

Rethinking Treasury: The road ahead

Corporate risk management survey in Asia-Pacific





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Holger Zeuner is currently HSBC's Head of Thought Leadership, EMEA as part of HSBC's Corporate Sales team and is based in Düsseldorf, Germany.

His team is responsible for identifying and analysing potential large impacts to corporates' market risk exposures as well as developing tailored strategies to mitigate those risks. To derive and analyse corporates' best practices, Holger designed and led the global Risk Management Survey project in 2018 and 2021.

Holger joined HSBC in 2012 and holds over 19 years' experience in risk solutions and financial derivatives. Before joining HSBC, Holger held various senior positions in Fixed Income Structuring and Structured Product Sales at two other international banks.

Holger holds a Diploma in Mathematical Economics from the University of Dortmund, Germany and is a CFA charterholder since 2006.



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Vinay Bachani is currently Head – Thought Leadership, Asia-Pacific. This team is part of the Corporate Sales team of Markets and Securities Services.

Currently based in Hong Kong, he is responsible for overseeing the delivery of Corporate Treasury-focused analysis of the macroeconomic environment and bespoke risk management analytics for the Bank's key Corporate clients, as well as other specialist content and analysis.

Vinay began his banking career in 2002 and has 19 years'+ experience in Banking, most of it in the capacity of a Global Markets Sales professional dealing with large and mid-sized corporate groups.

Vinay joined HSBC Group in 2008 and has worked in the Bank's India and Hong Kong offices. He holds degrees in Commerce and Economics from the Mumbai University, India and is a Chartered Accountant from the The Institute of Chartered Accountants of India.



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Adam Wan is a member of the Corporate Sales team in Hong Kong. He is responsible for providing cross-asset risk management and investment solutions ranging from FX, rates, fixed income and equities to the Bank's corporate clients.

Adam joined the bank in 2019, and has more than 7 years of experience in banks and financial institutions. He holds a MBA from the University of Cambridge, as well as a Master's degree in investment management from the Hong Kong University of Science and Technology. He is a certified Financial Risk Manager as well as a Chartered Alternative Investment Analyst.

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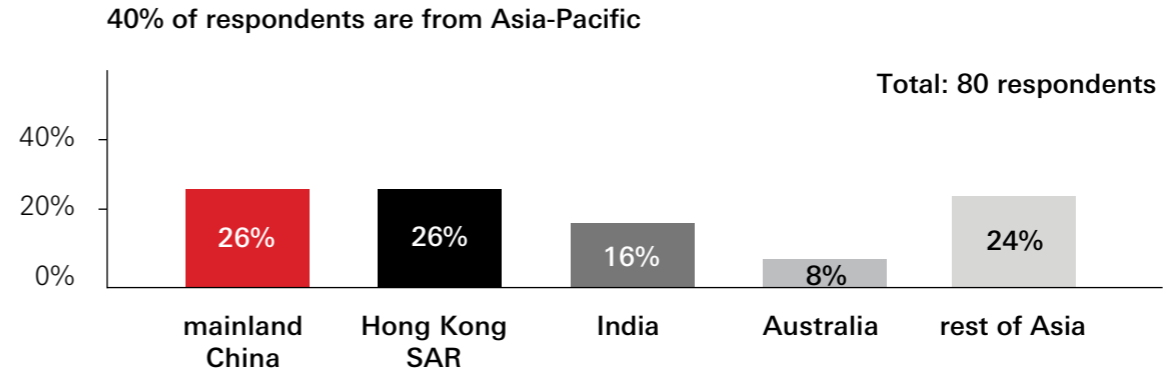
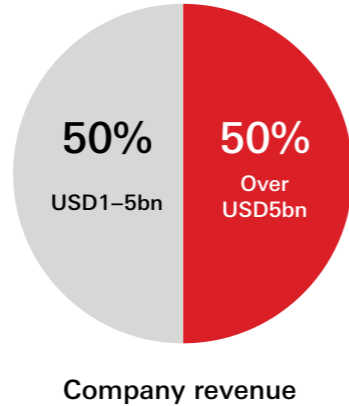
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Who we spoke to

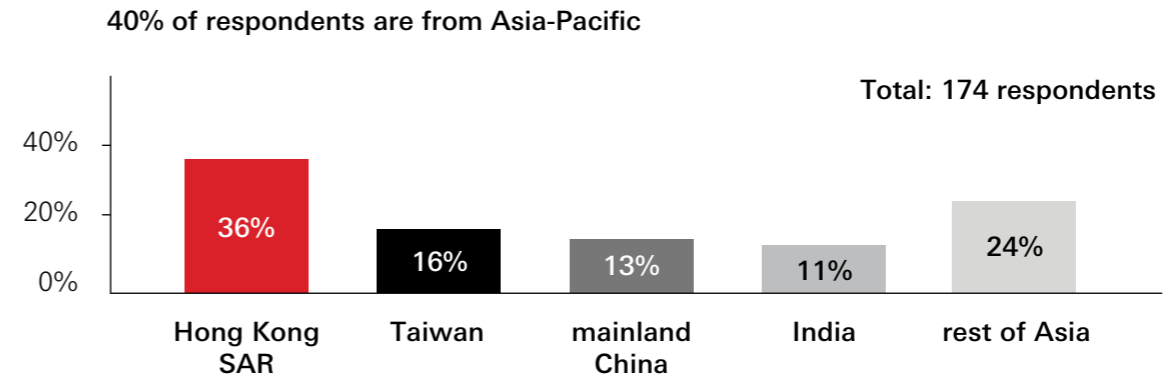
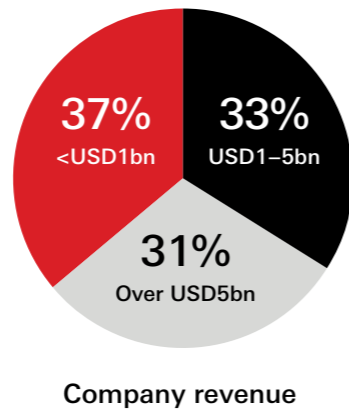
CFO survey

In 2021, 200 CFOs or their equivalents from corporates of multiple sectors were surveyed by Acuris on behalf of HSBC.



Treasurer survey

433 senior treasury professionals from corporates of multiple sectors were surveyed by HSBC. The survey was open for a six-week period until 30 July 2021.

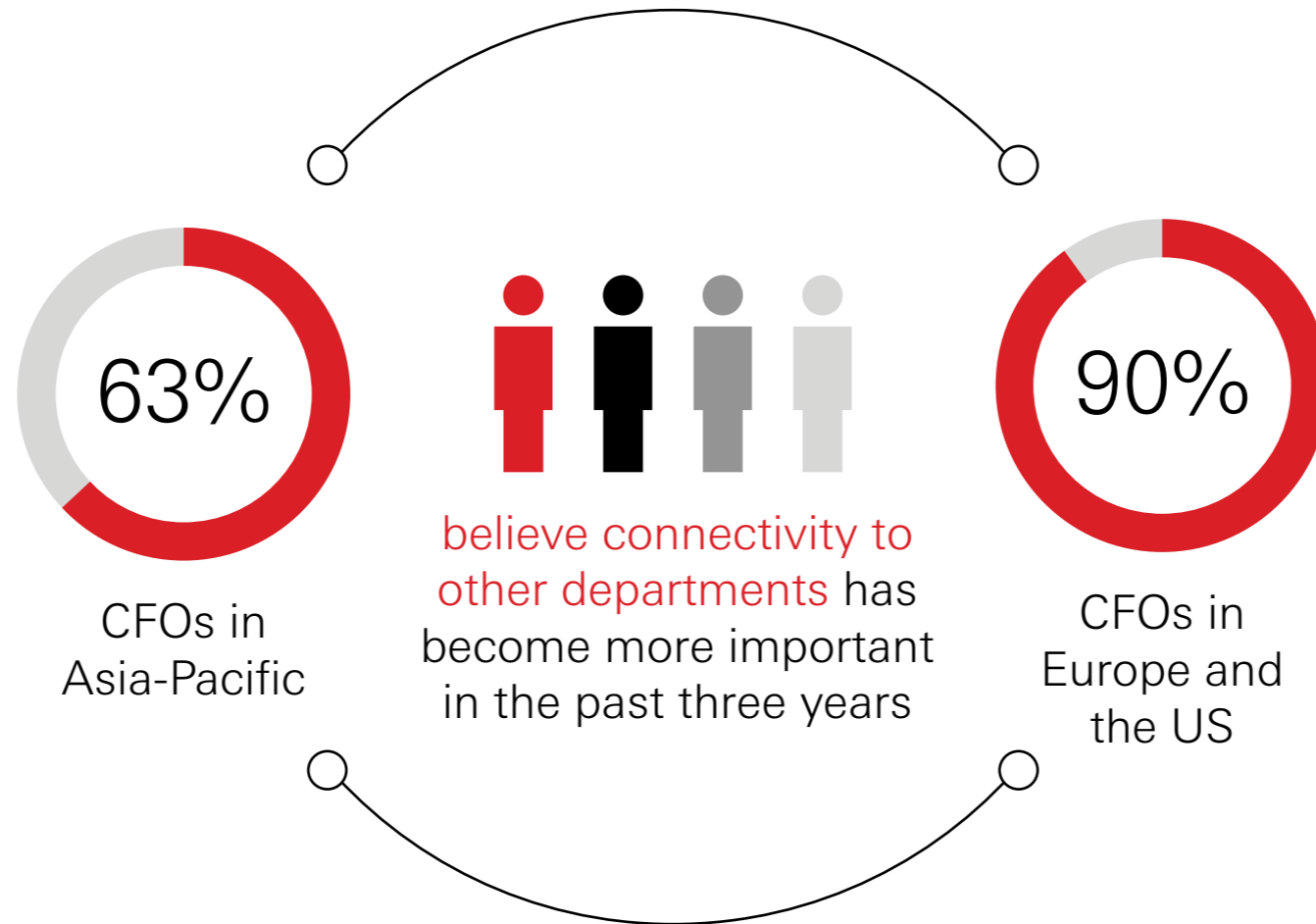


[Click here](#) to access the survey website that includes the global report.

Focus on strategy

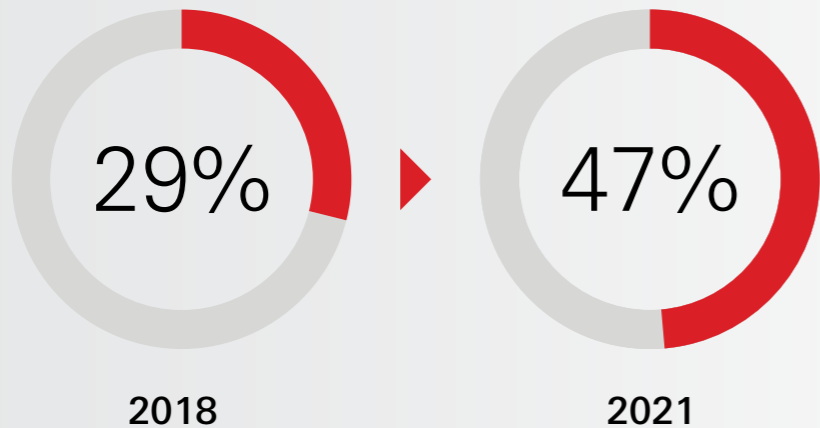
Treasury departments in Asia-Pacific have an opportunity to play a more strategic role in their businesses

Treasury in Asia - business integration is a growing priority



Risk focus and areas to improve risk management strategy

CFOs in Asia-Pacific



think **cash flow and liquidity risk** is the area that receives the most questions from the CEO

Very few feel their organisation is well equipped to deal with



ESG risk

6%



Commodity price risk

6%



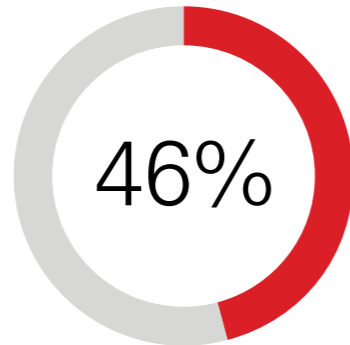
Country and political risk

3%

Upskilling for greater ESG capabilities

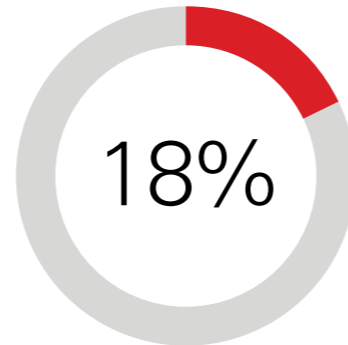
CFOs in Asia-Pacific* who see ESG playing an important role in the following aspects of their businesses

Supply chain



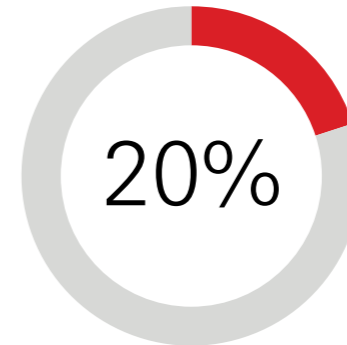
As compared to **21%** in mainland China, Hong Kong SAR and Taiwan and **66%** in Europe, Middle East and Africa

Financial investments



As compared to **9%** in mainland China, Hong Kong SAR and Taiwan and **39%** in Europe, Middle East and Africa

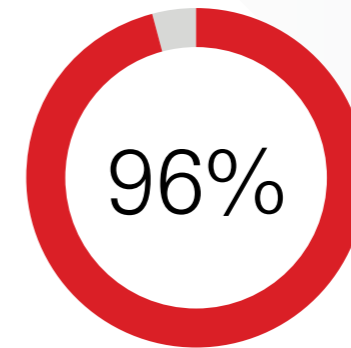
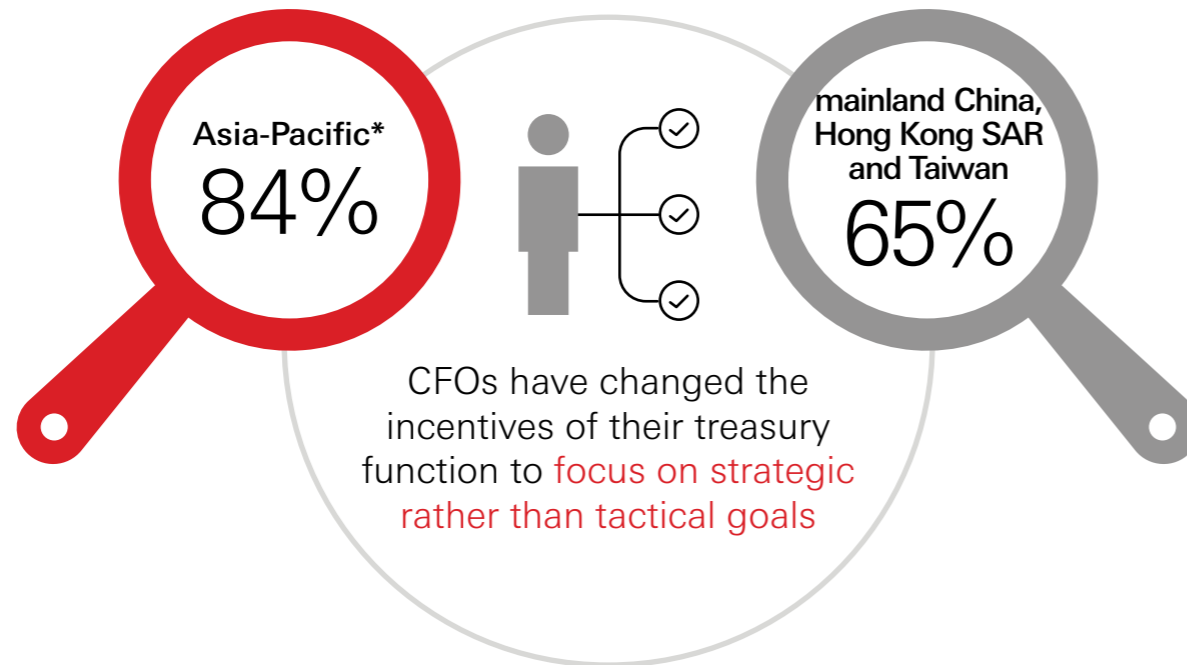
Financial debt



As compared to **16%** in mainland China, Hong Kong SAR and Taiwan and **45%** in Europe, Middle East and Africa

*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

The importance of an analytical skillset



of CFOs in Asia-Pacific have found new ways to leverage the analytical skills of their treasury department in the past three years

Yet only 14% currently see treasury playing a key role in strategic decisions

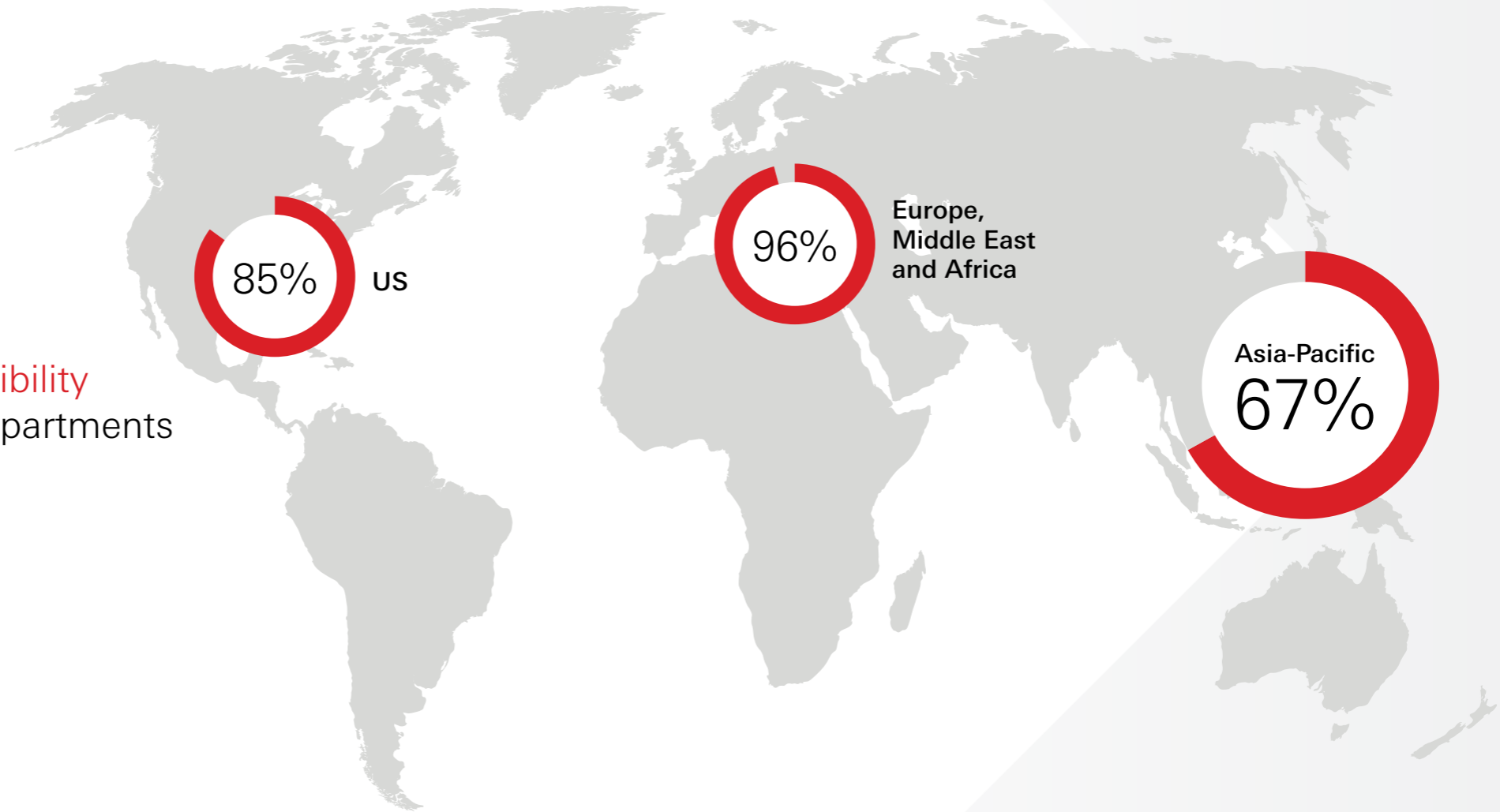
*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

Focus on resourcing

How treasury departments in Asia-Pacific are adapting to improve their efficiency

Changing the way we work

CFOs who believe offering increased flexibility in the way treasury departments work is important



More resources in sight for treasury

Treasurers in Asia-Pacific who expect their team to

stay
the same
size



Asia-Pacific* **58%**



mainland China, Hong Kong SAR and Taiwan **76%**

increase
in size



Asia-Pacific* **36%**

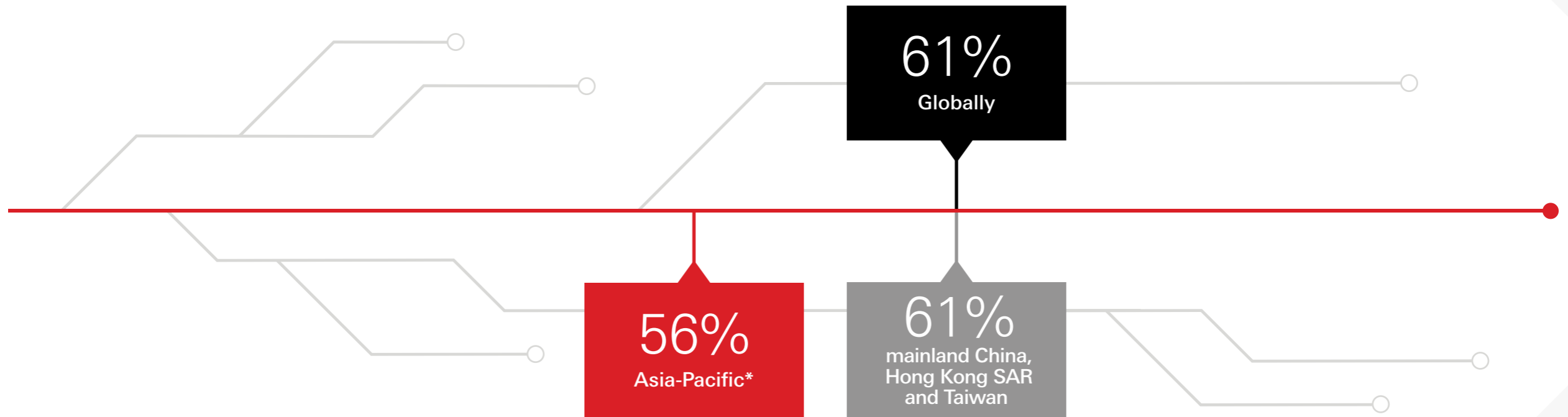


mainland China, Hong Kong SAR and Taiwan **22%**

*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

Innovation and digitisation

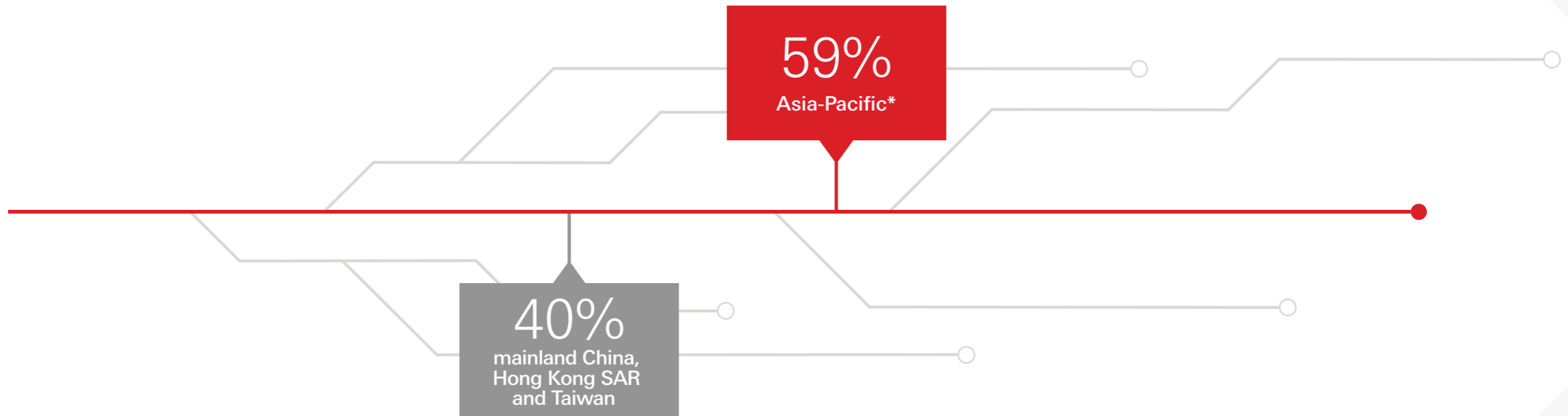
Treasurers who believe **digitisation of the function** is going to be more important in the next three years



*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

Innovation and digitisation

Treasurers in Asia-Pacific who want to improve their team's **skills to digitise data and processes**

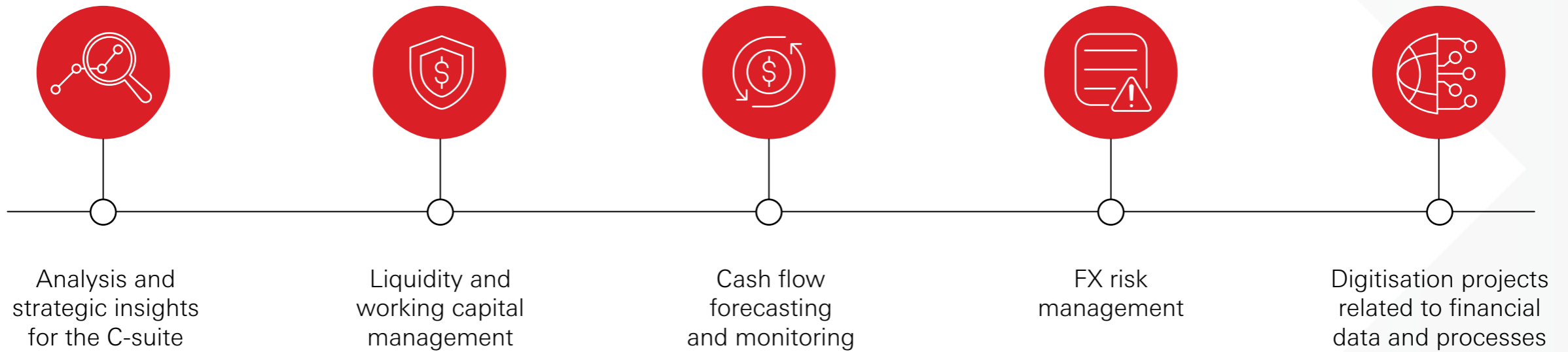


*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

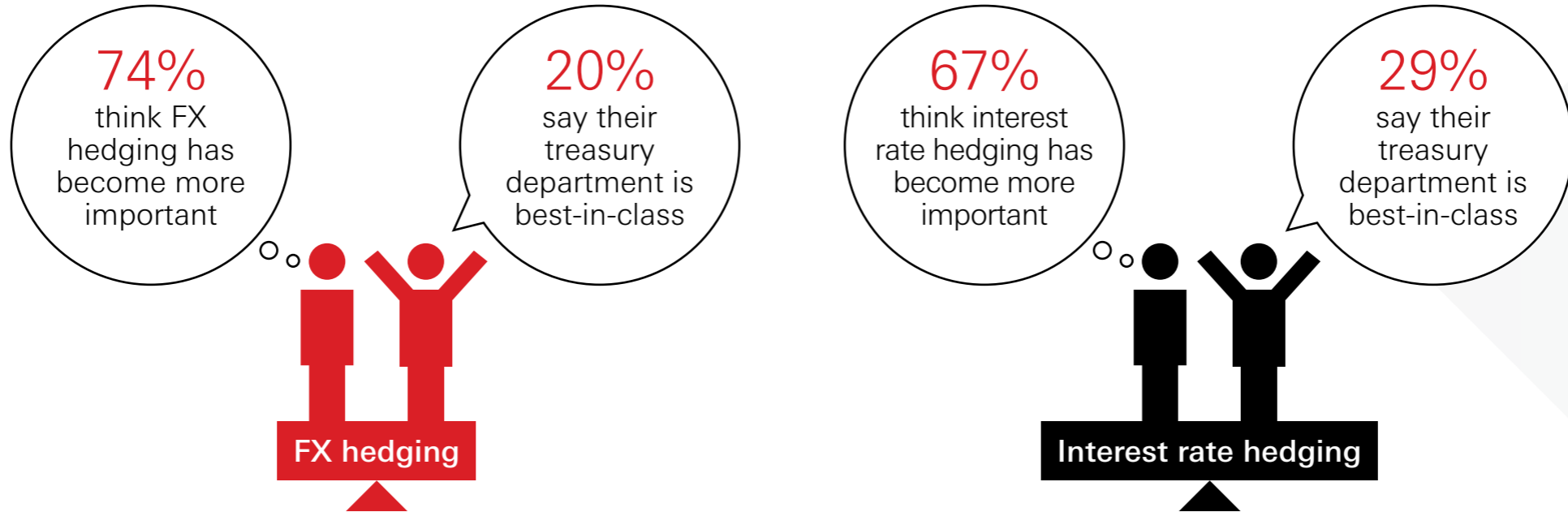
Focus on risk management approach

How treasury departments in Asia-Pacific are managing financial risk

Treasurers want their teams to improve in the following key areas



CFOs in Asia-Pacific believe their teams could upskill in FX and rates management



Priorities in hedging FX exposure

Hedging objectives for treasurers in Asia-Pacific and how they plan to achieve them



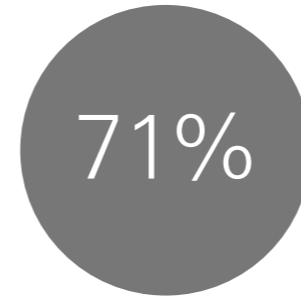
Minimising FX impact on booked exposure



Reducing impact on consolidated earnings



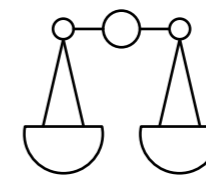
Protecting budgeted rates



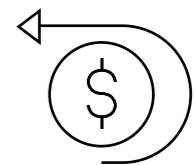
Hedging forecasted cash flows



Hedging balance sheet items



Hedging net investment

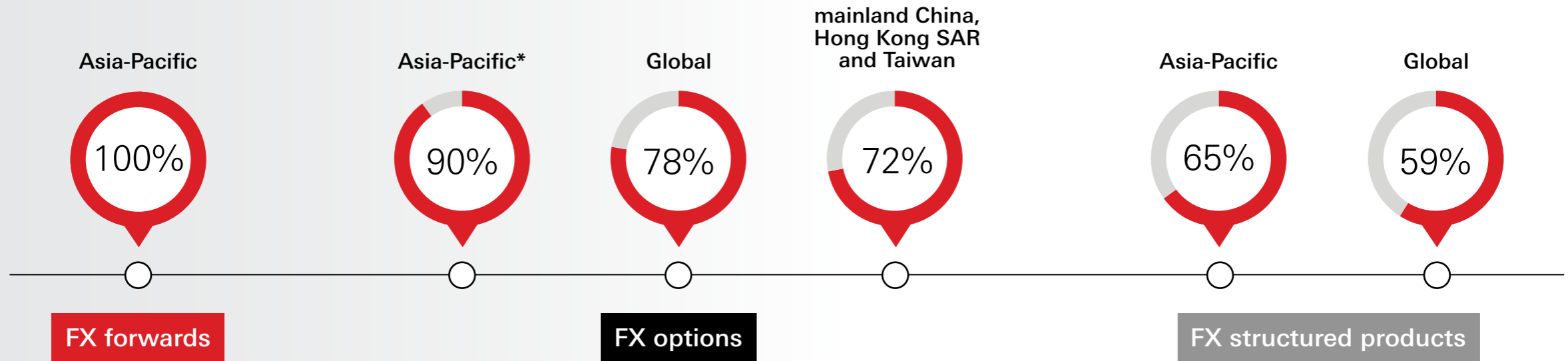


Meeting treasury objectives

Hedging activity

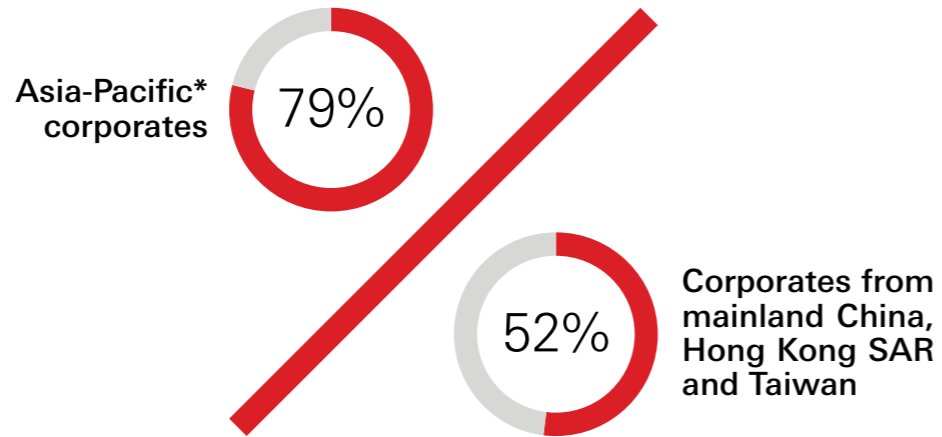
Hedging instruments of choice

Treasurers whose FX policies allow the use of

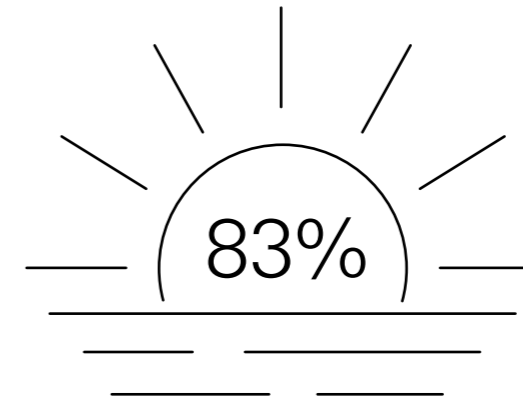


*Asia-Pacific excluding mainland China, Hong Kong SAR and Taiwan

Managing exposures in a low interest rate environment



use **interest rate swaps** to hedge their interest rate risks



of respondents only have a maximum **1-year investment horizon** for their cash investments

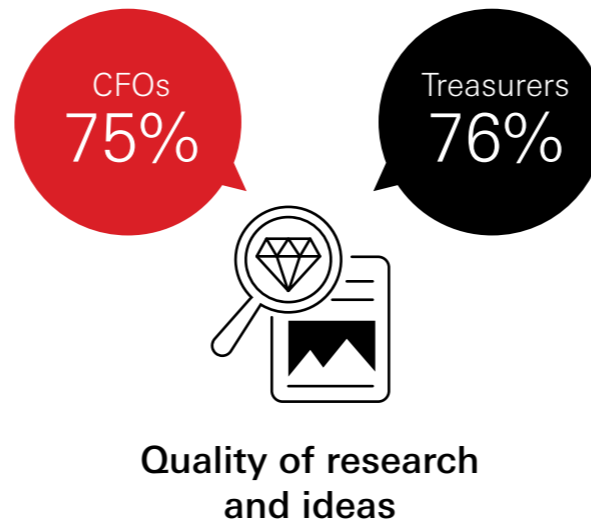
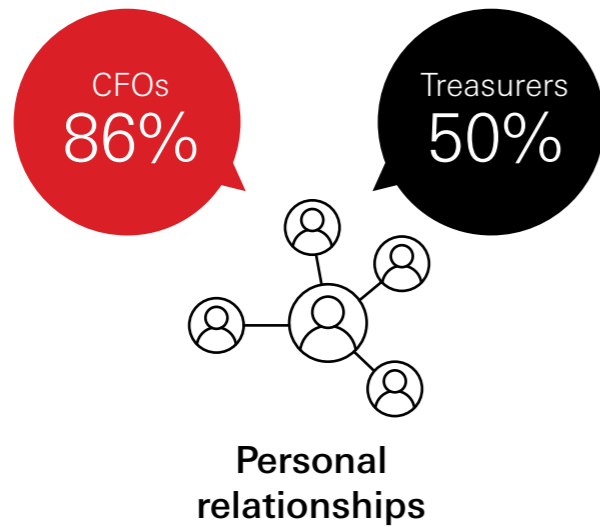
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Focus on hedging counterparty selection

What do corporates look for in a hedging counterparty?

Selecting a hedging counterparty

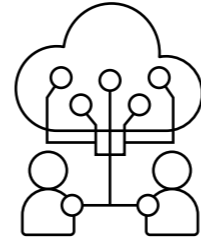
CFOs and treasurers in Asia-Pacific view the following as **important criteria to select their banking partners**



Summary of key takeaways



Treasury departments believe **thinking strategically** and **aligning with business objectives** have become more important



CFOs view efficiency as a function of right **team size, flexibility** and **digitisation**



Corporate treasurers **need to upskill** to overcome **continuing FX challenges** and **cost pressures** from rising interest rates and inflation



Personal relationships, quality research and **price** are the top considerations for corporates looking for a hedging counterparty

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