News release

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**PwC: Companies operating in Asia face significantly higher risks and challenges as compared to most of the world**

* *Survey reveals rising pressures on businesses as growth in Asia brings about increasing complexities and risks*
* *Survey also reveals significant opportunities for Asian corporate treasuries striving to be process efficient and strategic amidst these challenges*

**Singapore, 5 May 2014 –** PwC’s survey on Asian corporate treasuries, launched today, found that the increasingly complex and demanding business environment – brought on by macroeconomic factors such as globalisation, increasing regulations and market volatility – is putting increasing pressure on businesses. This presents significant opportunities for CFOs and Treasurers to collaborate in transforming their organisations whilst managing these challenges and adding value to the business.

Said Dominic Nixon, Risk Assurance Leader, PwC Singapore:

“Operating in Asia presents many issues that affect all global companies. There are also many challenges unique to Asia. Unlike much of Europe or the US, Asia does not have a single currency; there is no single regulator; the banking landscape is very diverse; and there are many restrictions/ regulations governing the multiple emerging currencies.

“The multitude of risks organisations face can be mitigated and managed by finance and corporate treasury functions. From this survey, we are finding that there are significant opportunities for corporate treasurers to take advantage of market uncertainties to transform their companies and contribute to the business’ bottom line.”

According to the survey, the following fronts are challenges that corporate treasuries in Asia face:

**Talent management**

Close to 30% of respondents operate in more than six countries. However, more than half of these respondents had fewer than five staff members in the group treasury. Compared to the US and Europe, PwC had expected more resources from the treasury organisation in Asia, given its geographical diversity, multiple regulators and multiple emerging currencies etc.

54% of respondents indicated being dissatisfied with current talent management in their organisations. This is compounded by rapid growth and cross-border expansion regionally. The demand for appropriately skilled personnel outstrips the supply available as a result, and this is especially so in Asian countries with less sophistical finance sectors and companies with smaller corporate treasury teams. As risks become more complex, there is also a growing need for greater skill specialisation.

**Cash management**

Cash management was found to be one of the two most important treasury activities, indicating that treasurers are continuing to focus on optimising their cash positions to insulate their businesses in volatile times. It is significant, however, that despite the importance placed on cash management, less than one-third of respondents surveyed have real-time information on their cash positions. This could limit the ability of treasurers in identifying potential financial needs or opportunities on a timely basis.

52% of companies surveyed did not have confidence in their cash flow forecasting processes. 32% of companies surveyed were not satisfied with their cash visibility, and 28% were not satisfied with their cash centralisation.

Said Chen Voon Hoe, Accounting Advisory, Reporting and Corporate Treasury Lead, PwC Singapore:

“The fact that there is this mismatch between the importance placed on cash management and the confidence level of treasurers in their cash forecasting, visibility and centralisation processes show a clear need for businesses to enhance their capabilities in these areas.

“Investing in appropriate technology, such as treasury management systems and connectivity to banking platforms, is one way this can be achieved effectively and in a sustainable way. For many businesses, however, the initial investment cost needs to be evaluated carefully against the added benefits. These benefits include greater visibility of cash across all operating entities in the group, more efficient receivables and payables processing and lower interest costs and banking fees.”

**Risk management**

50% of respondents were not satisfied with their overall risk management processes. The survey also found that a treasurer’s responsibilities encompass financial risks rather than the wider enterprise-wide risk. The use of sophisticated risk methodology, tools and assessment was also limited.

The overall high level of dissatisfaction highlights opportunities for treasurers to take a strategic view of risks in adding value to the business beyond merely listing and measuring the risks faced.

**Technology: Treasury management systems**

While there are clear advantages in leveraging on treasury technology, the survey found that 53% of companies surveyed did not have a treasury management system (TMS).

In addition, almost half of these companies surveyed that are using TMS expressed dissatisfaction with their current systems.

Effective TMS implementation drives automation, process efficiency and operating cost savings. It also enhances the treasurer’s ability in providing a better analysis. This in turn helps in financial reporting and better decision making at a C-suite level.

Said Chen Voon Hoe, Accounting Advisory, Reporting and Corporate Treasury Lead, PwC Singapore:

“Treasurers today have a strategic role to play, with board level accountability and the responsibility to manage enterprise-wide risk.

“In order to fulfill this key role, the treasury function needs to incorporate appropriate technology with best practices for their core activities. The CFO or treasurer can start with quick wins by undertaking cash or risk netting and bank rationalisation, followed by long-term enhancements such as TMS implementation, in-house banking and payment and collection factory. They need to constantly evolve with the increasingly complex business landscape that we operate in today.

“The survey revealed that there are significant opportunities for Asian treasury centres to transform and deliver strategic benefits to their businesses.”

**-ENDS-**

**NOTES TO EDITORS**

Growth in Asia has been significant. This applies to Asian companies and global companies with operations in Asia. The survey reveals where the Asian corporate treasury functions stand vis-à-vis their European and US counterparts, and what treasuries need to do in order to enhance their value-add to the businesses given that treasury functions now have greater visibility at the board level.

There were 117 survey respondents from 7 countries (Singapore, Hong Kong, China, Japan, Malaysia, Indonesia and Thailand). The respondents come from a wide range of industries and company sizes, covering an extensive range of treasury needs and profiles. The survey shares insights on the structure of these corporate treasuries, their key challenges faced, their risk management approaches, their relationship with their bankers, and their approaches to cash and liquidity management etc.

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