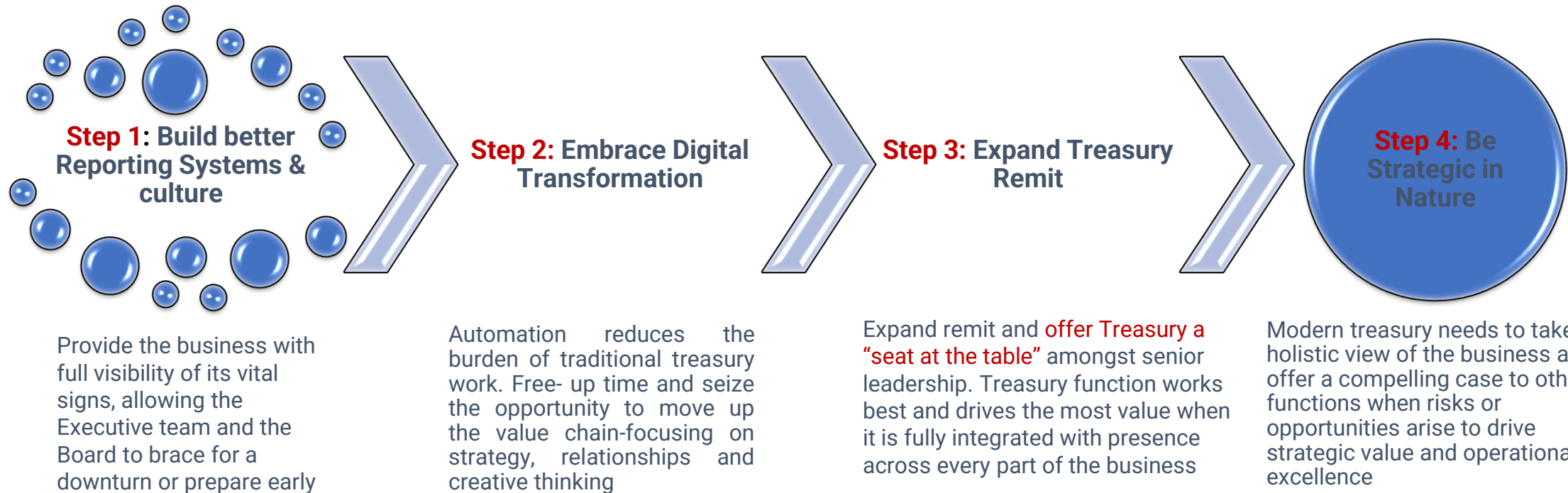
All of this depends on robust **cybersecurity** to hold off threats that are coming from multiple directions to key financial & treasury data.

Ref: "Highradius: Review of What Shaped the Technological Scenario of Treasury"

Technology is key to treasurer's success

Treasury has a more critical role to play; it can help protect the business, identify and manage risk and prepare for growth

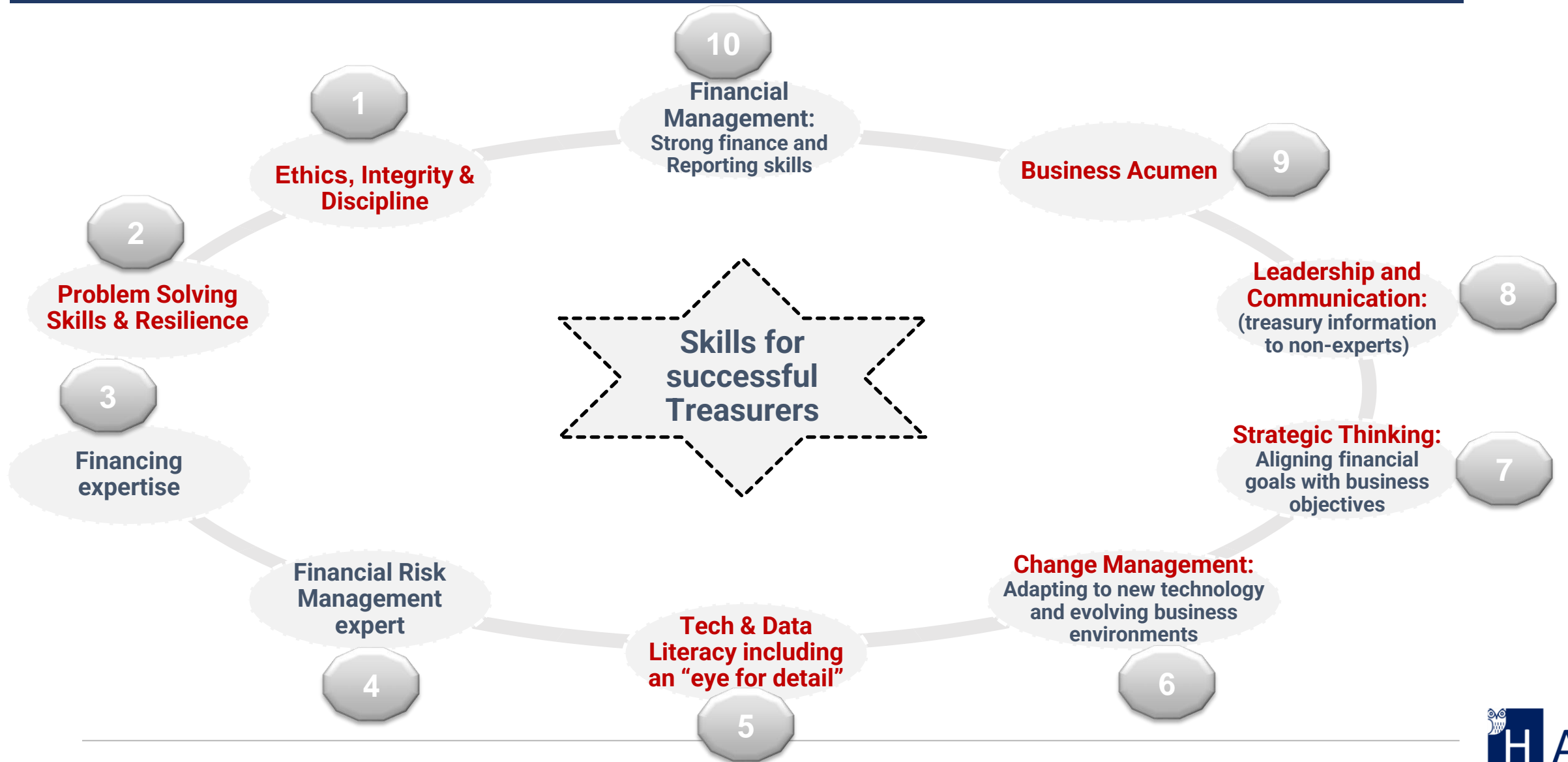
How can we elevate the role of Treasury?



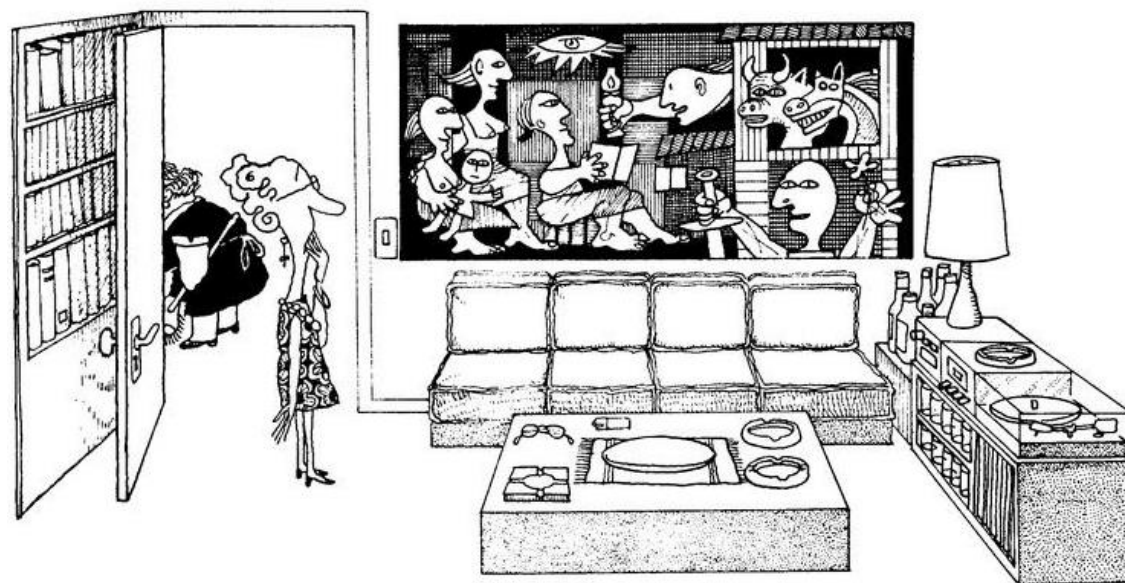
Moving from a cost-center focused department to value-add across all aspects of the organization...

- ✓ the key to success is to embrace technology and use the optimized time to add value to the Business
- ✓ Treasurers nowadays, save time on operations as technology improvements smooth operations and reduce costs
- ✓ **They should be focused on strategy and growth**

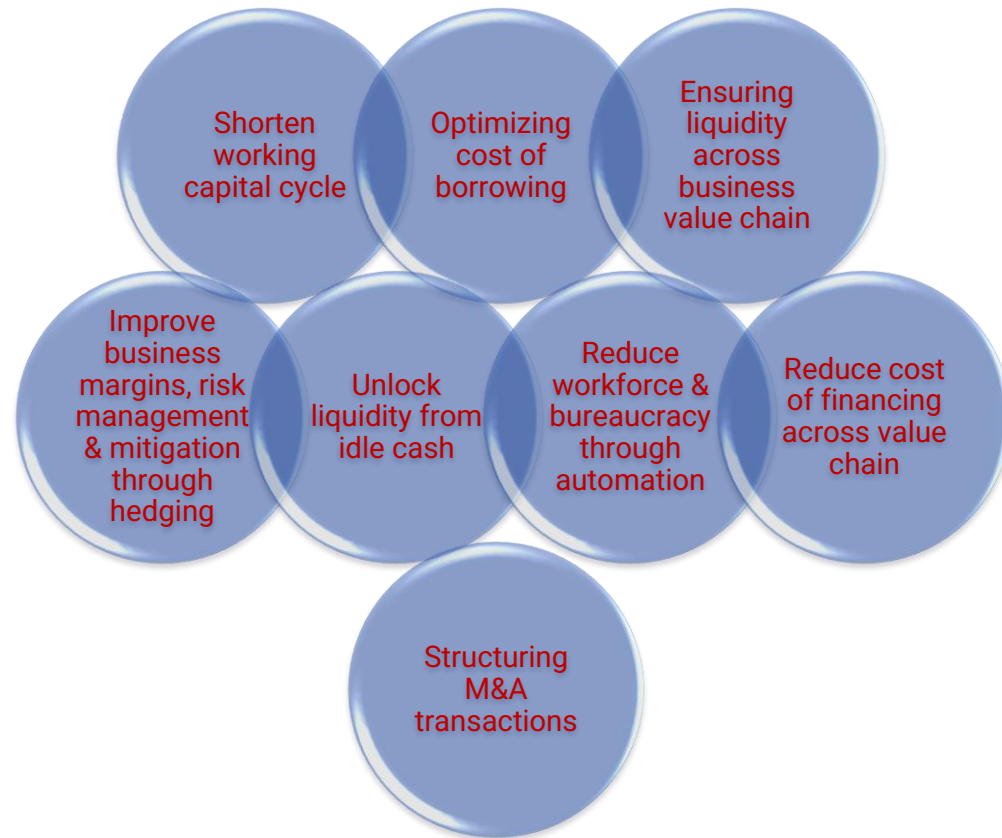
Skills required for a Treasurer



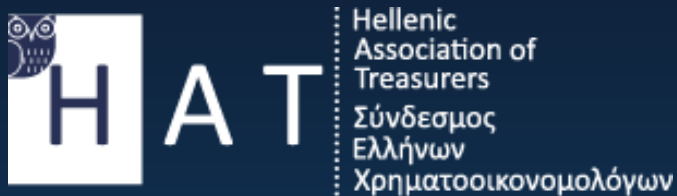
Art & discipline?



Adding value to the business



- ✓ Treasury should create a culture of innovation across all departments; treasury should help visibility/ real time data to automate supply chain, Cash visibility, Accounts receivable, Demand forecasting and planning, Strategic investment analysis etc.



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Σύνδεσμος Ελλήνων Χρηματοοικονομολόγων

Cash & Liquidity management in the DNA of Corporates

Coordinator: Nena Koronidi, Strategic Corporate Treasury & Investment Advisor
Panel participants: Iliana Angelaki, Head of Treasury & Fintech, Public Group
Marianna Polykrati, Avramar Group Treasurer
George Tsinidis, Credit Control & Treasury Director, Nova
Athanasios Daflos, Head of Transaction Banking Solutions, Global Transaction Banking, Eurobank

Member of



July 6th 2023

Agenda

1

Cash & Liquidity management and its significance

2

What are the main pillars in Cash & Liquidity management

3

Cash Management and day-to-day functions

4

Cash forecast methodologies & working capital key parameters

5

Liquidity planning tools

6

Digitalization Trends in Cash & Liquidity Management – the future

7

Implement Cash & Liquidity Management effectively

Cash & Liquidity Management and its significance

Cash is among the primary assets that companies use to pay their obligations and invest.

Managing cash is what entities do on a day-to-day basis to take care of the inflows and outflows of their money.

Proper cash management can improve an entity's financial situation and liquidity problems.

Cash management operations refers to the **processes and activities** undertaken by a company's Treasury Department to manage the organization's cash resources efficiently and effectively.

These operations encompass a wide range of tasks aimed at **optimizing cash flow, ensuring sufficient liquidity, and minimizing risk**

Visibility in an organization's cash position, including location, currency, and liquidity position, is vital.

With a timely and accurate picture of global cash across all banks and across all regions, treasury can **create more accurate forecasts** and **plan for expanded free cash flow**.

Effective cash and liquidity management is essential for companies to **maintain a healthy balance sheet** and **liquidity position**.

It helps **ensure** that a company **meets its short-term obligations** and can **take advantage of investment opportunities without needing to rely on additional financing**.

Proper cash and liquidity management also **helps companies ensure they have enough liquidity to cover unexpected expenses and potential losses**.

What are the main pillars in Cash & Liquidity management

Cash and liquidity management entails a multitude of tasks. All of these tasks are necessary to gain clear visibility into an organization's cash-visibility that is needed to support critical financial decisions and strategic business objectives.

There are three main pillars: **Cash positioning** or **cash management**, **cash forecasting** and **liquidity planning**

	Cash Management / Cash positioning	Cash Forecasting	Liquidity Planning
Primary focus	Operational	Tactical	Strategic
Purpose	Optimize cash	Forecast cash inflows/outflows	Manage available cash to meet future obligations
Time horizon	Short-term	Up to 90 days	Up to 12 months
Frequency	Daily / Weekly	Daily / Weekly / Monthly	Monthly / Quarterly / Yearly
Importance to Business	Essential for daily operations	Critical for short-term stability	Essential for long-term financial health
Tools used	Bank accounts, cash receipts / payments, cash pooling	Cash flow statements, Cash flow projections, budgets	Financial statements, ratio analysis, cash flow analysis, scenario planning

Cash management day-to-day functions

Day-to-day cash control

- Having the information to monitor bank account balances
- Having the tools to manage liquidity to meet its immediate obligations

Money at the bank

- Building an efficient bank account structure to minimize borrowing costs, maximize overall interest earned and facilitates liquidity management

Receipts

- Maintenance of bank accounts that are optimized for collection streams
- Efficient infrastructure for managing items during collection

Payment control

- Maintaining bank accounts that are optimized for making payments (routine or urgent)
- Appropriate systems support

Short term investments

- Optimizing the use of surplus funds by making short term investments

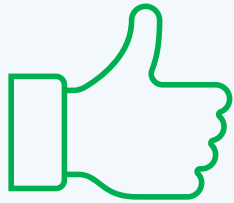
Short term borrowings

- Use of borrowing facilities to cover immediate funding shortfalls

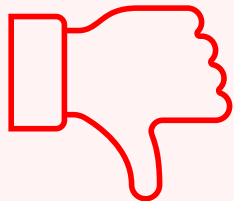
Cash Forecasting Methodologies

Direct Forecasting

Indirect Forecasting



- High accuracy for short term periods (i.e., up to three months)
- Projection of cash availability on a weekly – or even daily- basis, providing early indication about adequacy / shortage of cash
- Clear depiction of Inflows/Outflows, normality vs seasonality, trends vs extraordinary items



- Enabling long term projections (> 12 months)
- Working capital analysis:
 - In depth understanding of operations that are creating or consuming cash providing the ability for planning changes (i.e., payment terms, phasing of invoicing)
 - KPI's monitoring (i.e., DSOs/DPOs)
- Poor intramonth accuracy
- Non-cash items (i.e., IFRS) are shadowing cash visibility

Working capital key parameters

Accounts Receivables Management:

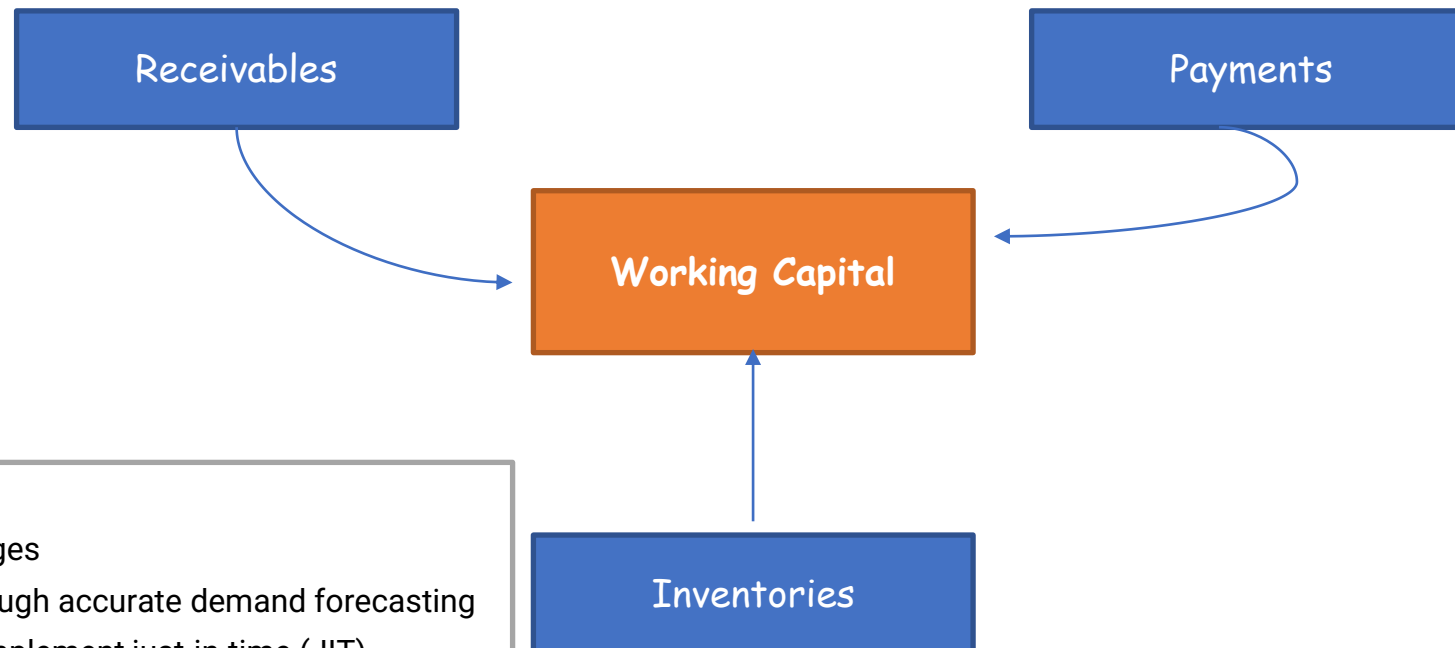
- Minimize time to convert sales into cash
- Implement effective credit policies
- Timely invoicing and monitoring outstanding payments

Tools: Factoring, change in payment terms, discounts for early collection

Accounts Payable Management:

- Optimize payment terms with suppliers
- Negotiate favorable discounts for early payments
- Maintain good supplier relationships for timely delivery

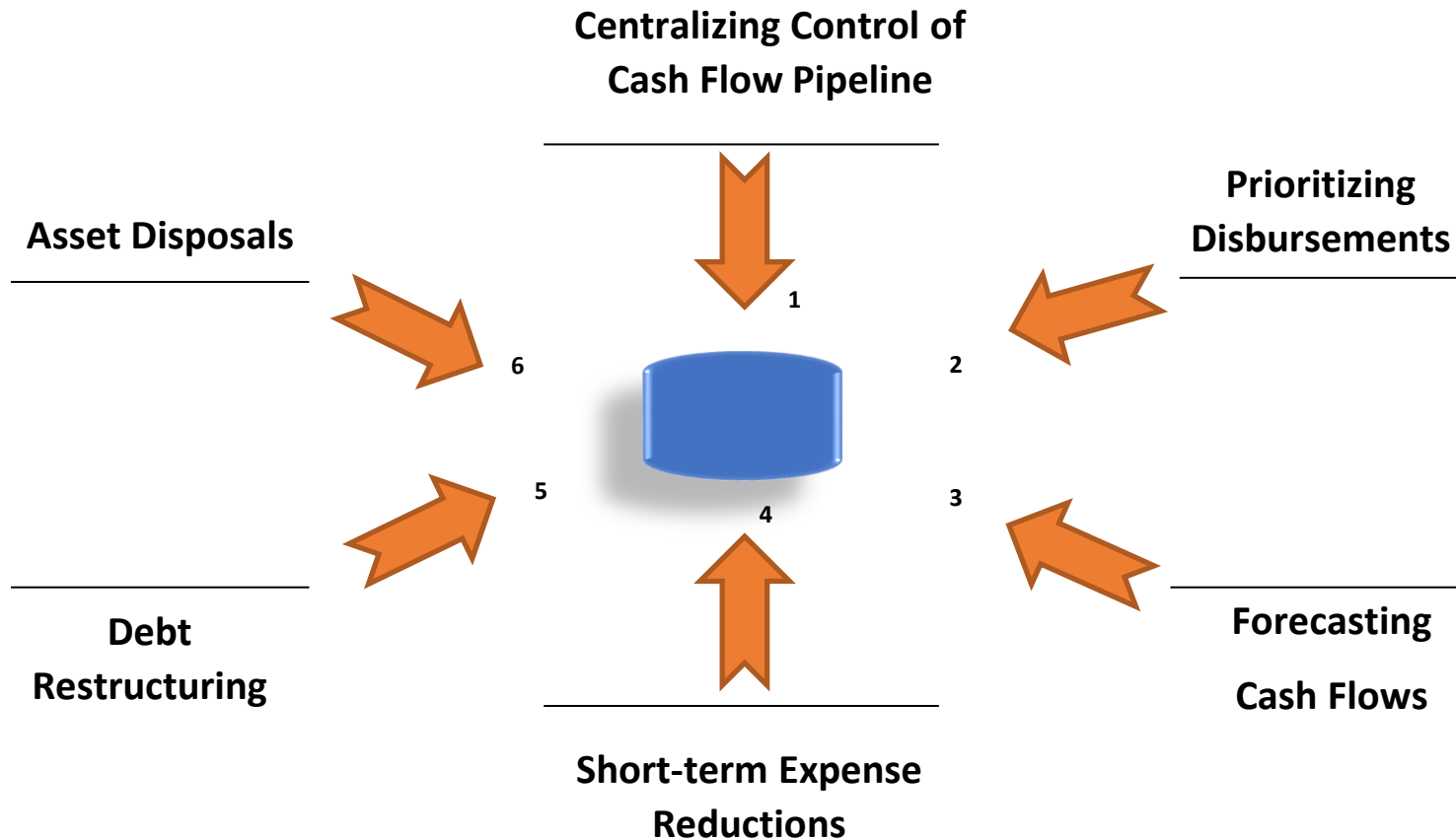
Tools: Reverse Factoring, change of payment terms, supply chain finance



Inventory Management:

- Avoid excess stock or shortages
- Optimize inventory levels through accurate demand forecasting
- Improve inventory turnover, implement just-in-time (JIT) systems

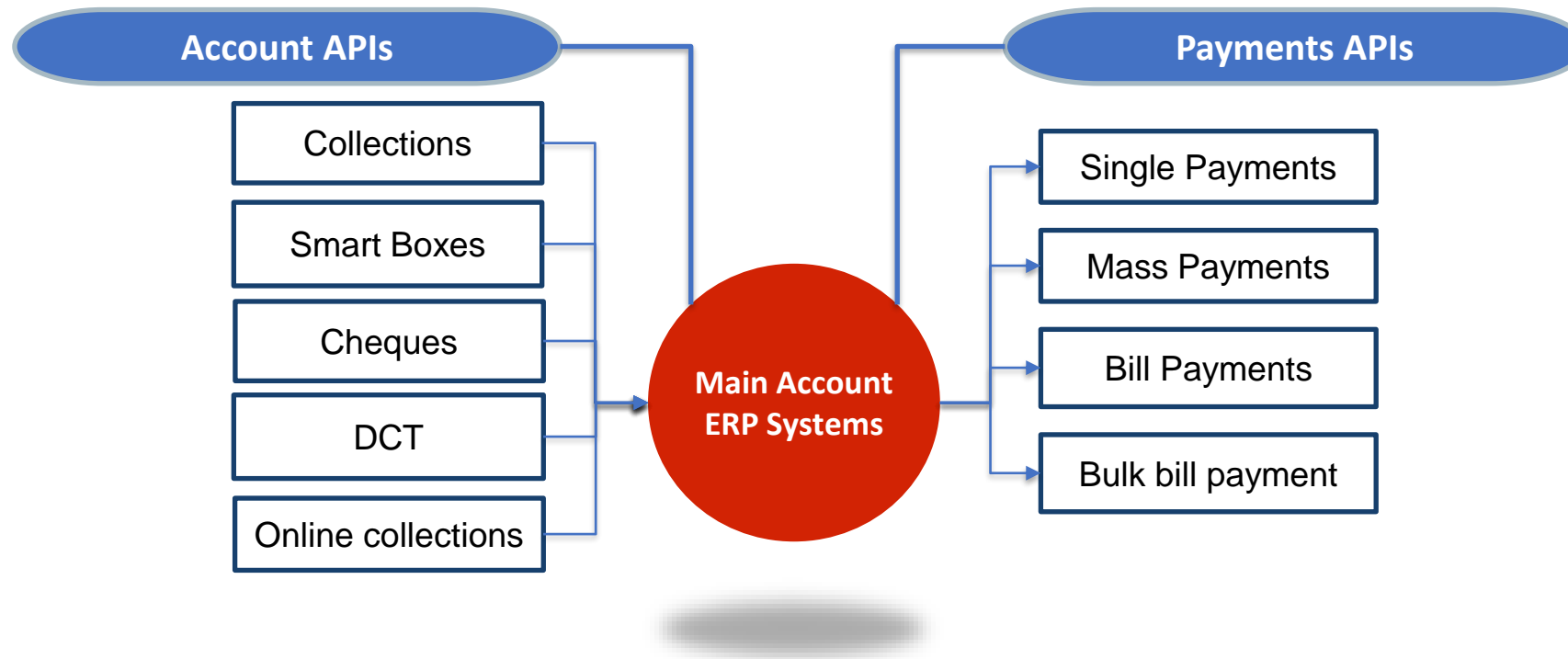
Tools for improving Liquidity cash management



Other Liquidity management structures:

- Netting & pooling
- Intercompany lending & netting
- Payment factories & in-house banking

How technology assists in cash management



Using the complete set of APIs, Treasury can Automate Forecasting needs

How technology assists in cash management



Optimize liquidity

Automate forecasting with visibility on balances and booked transactions across all accounts

Your ERP becomes smart

Automate transaction monitoring & reconciliation within existing ERP/TMS removing additional layers

Payments automated

Optimize your payment processing by streamlining and scheduling, improving supplier relations

Data

Setup advanced reporting capabilities with near real-time features

How technology assists in cash management



Aim for Synergy

So many possibilities arise. Work with Experts and Banks in Open Banking to conquer this space

Be prepared

Instant, Internet of Things and Smart payments are going to affect Treasury Management

Think beyond Banking

APIs offer new kind of services to be provided to businesses beyond classic Transaction Banking



Working hand-in-hand with your Bank is a catalyst for acceleration

Implement Cash & Liquidity Management effectively



Develop a **clear understanding** of your cash flow, liquidity needs, and risk tolerances.



Create a **detailed cash and liquidity plan** that is tailored to your specific needs and objectives. This plan should include a strategy for managing cash balances, monitoring liquidity, and investing excess funds.



Establish **processes and controls** to ensure the plan is implemented and tracked on an ongoing basis.



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Send your message at info@treasury.gr