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FINANCIAL  
PROFESSIONALS

2022 AFP®

AN ECONOMIC ROLE OF THE EEA  
IN THE EPO  
KEY HIGHLIGHTS

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As 2022 continues to unfold, the business environment is marked by uncertainty. COVID-19 variants continue to be a concern with lingering impacts and varying responses to the virus around the world disrupting workplaces and supply chains. Geopolitical tensions and inflation risks are adding to the complexity as organizations work to adjust to a “new normal.”

Against this backdrop, the demands on all corporate teams including Treasury departments continue to grow. Consistent with the findings of previous editions of this survey, Treasuries’ contributions to the organization are more holistic than they have been in the past. The Treasury team is interacting more with the C-suite and the CFO, and increasingly supporting other functions in both traditional and non-traditional treasury areas to strengthen risk, resilience, and business strategies.

For businesses, people, risk and strategy agendas have never been more closely intertwined. The *2022 AFP Strategic Role of Treasury Survey* results highlight the importance of a maintaining a high-functioning Treasury team that can leverage processes and technologies to effectively execute core areas of responsibility. The survey data also highlight the mission-critical role of “non-technical” skills that enable treasury teams to collaborate across the organization to drive forward broader business goals. In the face of a limited talent pool, treasury leaders must focus on building “soft skills” and enabling their teams to upskill and be ready to embrace new ways of working and adapt to shifting demands.

Looking forward, Treasury functions that continue to evolve their role and engagement within their organization will be able to apply their knowledge to a broadening range of business issues — especially as organizations further embed environmental, social and governance (ESG) and diversity, equity, and inclusion (DEI) goals.

Marsh McLennan is pleased to continue our sponsorship of this survey and the focus on the evolving role of Treasury.

















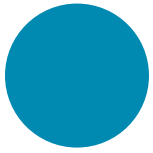
## TREASURY IN A LEAD/SUPPORT ROLE

### Supporting role

(Percent of Organizations)

	2022		2020		2017	
	↘ PPO	OLE	↘ PPO	OLE	↘ PPO	OLE
Accounting/SEC compliance	80%		84%		50%	
Business continuity planning	82%		76%		45%	
Financial planning and analysis	76%		78%		53%	
Mergers and acquisitions	69%		70%		50%	
Business development	62%		64%		50%	
Enterprise risk management	67%		63%		44%	
Assessing financial technology	63%		68%		42%	
Internal financial consultant to other departments, business units and/or affiliated companies	51%		64%		35%	
Supply chain management	51%		51%		46%	
Investor relations	47%		46%		33%	
Leasing	46%		46%		27%	
Employee benefits management	41%		45%		48%	
Human capital and payroll costs	41%		43%		43%	
Retirement management (Financial wellness)	46%		42%		44%	





**Current Priorities Within Treasury**  
(Percent of Organizations)

	All	Annual Revenue Less than \$500 Million	Annual Revenue \$500 Million - \$4.9 Billion	Annual Revenue At Least \$5 Billion	Senior Treasury Professionals	Core Treasury Professionals



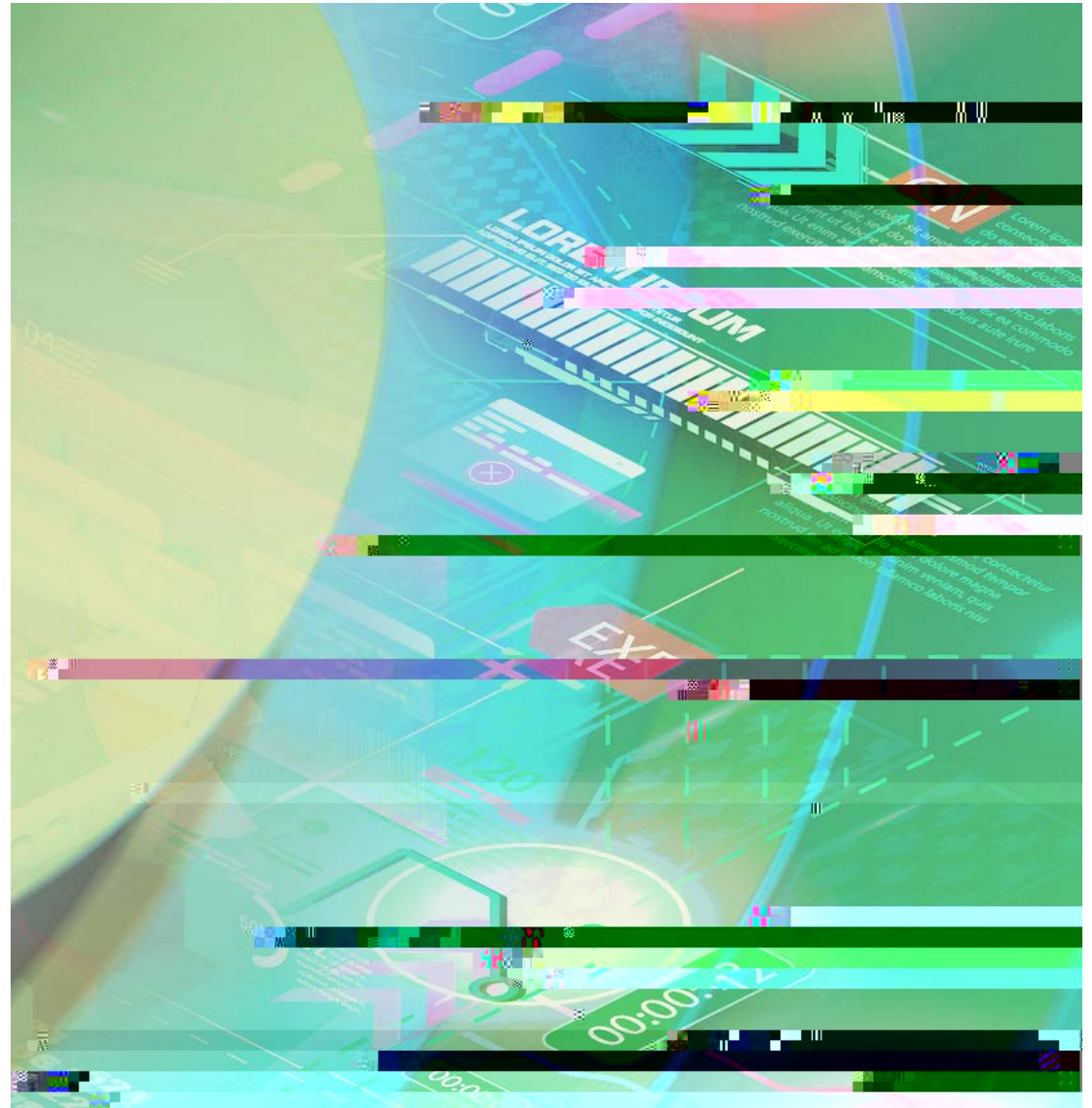


## MOST CHALLENGING TASKS

Respondents indicate that the most challenging task they are dealing with at their jobs are:

- Improving payment processes; incoming and outgoing (cited by 64 percent of respondents). This task is found to be equally challenging by both core treasury professionals and senior treasury professionals.
- Working capital improvements (48 percent). A larger share of core treasury professionals considers this task to be challenging compared to senior treasury professionals (53 percent versus 45 percent)
- Protecting the organization through sound internal policies and procedures for money movement (42 percent). This responsibility is a challenge for a higher percentage of senior treasury professions than core treasury professionals.

Treasury focuses on looking inward at the organization, improving payment processes; incoming and outgoing is an example of this. This is a challenging task given the IT resources needed to complete the task, especially as companies are moving to cloud-based ERP solutions and the technology needs of the department have to keep pace with the demand of its constituents. Working capital improvements through the cash conversion cycle is another example of how the pendulum shifts during tougher economic climates when maximizing working capital best supports financing the business without external financing needs. All the while, policies and procedures need to be maintained as the great resignation compels companies to assess their wherewithal as people leave their jobs and tests the limits of those policies and procedures.



**Most Challenging Tasks Faced at Job**  
(Percent of Respondents)



Over half of senior treasury professionals (52 percent) and treasury professionals (54 percent) report they are increasingly applying their cash

**Skills Increasingly Applied to Help Support Organization**  
(Percent of Respondents)

	All	Annual Revenue Less than \$500 Million	Annual Revenue \$500 Million - \$4.9 Billion	Annual Revenue At Least \$5 Billion	Senior Treasury Professionals	Core Treasury Professionals
Cash forecasting	3%	68%	62%	61%	52%	54%
Critical thinking/Strategic thinking	1%	52%	64%	64%	53%	48%
Leadership skills	4 %	60%	58%	56%	53%	41%
Communication skills	43%	52%	51%	51%	43%	42%
Being a change agent, i.e., promoting and supporting a new processes within the company.	43%	39%	55%	59%	48%	36%
Analytical skills	41%	55%	50%	43%	34%	48%
Bank relationship management	40%	60%	46%	43%	39%	41%
Ability to collaborate	3 %	41%	46%	40%3 6 %		

## EA LEADERHIP

Treasurers and their teams have faced many challenges over the past two years. When the pandemic began, treasurers were compelled to assist their teams through the transition (virtually overnight) to working remotely. Working away from the office was not a common practice among treasury teams at many companies. Subsequently, the entire crisis morphed into a liquidity crisis. Senior leaders were increasingly seeking out treasurers at their organizations to provide them with solutions and strategies to help them overcome the crisis. Treasury professionals' roles quickly evolved as a result. Additionally, they needed to be involved to some extent in other functions (e.g., FP&A, Accounting, etc.) which in the past were not areas with which they were too concerned.

With other economic uncertainty and challenges that have arisen in the past two years and the

inability to suppress COVID-19 completely, treasury is operating in an environment which is constantly changing. Treasurers are tasked with bringing their teams together to work collaboratively, effectively and efficiently. Treasury leadership is stretched and needs to identify and hone the requisite skills and abilities it needs to operate in this environment.

Survey respondents believe that there are various skills/competencies which are important for treasury leadership to manage their teams during these unprecedented times. Those that are considered extremely important (cited by over 90 percent of respondents) are:

- Communication (cited by 96 percent of respondents)
- Strategic thinker (91 percent of respondents)
- Treasury expertise (91 percent)
- Ability to collaborate (90 percent)

While a vast majority of respondents considers communication a critical skill for treasury leadership (96 percent), 82 percent believe that their treasury leaders are effective in this area. That is a significant 14-percentage-point gap between those that consider communication *important* for leadership and those that believe treasury leaders are *effective* in communicating. This is a competency which treasury leaders need



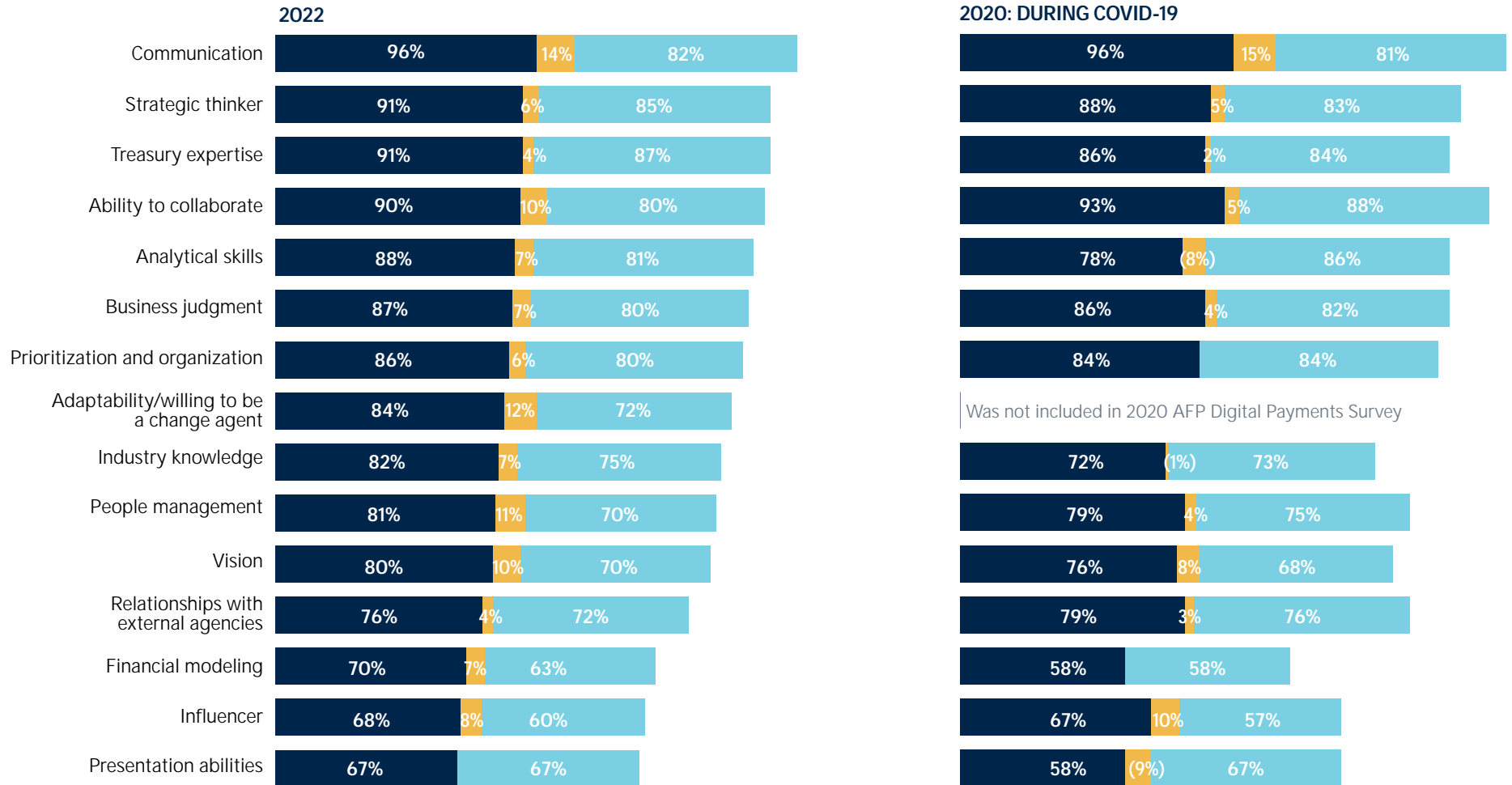




# SKILLS AND ABILITIES OF TREASURY

## Importance and Effectiveness of Treasurers' Leadership Skills and Abilities: ALL RESPONDENTS (Percent of Respondents)

● IMPORTANCE ● GAP ● EFFECTIVENESS



Senior treasury professionals and core treasury professionals are mostly aligned when it comes to rating the importance of treasurer leaders' skills and abilities, although a higher percentage of senior treasury professionals than core treasury professionals rate the ability to collaborate important (93 percent versus 86 percent). This difference can be expected since senior treasury leadership is often tasked with motivating their teams and fostering collaboration and are more cognizant of the benefits of teams working together towards similar goals. However, a smaller share of core treasury professionals believe treasurers are effective at collaborating (73 percent) compared to senior treasury professionals (85 percent), suggesting treasury staff believe their leaders might be lacking in this area.

People management is also considered important by a larger share of senior treasury professionals compared to core treasury professionals (85 percent versus 79 percent). The responsibility of managing teams falls on treasurers and they are well aware of the challenges and importance of managing people effectively. Other skills and abilities rated noticeably more important by a larger share of senior treasury professionals than core treasury professionals are business



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## EA → EAM

Respondents indicate that there are various skills/competencies which are important for treasury teams to operate effectively and efficiently during these uncertain times. Those that are considered extremely important (cited by over 90 percent of respondents) are:

- Communication (cited by 93 percent of respondents)
- Treasury expertise (92 percent of respondents)
- Analytical skills (92 percent)
- Ability to collaborate (91 percent)

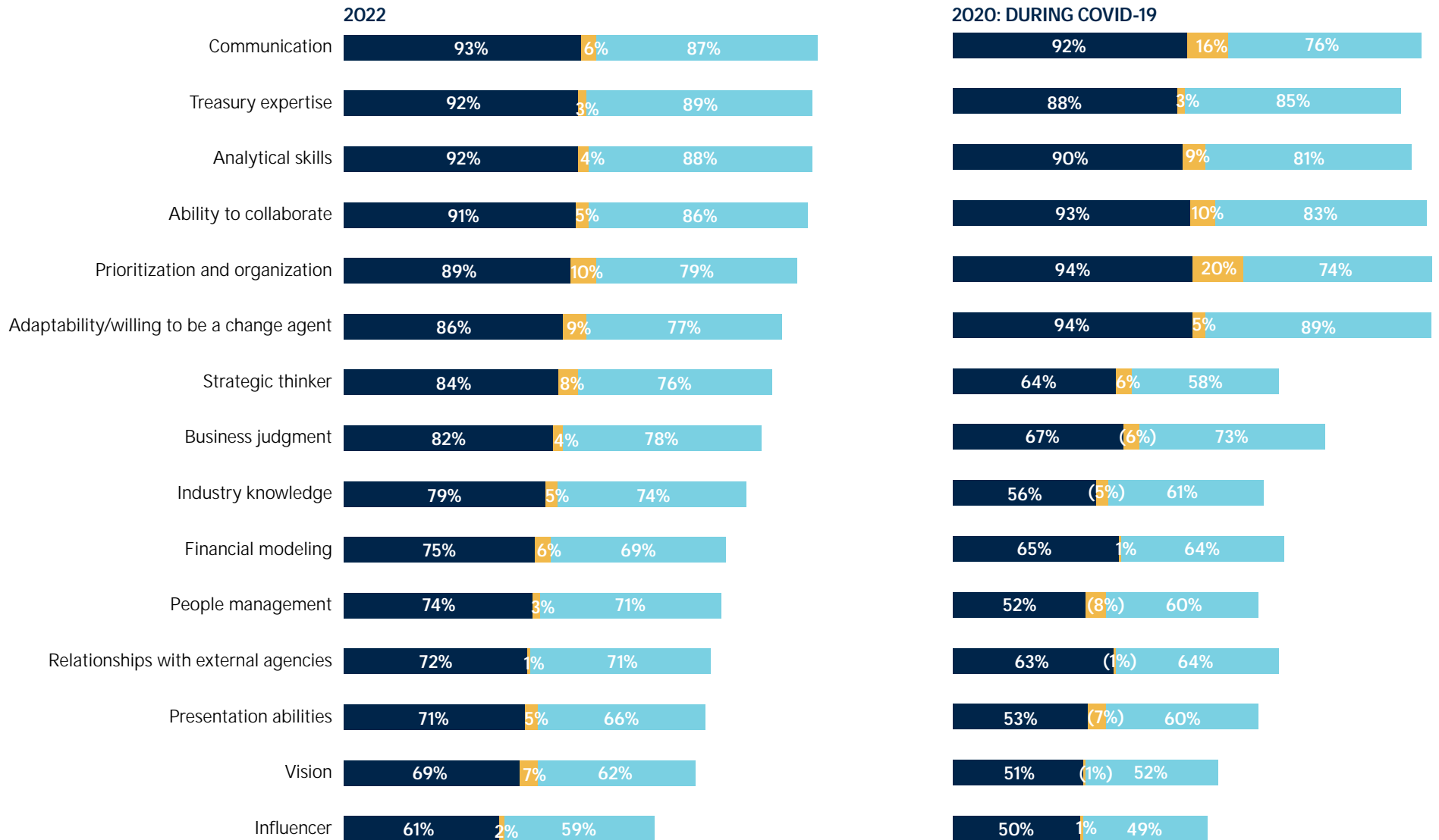
In addition to the key competencies noted above, respondents believe that treasury teams need to be strong in other areas including prioritization and organization (cited by 89 percent of respondents), adaptability and willing to be a change agent (86 percent), strategic thinking (84 percent) and business judgment (82 percent). Currently 84 percent of respondents consider the ability to think strategically to be an important skill for treasury teams, significantly higher than the 64 percent who held this view in 2020. It is evident that the



# SKILLS AND ABILITIES OF TREASURY

Importance and Effectiveness of Treasury Team's Skills and Abilities: ALL RESPONDENTS  
(Percent of Respondents)

● IMPORTANCE ● GAP ● EFFECTIVENESS



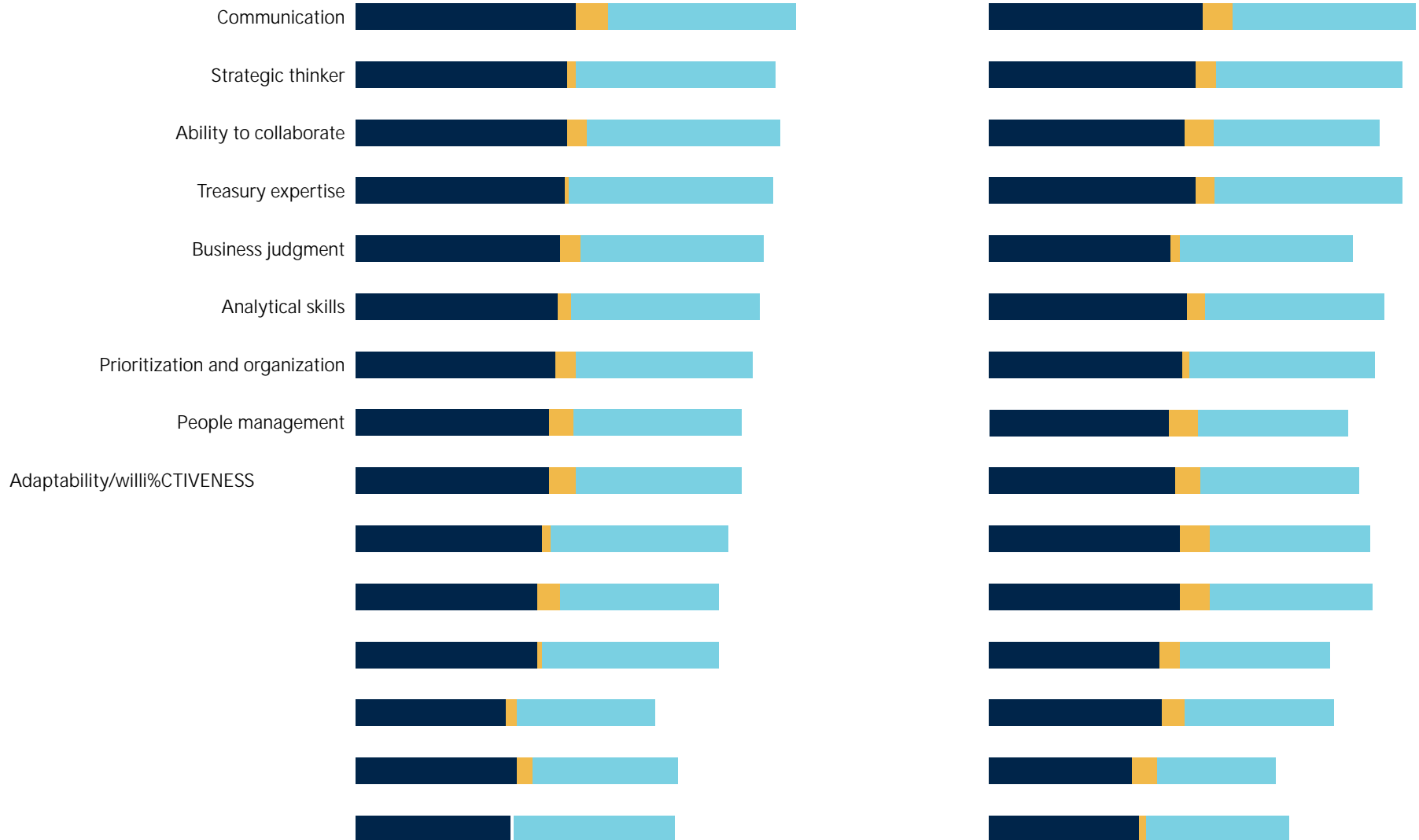
Senior treasury professionals and core treasury professionals agree that there is a significant gap in the skills/abilities for treasury teams between importance and effectiveness for communication skills, willingness to be a change agent, people management and vision. But there are some contrasts between importance and effectiveness noted by senior and core treasury professionals in the area of industry knowledge; 13 percent of core treasury professionals believe there is a gap between importance and effectiveness compared to the four percent of senior treasury professionals who hold this view. This suggests that core treasury professionals are observing a lack of



● IMPORTANCE ● GAP ● EFFECTIVENESS

**SENIOR TREASURY PROFESSIONALS**

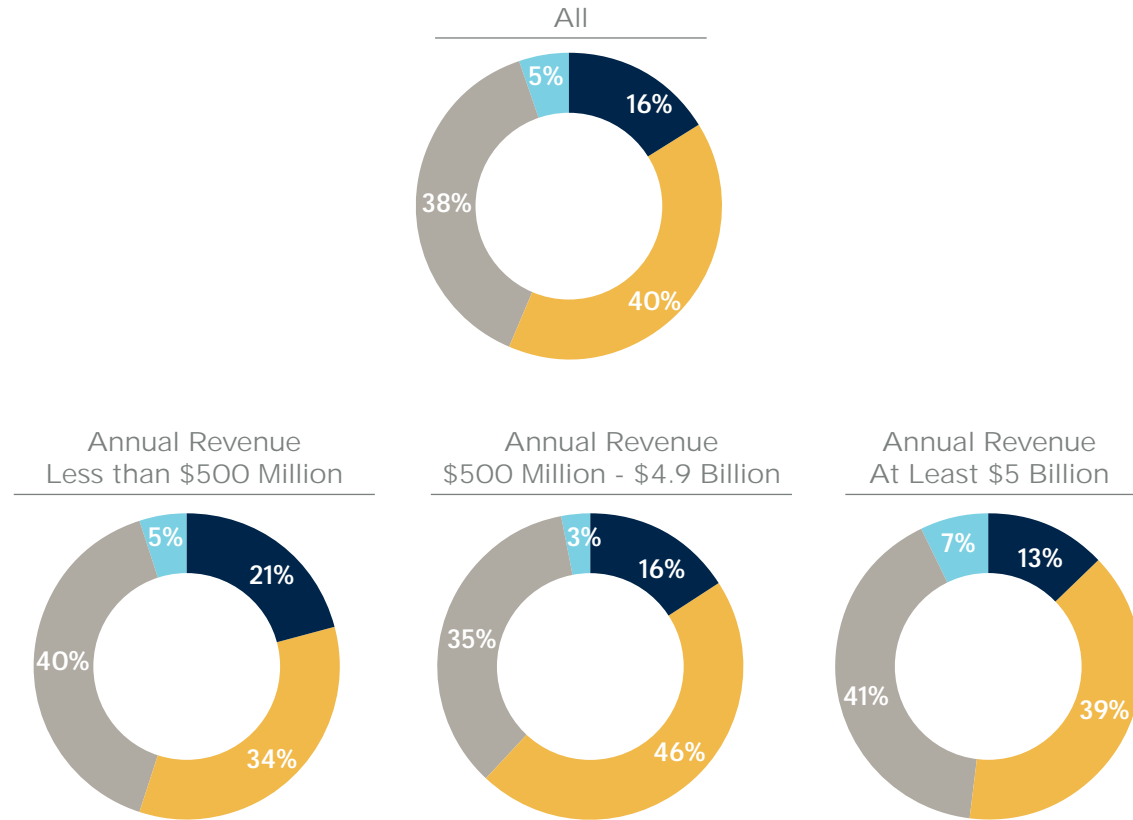
**CORE TREASURY PROFESSIONALS**





Over half of respondents report that actions are being taken to curb staff attrition within the treasury and finance function at their organizations (16 percent indicate active steps are being taken and 40 percent say some action is being taken). Thirty-eight percent of all respondents indicate that actions are *not* being taken to curb staff attrition within the treasury function. A larger share of respondents from organizations with annual revenue of less than \$500 million report that active steps are being taken to curb attrition compared to those from organizations with annual revenue of at least \$5 billion (21 percent compared to 13 percent).

**Action Taken to Curb Staff Attrition Within Treasury Function**  
(Percentage Distribution of Organizations)



- Active steps are being taken to curb staff attrition within the treasury & finance function
- Some action is being taken to curb staff attrition within the treasury & finance function
- Actions are NOT being taken to curb staff attrition within the treasury & finance function
- Other

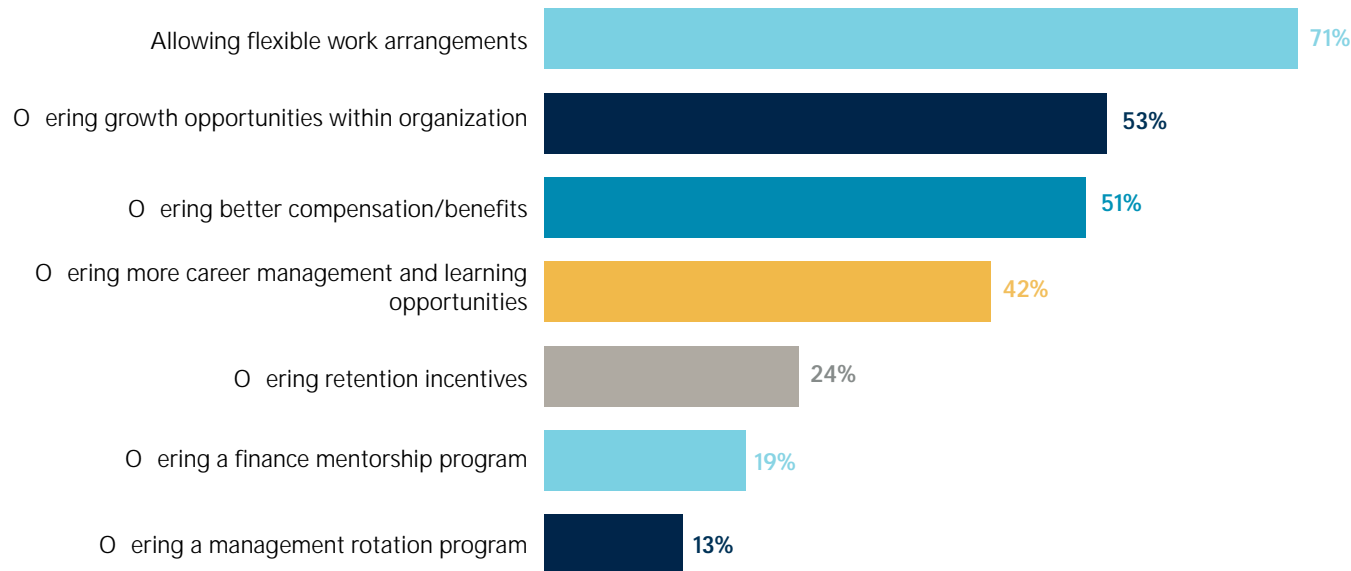


The most frequently cited specific action being taken to curb staff attrition is allowing flexible work arrangements (71 percent). Eighty-five percent of respondents from organizations with annual revenue of at least \$5 billion report that they are allowing flexible work arrangements to curb staff attrition, and 77 percent of senior treasury professionals report the same compared to 60 percent of core treasury professionals. Smaller organizations with annual revenue of less than \$500 million are less likely to allow flexible work

arrangements (58 percent), but more likely to offer a management rotation program compared to larger organizations (27 percent compared to three percent).

The second most-often cited action being taken by organizations to curb staff attrition is offering growth opportunities within the organizations (53 percent), followed by offering better compensation/benefits (51 percent), and offering more career management and learning opportunities (42 percent).

#### Specific Actions Taken to Curb Staff Attrition (Percent of Organizations)



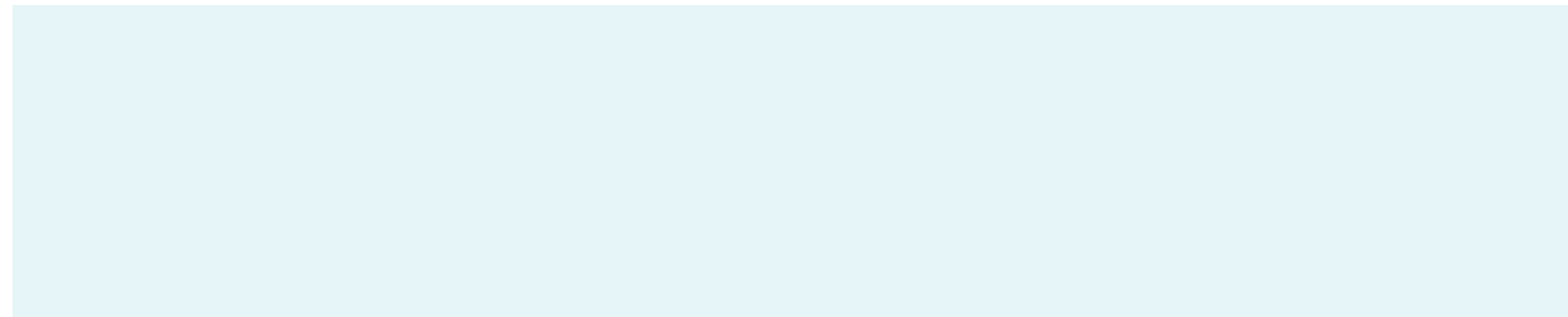
The role of treasury has been evolving over the years. The liquidity crisis during the pandemic had senior management seeking out treasury more than before to help them understand how treasury was planning to minimize any adverse impacts on cash and short-term holdings and to ensure cashflow was not disrupted. Since then, treasury has continued its interaction with C-suite and executive management; 43 percent of survey respondents indicate their interaction with C-suite and the CFO has increased in the past two years.

Treasury does play a distinct leading role in some areas including borrowing long-term (capital funding/sourcing), interest-rate risk management, payments strategy and execution. In addition to taking a lead in certain areas, treasury increasingly supports other functions and is increasingly providing support to the finance and accounting functions as well. Treasury also actively supports other functions such as business continuity planning and mergers and acquisitions. This signals that treasury's contribution to an organization is more holistic than it has been in the past.

Respondents report that the most challenging task they are dealing with at their jobs is improving payment processes—i.e., incoming and outgoing, working capital improvements and protecting the organization through sound internal policies and procedures for money movement. This is not surprising: the liquidity crisis that first emerged two years continues to be present and is contributing to economic anxiety.

Early on, treasury's role was primarily focused on cash management and liquidity. As the crisis deepened, treasury's role expanded to include supporting other functions such as business continuity planning and mergers and acquisitions. This signals that treasury's contribution to an organization is more holistic than it has been in the past.

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## DEMOGRAPHICS

In May 2022, the Association for Financial Professionals® (AFP) conducted a survey of treasury professionals globally. The survey's aim was gain insight on the treasurer's evolving role over the past two years and to assess whether there has been a shift in their priorities and to understand the gaps in skills and competencies. AFP received 395 responses from both treasury professionals and senior treasury professionals (those who are categorized with titles as directors and above) which form the basis of this report.

AFP thanks Marsh McLennan for supporting the *AFP 2022 Strategic Role of Treasury Survey*. The survey questionnaire and the report were produced by the Research Department of the Association for Financial Professionals which is solely responsible for the content of the report. The demographic profile of the survey respondents mirrors that of AFP's membership. The following tables summarize the characteristics of the survey respondents where organization-level demographics are provided.

### EAM AFFING

Forty-nine percent of organizations have fewer than 5 staff working in their treasury department while 27 percent have more than 10 in their treasury area. Sixty-seven percent of organizations with annual revenue of less than \$500 million have treasury departments of less than 5 staff, while only 12 percent of larger organizations (annual revenue of at least \$5 billion) have fewer than 5 staff.

Twenty-three percent of organizations with annual revenue of at least \$5 billion have more than 20 people working in their treasury department compared to only one percent of organizations with annual revenue of less than \$500 million that do.

### Number of People in Treasury Department

(Percentage Distribution of Organizations)

	All	Annual Revenue Less than \$500 Million	Annual Revenue \$500 Million - \$4.9 Billion	Annual Revenue At Least \$5 Billion	Senior Treasury Professionals	Treasury Professionals
Less than 5	49%	67%	60%	12%	50%	46%
5-9	23%	21%	22%	29%	20%	29%
10-19	18%	11%	12%	36%	17%	20%
20 or more	9%	1%	6%	23%	12%	6%



## EA DEPARTMENT OPERATING MODEL

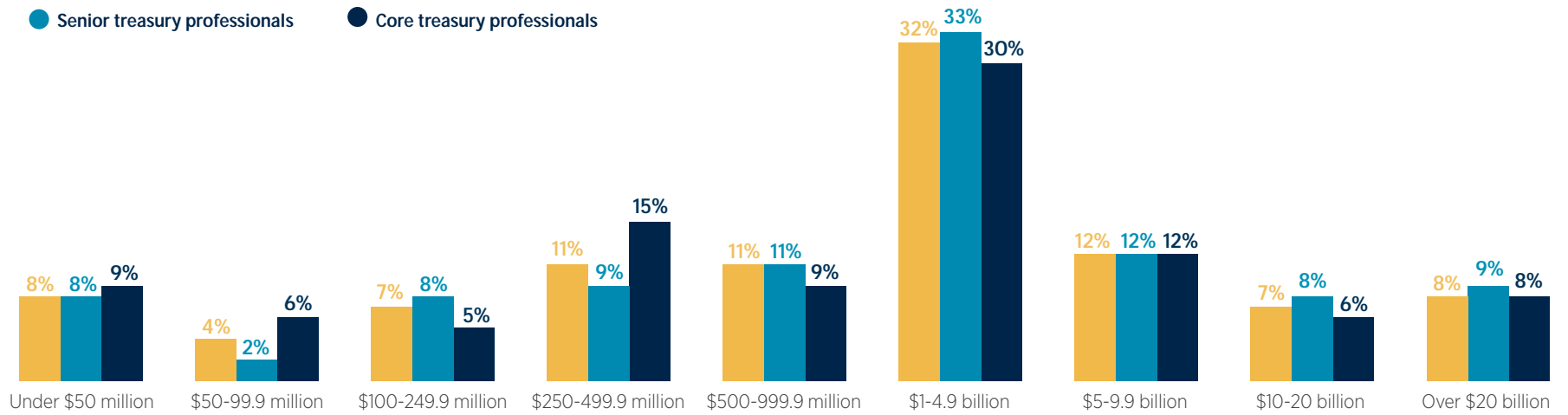
One-third of respondents describes their treasury department's operating model as centrally run across all geographies, followed by centrally run because they are only domestic-focused (27 percent), and regional and determined by geography with some central oversight (15 percent). A larger share of respondents from smaller organizations (with annual revenue of less than \$500 million) than larger organizations (with annual revenue of at least \$5 billion) describe their treasury department's operation model as centrally run because the department is only active in a limited geography (20 percent compared to 12 percent, respectively).

### Treasury Department's Operating Model (Percentage Distribution of Organizations)

	ALL	ANNUAL REVENUE LESS THAN \$500 MILLION	ANNUAL REVENUE \$500 MILLION - \$4.9 BILLION	ANNUAL REVENUE \$5 BILLION +	ENTIRELY DOMESTIC	REGIONAL
Centrally run across all geographies	33%	33%	34%	32%	3%	2%
Centrally run because we are only domestic focused	27%	27%	27%	24%	22%	34%
Regional and determined by geography (with some central oversight)	15%	15%	15%	20%	1%	11%
Centrally run because we are only active in limited geography	14%	20%	11%	12%	14%	14%
Decentralized and determined by geography (with central oversight)	11%	11%	12%	11%	11%	11%
Decentralized and determined by geography (without any central oversight)	1%	2%	--	1%	1%	2%

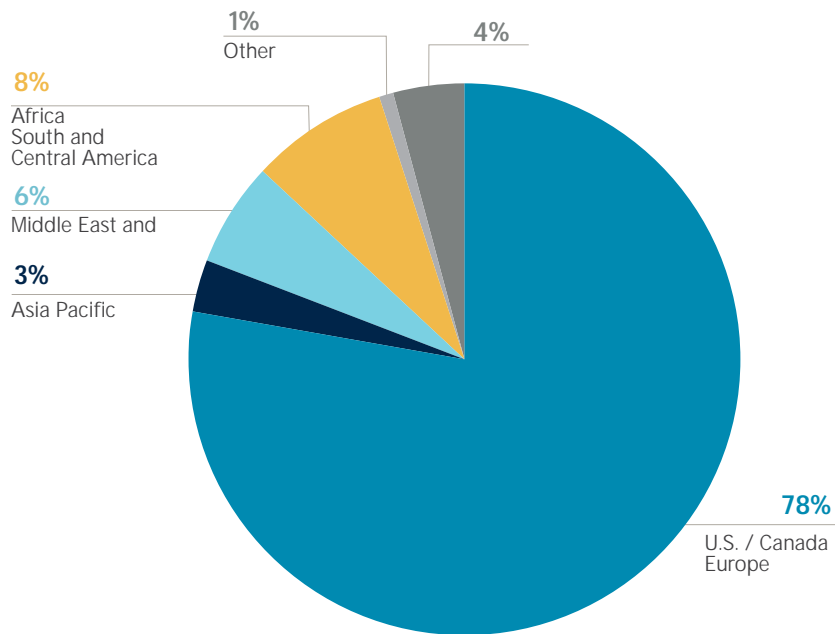
**Annual Revenue (USD)**  
 (Percentage Distribution of Organizations)

● All   ● Senior treasury professionals   ● Core treasury professionals

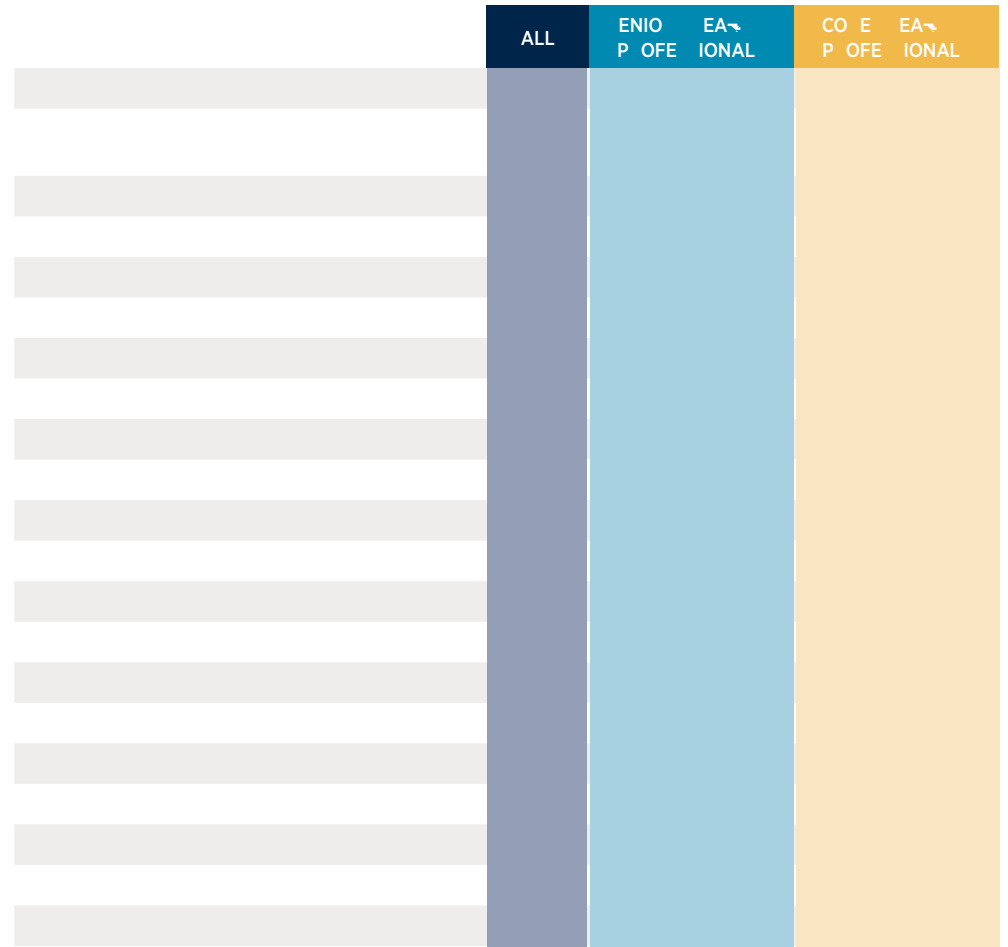




**Geography**  
(Percentage Distribution of Organizations)



**Industry**  
(Percentage Distribution of Organizations)








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