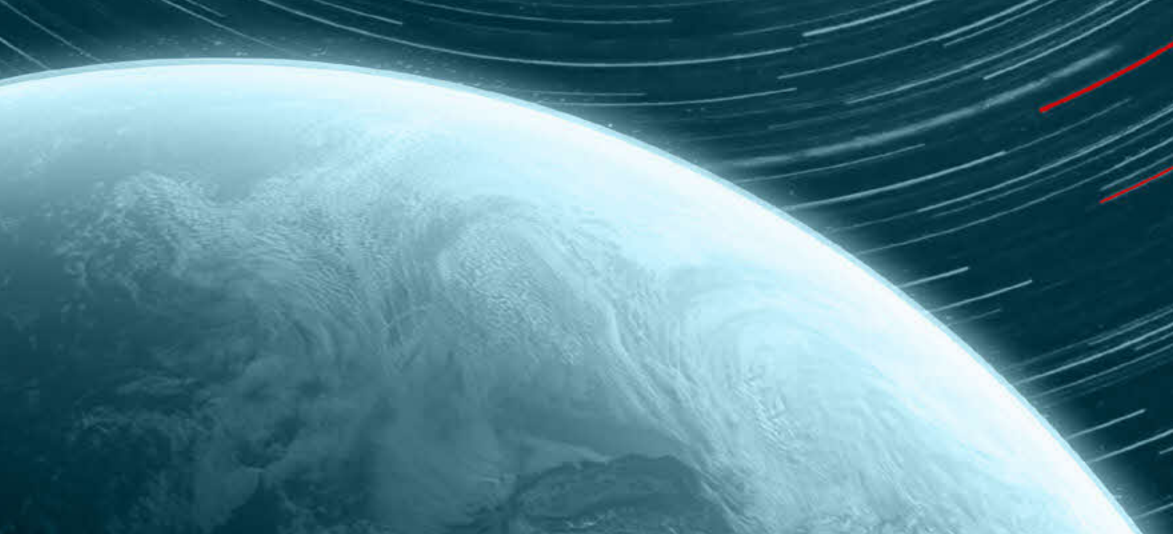
DBS

PIVOTAL

How treasury and finance enable the new era of globalisation



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Contents

Executive summary

The role of treasury and finance is evolving rapidly. On an operational level, the teams are navigating an exceptionally complex and fast-moving trading environment. They are dealing with extreme foreign exchange and interest rate volatility, managing emerging risks, addressing new compliance protocols and enabling the financing of ambitious transformation plans.

That is just the start of their responsibilities today. In multinational corporations, treasury and finance also have a growing strategic influence on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, and economic power is rebalanced across emerging markets.

Asia at the centre, now and in the future

DBS' new research – based on a survey of 570 senior leaders in nine sectors and 15 markets, as well as in-depth discussions with 12 experts in the field – finds a growing interest in the opportunities presented by ASEAN markets, India and Mainland China. Three-quarters of the executives in our survey say that expansion in Asia is a strategic priority for their business.

In turn, treasury and finance have a new mission: to support the diversification of revenue streams and supply chains while enabling additional market penetration across Asia. They are also helping to enable the adoption of digital technologies and are improving decision-making by challenging the assumptions and plans of strategic functions such as corporate planning and development.

In this report, we provide a series of actionable insights to help treasury and finance pivot to the new reality. We also outline the characteristics of executives that have enabled globalisation and strategic transformation by integrating treasury and finance expertise. This leader group of companies is outperforming its peers with respect to strategic alignment with the business, perspective on new and evolving risk, and valued contribution towards diversification and growth.

The characteristics of this leader group include:

- Becoming more proactive in collaborating with strategic functions during the earliest stages of change, offering insight into unfolding events
- Challenging colleagues actively with concerns around risk and ambiguity, urging course correction if required
- Deepening local stakeholder and banking relationships to build market knowledge and overcome operational hurdles
- Utilising disruptive technology, with one in two already saying that generative AI is helping them overcome talent shortages in the function

We hope you enjoy the report, and we would be delighted to discuss its conclusions and recommendations with you.

> Treasury and finance teams are uniquely positioned to influence the long-term success of their organisations and drive growth.

Su Shan Tan
Group Head, Institutional Banking Group, DBS

Section 1

The end of the beginning of globalisation

Is globalisation broken? In recent years, business leaders have asked whether seismic events – the supply chain shock of Covid-19, the resurgence of geopolitical tensions in Asia and Europe and the unfolding impact of climate change – might curtail global trade and investment.

Economic growth continued, but the hyper-globalisation of recent decades – marked by the deep and rapid integration of national economies – is not as prevalent as it was and is being replaced by a new era of globalisation.

This new approach is powered by digital innovation and data-enabled business models as much as it is by manufacturing and shipping. It is centred on Asia but reliant on a multi-polar economic system, and it is more sensitive to sustainability and net zero than earlier forms of globalisation.

"Asia continues to be the epicentre of growth, with businesses seeking new consumer markets and manufacturing capacities in the region's emerging economies," says Soon Chong Lim, Group Head of Global Transaction Services at DBS. "To capitalise on these opportunities, companies are increasingly operating across borders, embracing e-commerce and delivering on-demand services to keep up with changing consumer preferences.

"These shifts require corporates to work with a wider ecosystem of partners, including banks, to tap a broad suite of solutions and services – ranging from optimisation of cost structures, data analytics and AI, treasury risk management, as well as innovative digital payments and working capital management."

What does the new era of globalisation mean for business leaders?

A rebalancing of trade and investment on this scale does not occur without market disruption and discontinuity. As opportunities for growth and innovation emerge, so do new complexities as businesses adapt and diversify their operating models. In parallel, a series of supply chain shocks have made volatility and uncertainty a near-constant reality.

"The pace of growth in Asia is double-digit, but it's not a homogeneous market," cautions Chaitanya Mehrotra, CFO of Siemens Healthineers Ultrasound, which provides advanced ultrasound imaging technology and solutions.

"To grow in this environment, we need to take geopolitical risk into account and factor in fluctuations in currency, some of which have depreciated by 20% within the region," Mehrotra adds. "It's a question of scenario analysis and funding diversification, as well as hedging and balancing growth against that."

" The pace of growth in Asia is double-digit, but it's not a homogeneous market.

Chaitanya Mehrotra
CFO, Siemens Healthineers Ultrasound

Against this backdrop, the businesses in our survey are dedicated to improving productivity and operational performance while focusing on four principal areas of transformation:

A) Diversifying revenue streams in Asia
B) Embracing digitalisation
C) Driving net zero
D) Reconfiguring the supply chain

In this section, we outline why these areas are so critical to business success today. Then, in Section 2, we discuss some of the challenges that treasury and finance must overcome as they help their businesses transform.

A) Diversifying revenue streams in Asia

Businesses today are unlocking new revenue streams to insulate themselves from localised economic downturns and supply shocks.

In our research, Asia is benefitting most clearly from this activity. Around three-quarters of executives (76%) say that building topline growth in the region is a top priority in the next two years, supported by wider efforts to diversify and transform the business through innovation (see Figure 1).

Why Asia? The region's enormous consumer market and growing receptiveness to digital innovation exert a strong pull – especially in times of volatility, uncertainty, complexity and ambiguity.

More than half of the executives in our survey (52%) say that the region's long-term growth potential is one of its main attractions (see Figure 2). The proportion rises to 60% among companies based in the US, where relatively strong economic performance in recent years may give businesses a greater appetite to grow on an international stage.

Figure 1. Principal areas of strategic activity in the new era of globalisation

To what extent are these a strategic priority for your organisation in the next two years?

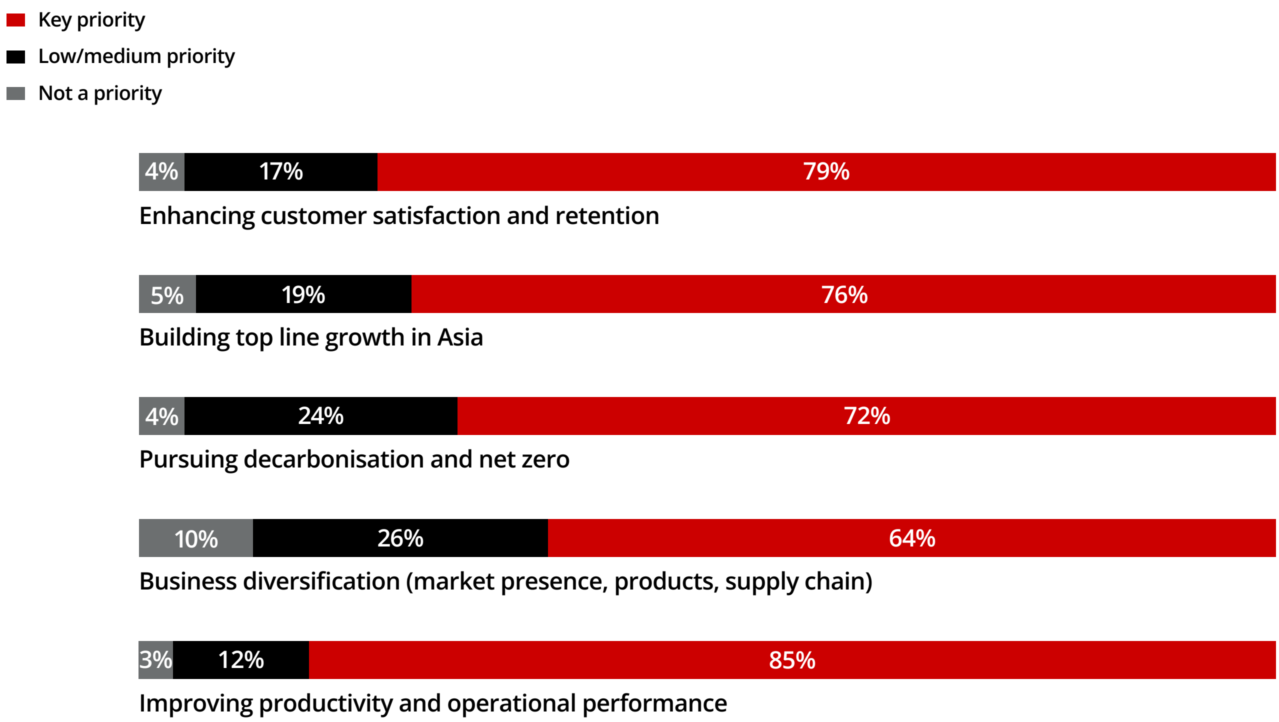
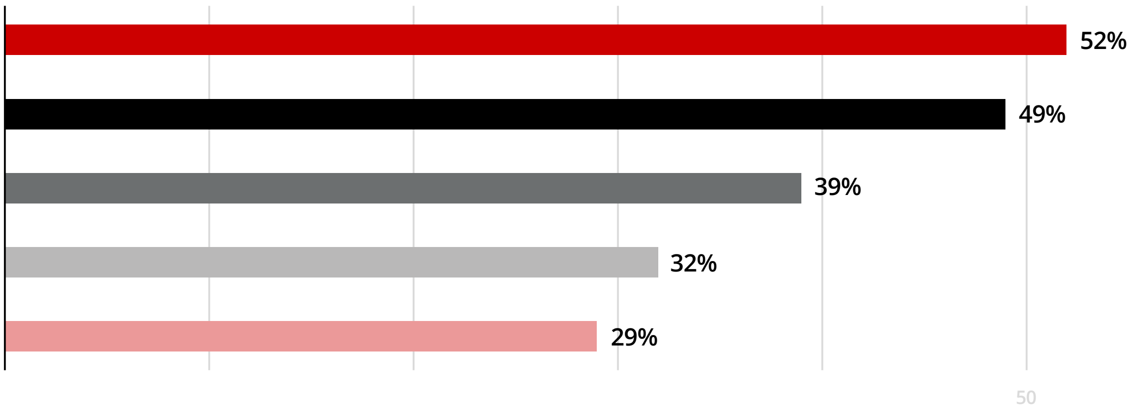


Figure 2. Growth potential is Asia's top attraction as a market

Why are organisations looking to grow or diversify their business in Asia today?

- The region's growth potential
- The region's strategic location for global supply chain
- The region's talent and human capital
- The region's favourable trading terms
- The region's proximity to sourcing and/or end markets



But talking about Asia as if it is a single entity ignores the nuances of the economies, infrastructure and cultures of its 48 markets. If we look more deeply into the research, we find a preference for those within Asia-Pacific (APAC).

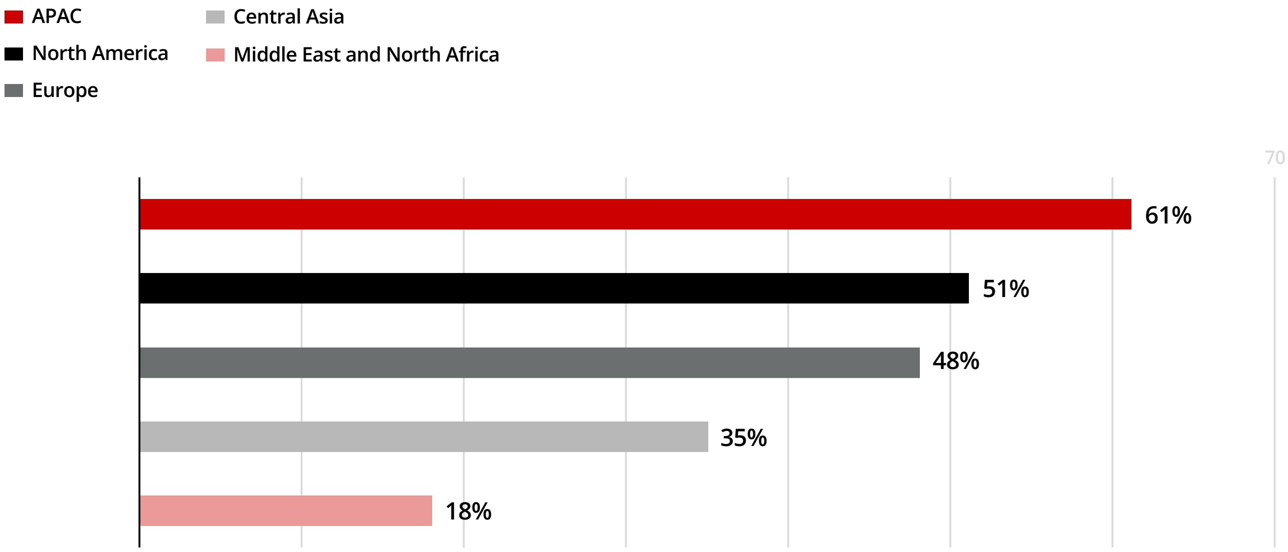
Among the businesses that are looking to diversify their existing operations, 61% are looking to do so specifically within APAC, positioning the sub-region ahead of North America and Europe (see Figure 3).

James Li, CEO at LinkLogis International, a Mainland China-based fintech that supports supply chain financing, says growth within Asia is a high priority. "We see international opportunities as our clients move into Asian countries, and we follow them," he says.

"In the last few years, we have set up Hong Kong SAR and Singapore offices to cover the region from north to south, and this year, we're going further by hiring people in Vietnam and Indonesia. You need to establish yourself to understand the local frameworks and business environment," he adds.

Figure 3. APAC is the most important region for geographical diversification

Geographical diversification is a priority for your business. Which regions are most important for you?



B) Embracing digitalisation

Executives in our research are experimenting with new products and services to broaden their revenue streams, with innovation representing the top (77%) area of focus for those diversifying their businesses (see Figure 4).

In many cases, this activity is due to the potential of new technologies, such as generative AI and the internet of things, as well as the proliferation of data-enabled business models.

Li describes how the digital model underpinning his business is what enables LinkLogis International's expansion plans in the region. “Our platform facilitates financing through digital technology,” he explains. “We want to build a whole ecosystem, working with banks, working with corporates, using data to support financing even at the earliest stages.”

Digitalisation is not limited to topline growth: new technologies are also essential on an operational level. Companies are, for example, using digital technologies such as AI and blockchain to provide end-to-end visibility of supply chains and create more efficient logistics networks and sourcing strategies. As we explored in our *Key Change* research – and also discuss in Section 3 of this new report – businesses are using such technologies to enhance their back-office functions.

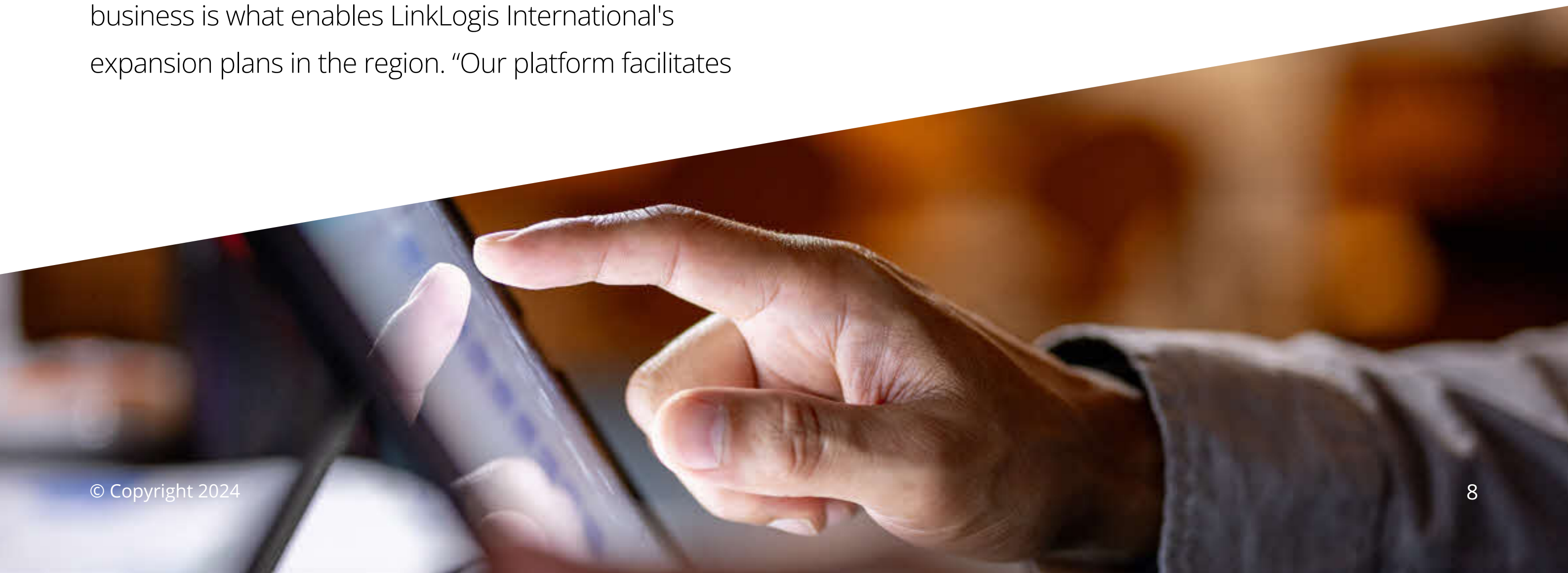
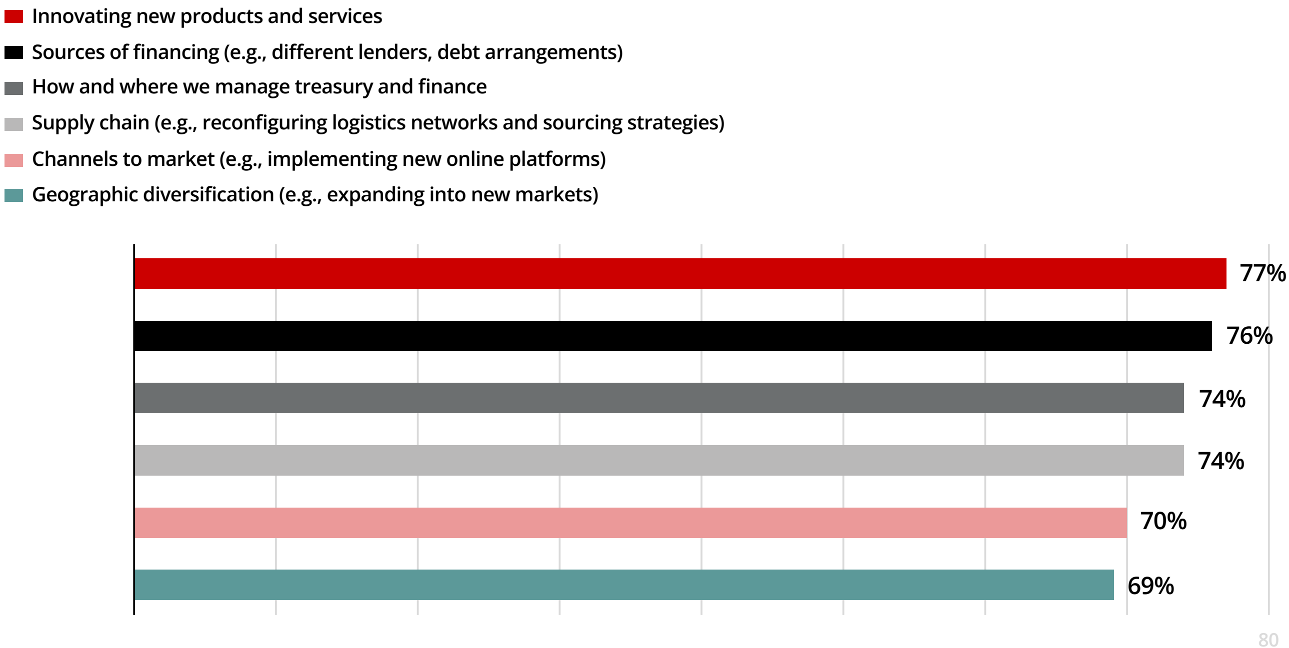


Figure 4. Focus areas for business diversification

Are you diversifying the following areas for business?



C) Driving net zero

Decarbonisation is rising up the corporate agenda in the wake of increased investor, stakeholder, regulatory and consumer demand. More than seven in 10 executives in our survey (72%) say that emissions reduction and pursuing net zero are priorities for their organisation in the next two years (see Figure 1).

One upshot of this trend is that businesses are developing more sustainably produced goods and services to satisfy changes in customer preferences. In one example, Chinese home appliance and consumer electronics company Haier Group is actively responding to China's 'dual carbon' goals of peaking carbon emissions by 2030 and reaching carbon neutrality by 2060. Vice President and CFO Xinzhi Shao explains that the company is implementing several benchmark green projects across industries.

"Haier leads in the number of 'lighthouse factories' in China recognised by the World Economic Forum and McKinsey," Shao explains. "Additionally, Haier has

> Haier has established China's first home appliance recycling and interconnected factory.

Xinzhi Shao

Vice President and CFO, Haier Group

established China's first home appliance recycling and interconnected factory, capable of dismantling two million discarded home appliances per annum."

Haier has also made significant progress around sustainable financing. "Haier Smart Home has implemented a hybrid sustainable financing framework, which includes green and social initiatives and sustainability-linked finance framework, making it the first enterprise in the APAC home appliance sector to establish such a financing framework," Shao says.

D) Reconfiguring the supply chain

The disruptions caused by Covid-19 and geopolitical conflicts have shown businesses the risks of a non-diversified supply chain. Many are now building greater resilience and agility into their networks.

"Everyone recognises the need for supply chain diversification," says Mehrotra at Siemens Healthineers Ultrasound. "But given the geopolitical tensions, where would be a safe zone to do it? Which countries can give you a buffer in case of future conflict?"

Specific markets within Asia face geopolitical challenges, but business leaders need to consider these in proportion to the challenges elsewhere. Almost six in 10 (59%) European executives, who have experienced considerable geopolitical tensions in their own region, cite Asia's strategic location for supply chains as the main attraction. This is 10 percentage points above the global average.

In terms of specific ways to diversify the supply chain, we find that businesses are focusing on strategic partnerships with new suppliers, nearshoring and improving supply chain visibility. In a changing global economy, it is often the strength and dependability of these new relationships that determine business success.

Sugandha Singhal, Head of Treasury at Indian chemicals conglomerate SRF Limited, believes that supply chain shocks have become the new normal. "But we have learnt how to manage them so they don't disrupt operations," she says. "The world doesn't need to stop anymore."

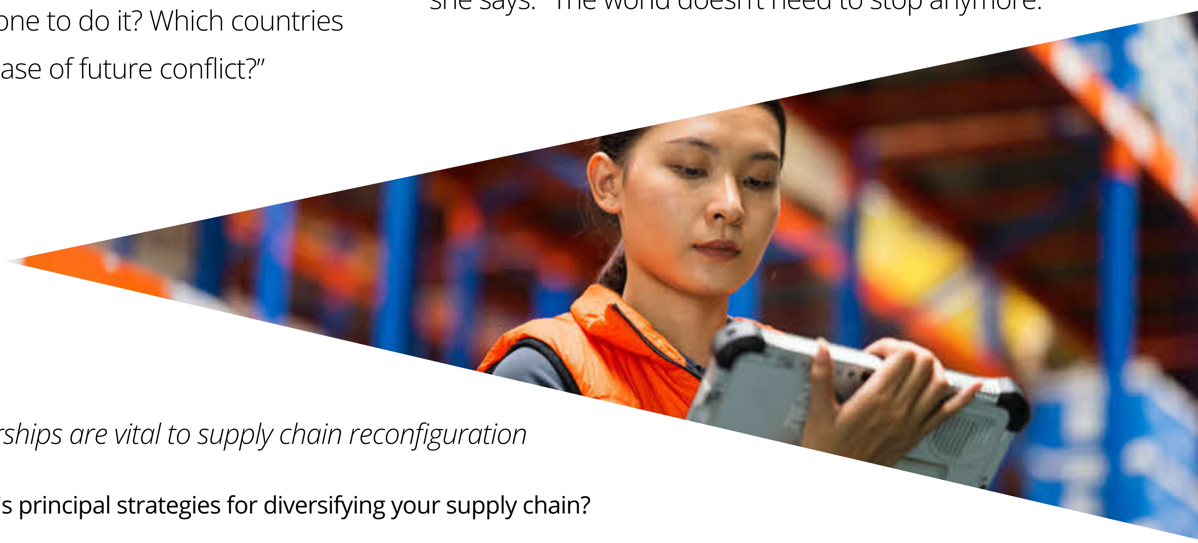
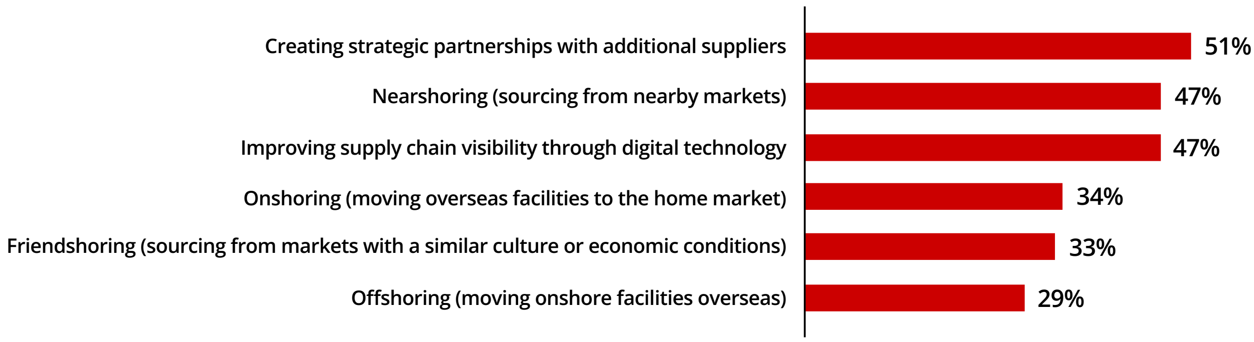


Figure 5. Strategic partnerships are vital to supply chain reconfiguration

What are your organisation's principal strategies for diversifying your supply chain?



SECTION 2

The role of treasury and finance in the new era

How can businesses transform to seize the opportunities of globalisation today while navigating the operational hazards of a more uncertain and volatile world?

Su Shan Tan, Group Head of Institutional Banking Group at DBS, insists that treasury and finance contribute significantly to the answer. "Treasury and finance teams are uniquely positioned to influence the long-term success of their organisations by enhancing strategic planning, risk management and data-driven decision-making," she says. "Through these measures, companies can better navigate challenges and capture new business opportunities."

Today, the teams are assisting strategic functions within the business, such as corporate planning and development, to achieve the overarching priorities outlined in the previous section, including geographical diversification, digitalisation, decarbonisation and supply chain reconfiguration. More than nine in 10 are involved in shaping corporate strategy.

"In my role there has been a shift from an operational to a strategic view," confirms Julain Prevost, Director of Financial Management at Lidl & Kaufland Asia. "Following recent changes in the macroeconomic environment, our business has reassessed its position, restructured entities within Asia, diversified into new markets, and explored new product categories to offer. These initiatives bring various requirements, such as funding, to our department. It's about partnering with the business, understanding their requirements, and working towards the same goals."

There are several reasons why treasury and finance teams have become more strategically relevant. When it comes to diversification, particularly across growth markets in Asia, corporate strategy functions recognise that they need additional high-level guidance and planning to manage regulatory and cash-flow complexity and prepare for emerging risk. They also require support in accessing financing to enable expansion, sustainability investments and the recalibration of supply chains. For good reason, 60% of strategy teams say collaboration between themselves, treasury and finance is essential to ensure clarity in the pursuit of common goals.

Ultimately, the growing role of treasury and finance is not about driving commercial strategy but about enabling it, argues Inga Kudzmaite, Regional Treasury and Tax Director, APAC, for brewer Carlsberg Group. "Treasury for me is an enabler of business strategies," she says. "We play a key role in safeguarding economic value and ensuring the business has all that it needs to operate, such as creating the procedures and policies to make sure that foreign exchange or financing is available in the markets where it's required, and that it is used effectively."

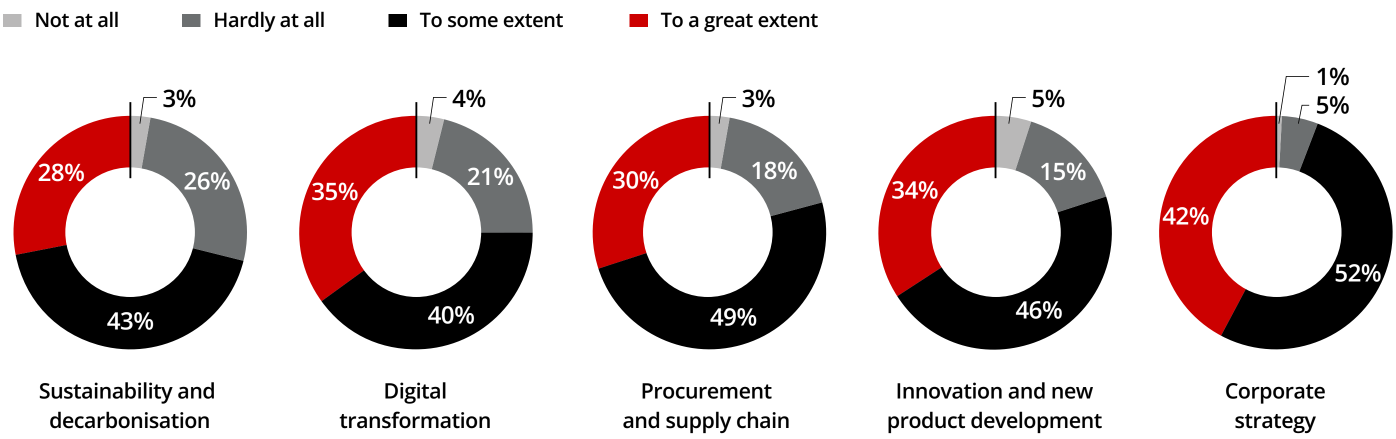
Moreover, the demands on treasury and finance teams as they carry out these tasks are not straightforward: 54% admit to struggling to keep up with the pace of strategic change and investment across the business (see Figure 7).

> In my role there has been a shift from an operational to a strategic view.

Julain Prevost
Director of Financial Management,
Lidl & Kaufland Asia

Figure 6. Overarching strategic priorities that involve treasury and finance teams

How extensive is treasury and finance's involvement in the following strategic initiatives?



We now look at four dimensions where treasury and finance are broadening their strategic influence – and outline the top challenges they are grappling with.

Challenge 1: Financing the transformation agenda

Treasury and finance are helping their businesses manage the complexity of redrawing a global supply chain, building topline growth in new markets and relocating production.

"Where treasury plays a key role is in providing the tools and the inputs to the commercial teams on what kind of returns should be expected from different markets, especially when we invest," says Kudzmaite at Carlsberg Group. "When you enter new markets, the return you expect is very different."

One complication businesses face is the increasing significance of securing the financing required to create growth in new markets. More than six in 10 (64%) executives say that securing capital for new initiatives is becoming more important, but 39% say that this process is becoming more challenging.

Indeed, access to financing is the second biggest barrier to success in Asia that companies face, alongside economic volatility and geopolitical uncertainty. The main causes of this challenge are regulatory complexity and lack of access to capital-raising networks.

Figure 7. More than one in two treasury and finance teams struggle with the pace of change

Our finance and treasury teams struggle to keep up with the pace of strategic change and investment across the global business

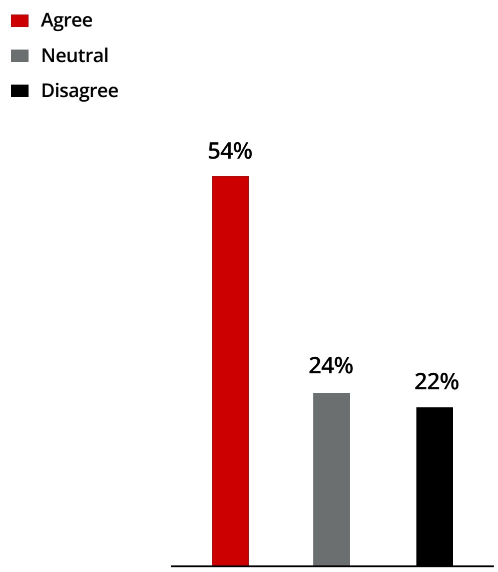
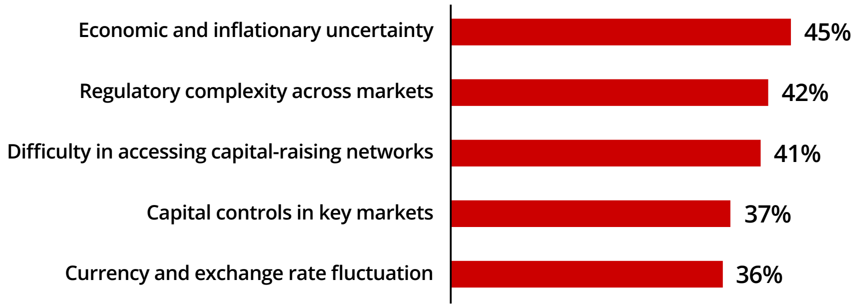


Figure 8. Uncertainty and complexity present barriers around capital in Asia

What are the principal challenges your organisation encounters when raising capital to grow in Asia?



As Li at LinkLogis International explains, managing regulation inevitably becomes more challenging when businesses diversify across different markets. "We are very familiar with the regulatory framework in Chinese environments, but there is a different way of doing business when you go out into Asia. If we grow in Vietnam, the regulations, law, banking system and way of doing business all operate differently from Mainland China."

Challenge 2: Securing net zero consistency across regions

The many trillions of dollars required to pay for the net zero [1] revolution have compelled treasury and finance teams to explore green bonds and other innovations in transition financing, as well as to meet the stipulations of ESG reporting and compliance (see Figure 9).

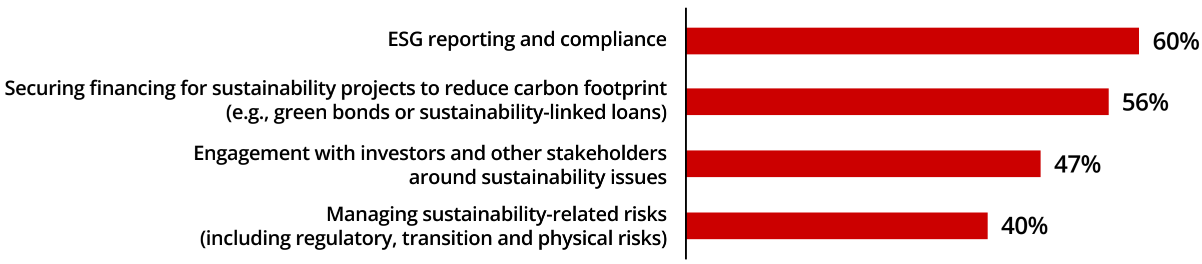
As a result, these functions are becoming increasingly involved in the sustainability and decarbonisation mandate and are looking for strong financial partnerships across Asia to help them succeed.

"Treasury plays a crucial role in sustainability," confirms Singhal at SRF Limited. "We evaluate the impact of each project funded through banks and encourage sustainable practices throughout the company. We also prefer to collaborate with banks committed to sustainability, even if they are not the most competitive on cost, thus indirectly aligning our financing with our green ambitions."

The focus on sustainability marks a significant and positive change compared to a few years ago, Singhal adds. "Obtaining a loan now requires us to carry out a thorough energy audit, which a treasurer would never

Figure 9. Reporting and compliance are the top responsibility for treasury and finance around ESG

In which decarbonisation initiatives are your treasury and finance teams involved?



[1] https://www.mckinsey.com/capabilities/sustainability/our-insights/the-net-zero-transition-what-it-would-cost-what-it-could-bring

have done in the past," she says. "Sustainability and energy conservation have historically been a part of our DNA, so the monitoring required by the banks isn't as difficult as it would be for some companies."

As companies increase their ESG reporting, they are moving towards more consistent and comparable local requirements for sustainability reporting.[2] But Asia has yet to implement a comprehensive framework such as the EU's Sustainable Finance Disclosure Regulation.[3]

"What is missing is an index to compare company performance," says Siemens Healthineers Ultrasound's Mehrotra. "A standard key performance indicator doesn't exist. Cross-border partnerships seem to be becoming increasingly important for ASEAN businesses, which will help standardise this. But it's not there yet."

Challenge 3: Overcoming the barriers to digital innovation

As we explored in our ***Key Change*** research, treasury and finance teams are enabling their companies to digitally transform and introduce new business models. This year, we also see how this activity is supporting the growth of e-commerce and digital services, while supporting further advances in back-office efficiency.

Part of the challenge, at least in Asia, is that the availability of digital infrastructure remains a challenge within some markets in the region. "Singapore has similar infrastructure to Mainland China, but in the other Asian countries, it's not there," says Li of LinkLogis International. "They are catching up, but these are hurdles we face. And if you go into those countries, you need to be aware of that."

[2] https://www.pwc.com/gx/en/asia-pacific/sustainability-counts.pdf
[3] https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en

How L'Oréal is growing rapidly through digital platforms

Global cosmetics giant L'Oréal is using digitalisation to expand its North Asia business through direct-to-consumer e-commerce channels.

"We almost doubled our topline in China within five years because of e-commerce," says Xuelin Chen, the company's Head of Treasury in North Asia. "It's an important channel because consumers today are not buying as much and, when they are, they might pay less for certain products."

The opportunity for growth is significant – particularly among the younger population – but Chen explains that the implementation of e-commerce channels can lead to complexities for her function downstream of the sale.

> "We almost doubled our topline in China within five years because of e-commerce.

Xuelin Chen
Head of Treasury
North Asia, L'Oréal

"The challenge is that those sales are more irrational and can happen when someone sees a TikTok video and makes an impulse buy," she says. "People are more likely to return those products than the ones they buy in a store. Our goal in treasury is to maintain the cash balance and invest the surplus, but sometimes the return rate is as high as 25%, which complicates our forecasts."

A further challenge is the company's use of payment service providers. "The cost of acquiring card payments can be very expensive outside China, in my other markets, up to 3% of the value of a sale," she explains. "This is a heavy burden for a company and is less favourable than a traditional B2B transaction."

Challenge 4: Finding the right location for treasury

As multinational businesses dedicate greater investment to Asia, many are repositioning their regional treasury centres (RTCs) to better help them manage risk exposure, rising inflation and foreign exchange volatility.

Today, more than four in 10 (42%) executives in our research say they are relocating or planning to relocate their Asian RTC, with many considering Singapore, Hong Kong SAR and Shanghai.

Choosing the location is a strategically important decision, which can represent a challenge for treasury and finance leaders when establishing the multiple networks and partnerships they need to support the business' specific requirements. According to our survey, they need to consider talent and, above all, access to new markets.

"We need to be aware of local regulatory compliance and legal knowledge in the countries where we operate," says Mehrotra. "Treasury on its own would not be able to offer concrete guidance to the business unless you couple it with local regulatory and compliance know-how."

Singapore is a leading foreign exchange trading hub and a natural gateway between East and West, Hong Kong SAR is highly rated for its tax and regulatory frameworks, financial resilience and depth of talent pool, whereas Shanghai ranks strongly across all dimensions. But Singapore's stability, established reputation and ease of doing business – which were highly visible in the wake of restrictions introduced during Covid-19 – give the city state an edge.

[4] https://www.mas.gov.sg/development/foreign-exchange#:~:text=Singapore%20retained%20its%20position%20as,from%207.7%25%20in%20April%202019

SECTION 3

Four actions that treasury and finance can take to influence business strategy

Treasury and finance teams that reach beyond their traditional roles can enable business growth in the new era of globalisation. Many are embracing their new responsibilities and making steady progress in delivering them. There are also areas where teams may need to strengthen their capabilities if they are to fulfil their potential.

Executives are aware that further development is required. As Figure 10 illustrates, those who work within treasury and finance are often more critical of their own weaknesses than their peers in corporate strategy.

Such self-awareness and recognition of the challenge ahead is the first step towards improvement.

What steps should treasury and finance take to enhance their performance and deepen their influence?

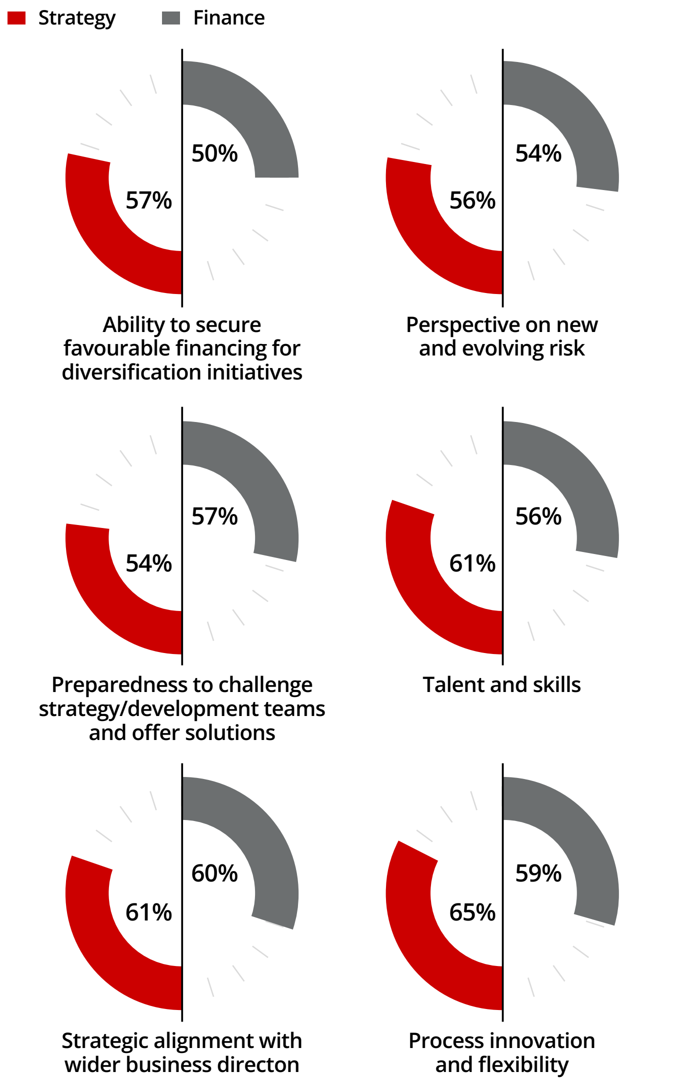
The leader group

Our research reveals some of the stand-out behaviours and characteristics that are typical of a small number of treasury and finance teams ('the leaders') now outperforming their peers, particularly in relation to their strategic alignment with the business, their perspective on new and evolving risk, and their recognised contribution towards diversification and growth.

Comparing the leaders' responses with those of executives who are underperforming ('the laggards') reveals several observations.

Figure 10. Strategy teams take a largely upbeat view of capability within treasury and finance

Is your treasury and finance function fully capable across the following areas?



Leaders are:

- Closely involved with all the key areas of strategic transformation
- Armed with insightful perspectives on new and evolving risks
- Ready to challenge strategy and development teams, and co-create innovative solutions
- Building partnerships with experts on the ground
- Utilising new technology in the back office

From these observations, we recommend that treasury and finance teams take the following actions:

1. Increase and widen upstream collaboration

Modern-day treasury and finance teams must adopt a more proactive role as business advisers to the board, balancing established tasks with a wider strategic remit.

However, our data also indicates that some respondents feel less confident in their ability to offer counsel, as strategy teams seem more assured than treasury and finance in the latter's capacity to adapt to the changing environment. It may also be that only the most senior members of the function – such as the CFO – are involved in strategic interactions (see Figure 11). True collaboration should take place at all levels of the function, including operational.

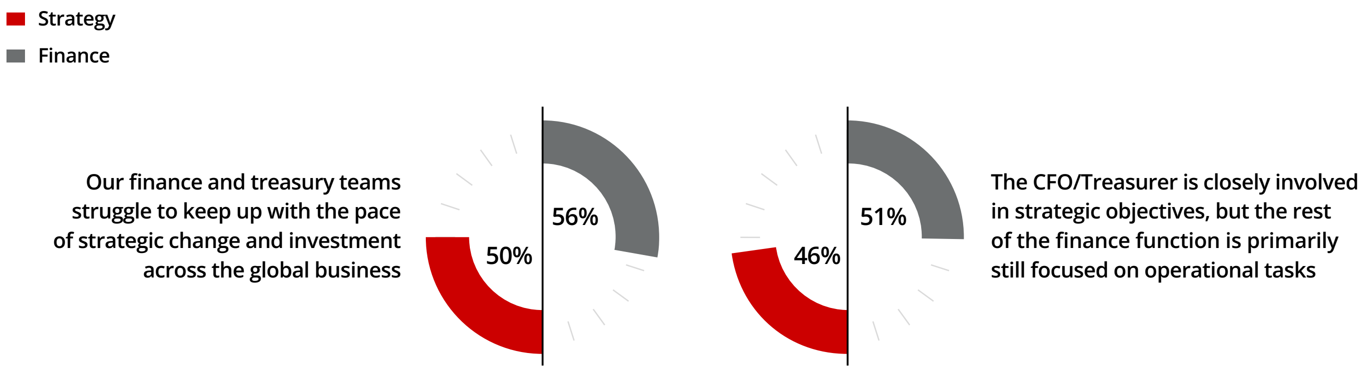
Among the treasury and finance leader group, respondents are significantly more likely than the laggards to be integrated with strategic plans and transformation efforts across all areas, and particularly with innovation and new product development, procurement and supply chain, digital transformation, and sustainability and decarbonisation.

Scenario planning is an effective mechanism to prompt upstream collaboration. Recognising that black swan and grey rhino events are important strategic considerations, treasury and finance have a role to play in preparing for them.

Given executive leadership concerns about macro-economic uncertainty, forward-thinking finance professionals can implement a robust process of horizon scanning, scenario planning and heightened risk management to support decision-making and maintain continuity.

Figure 11. Strategy and treasury and finance differ in their perspectives on the function

Do you agree with the following statements?



How Carlsberg's treasury team supports scenario planning in times of complexity

Due to the nature of its business, Carlsberg is able, to some degree, to mitigate some of the treasury-related challenges that other companies face when growing internationally.

"Beer is difficult to transport and expensive logistically," explains Inga Kudzmaite, Regional Treasury and Tax Director, APAC. "Carlsberg's business model aims to source and sell locally, which reduces issues around foreign exchange and cross-border sourcing complexities, effectively localising the business, but it's not possible to achieve everywhere."

Kudzmaite explains that treasury becomes more relevant to strategic discussions and scenario planning exercises when operations grow more complex.

"Treasury gets involved when there is a need for careful thought around repatriation and capital structures, such as during Covid or times of high geopolitical tensions," she says.

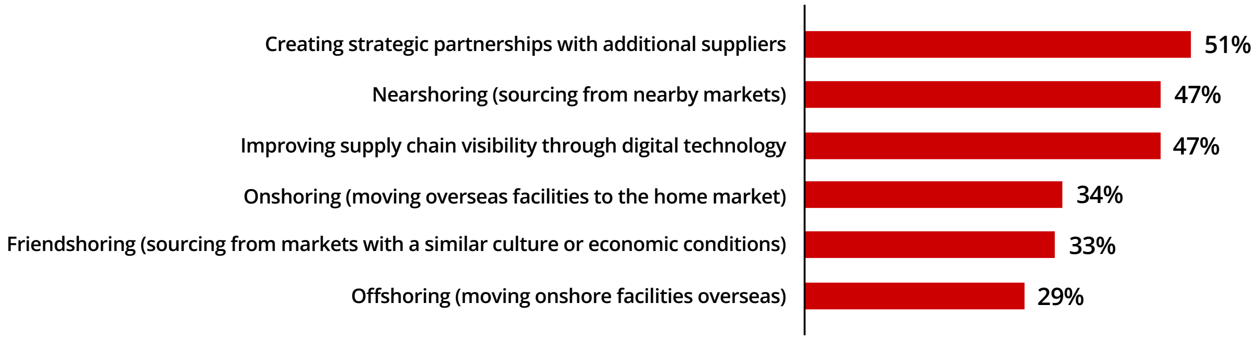
"We look at geopolitical risks and what they mean for the business across regions. While I don't believe it's possible to be fully prepared for black swan events as such, it's extremely important to understand the risks associated and plan for the steps possible to mitigate it, protecting the company and its value in various sets of circumstances."

> We look at geopolitical risks and what they mean for the business across regions.

Inga Kudzmaite
Regional Treasury and Tax Director, APAC, Carlsberg Group

Figure 12. Sector and market knowledge and technology capabilities are top considerations

When looking to diversify your organisation's approach to raising capital and financing, which of the following qualities does your organisation look for when seeking new financial services partners?



2. Prepare to challenge

The growing profile of treasury and finance requires teams to foster strong relationships with other business functions. "Treasury and finance are supporting businesses in a more strategic way than in the past," says Anurag Mantri, Executive Director and Group CFO, Jindal Stainless. "We no longer just oversee financial processes but also support growth and manage complex risk. By implementing analytical tools in the back office and working with commercial teams to track market demand, we have created an agile sourcing strategy that helps maintain stability despite extreme volatility in our core commodity markets."

For these relationships to be productive, treasury and finance must be prepared to challenge as well as consult. Difficult conversations are required when the stakes are as high as they are today.

A vital differentiator for the treasury and finance leaders is that they not only provide input and analysis to strategy teams but are also prepared to flag concerns, identify threats and even recommend a drastic change of course if the situation demands it. This is in stark contrast to the laggards – who largely acknowledge they are bad at pushing back to their strategy colleagues.

Treasury and finance's ability to challenge is one of the few areas where corporate strategy teams rate treasury and finance lower than themselves, as shown in Figure 10, suggesting that they may not be as assertive as they think.

"We need to be prepared to take tough discussions," says Carlsberg's Kudzmaite. "Commercial teams often develop a business case based on potential sales opportunities, but treasury must ensure that they are guided by certain returns because of inflationary and foreign exchange risks even if it means rethinking the business case."

3. Deepen local stakeholder and banking relationships

Just 52% of respondents say that treasury and finance are capable of securing favourable financing for business diversification.

To meet the expectations put upon them, treasury and finance may need to create new partnerships with financial services providers to help define a relevant regional procurement or treasury strategy. More specifically, the diversification of business and finance increasingly requires the use of strong local and regional partners. Building the right relationships will be crucial in navigating market-specific challenges, unlocking financing opportunities around the customer journey and enabling trade and payments digitalisation.

Our research shows that respondents value sector and market knowledge (40% and 38%, respectively) when seeking new financial services partners (see Figure 12). Technological capabilities are more important to the leader group than they are for the laggards (42% vs. 34%), as is political neutrality (32% vs. 26%).

4. Use new technology to unlock time

As we noted in ***Key Change***, treasury and finance are playing an essential role in enabling digitalisation and data-driven business models. At the same time, process automation is freeing up treasury and finance teams to focus on more critical value-added tasks. Today, 49% of respondents say that generative AI is helping them overcome long-term talent challenges within the finance organisation.

Part of treasury and finance's increasingly strategic remit will be to upskill, introduce new back-office technology and embed the right culture to allow teams to balance core and new role responsibilities.

> Treasury and finance are supporting businesses in a more strategic way than in the past.

Anurag Mantri
Executive Director and Group CFO, Jindal Stainless

"We are making good use of robotic process automation but the goal is to have full system connectivity," says Chen at L'Oréal. "Instead of small plugins here and there, I want to connect to one e-commerce platform and then be able to copy to all other platforms."

We find that the leader group is more positive about the future role of treasury and finance and is also more likely to be exploring blockchain and AI to overcome talent shortages, transform the business model and alleviate cost pressures.

"Technology has been revolutionary in treasury functions, especially if you look at process automation and data analytics," says Mehotra. "Rather than spending my team's time trying to put the data together, I can ask them to give me insights to feed into decision-making."

Conclusion

Treasury and finance are increasingly pivotal to strategic decision-making in the new era of globalisation. Their influence on corporate planning, decarbonisation and digital transformation is already pronounced and appears to be growing at pace as businesses turn their attention to the opportunities presented by Asian markets.

The way ahead is full of promise but contains no shortage of challenges. The most successful teams are innovating alongside their peers in strategic functions, deepening their relationships with external partners and embracing disruptive technologies.

"Understanding what the business needs and finding solutions together is crucial," says Julain Prevost at Lidl & Kaufland Asia. "There's satisfaction in overcoming barriers and working together."

We look forward to seeing how the roles of treasury and finance continue to evolve and are committed to providing guidance and support to help them navigate the path ahead.

About the research

The DBS Pivotal research was conducted in spring and summer 2024 and comprised two principal sources: a survey of 570 respondents and a series of qualitative interviews with experts in the field. It was carried out in partnership with FT Longitude, the specialist thought leadership division of the Financial Times Group.

The survey sample covered nine industry sectors and 15 markets worldwide. Respondents were 75% executive leadership and 25% senior managers reporting into executive leadership, with 75% from treasury and finance and 25% from corporate strategy functions. The majority (85%) of respondents were from USD1bn+ businesses.

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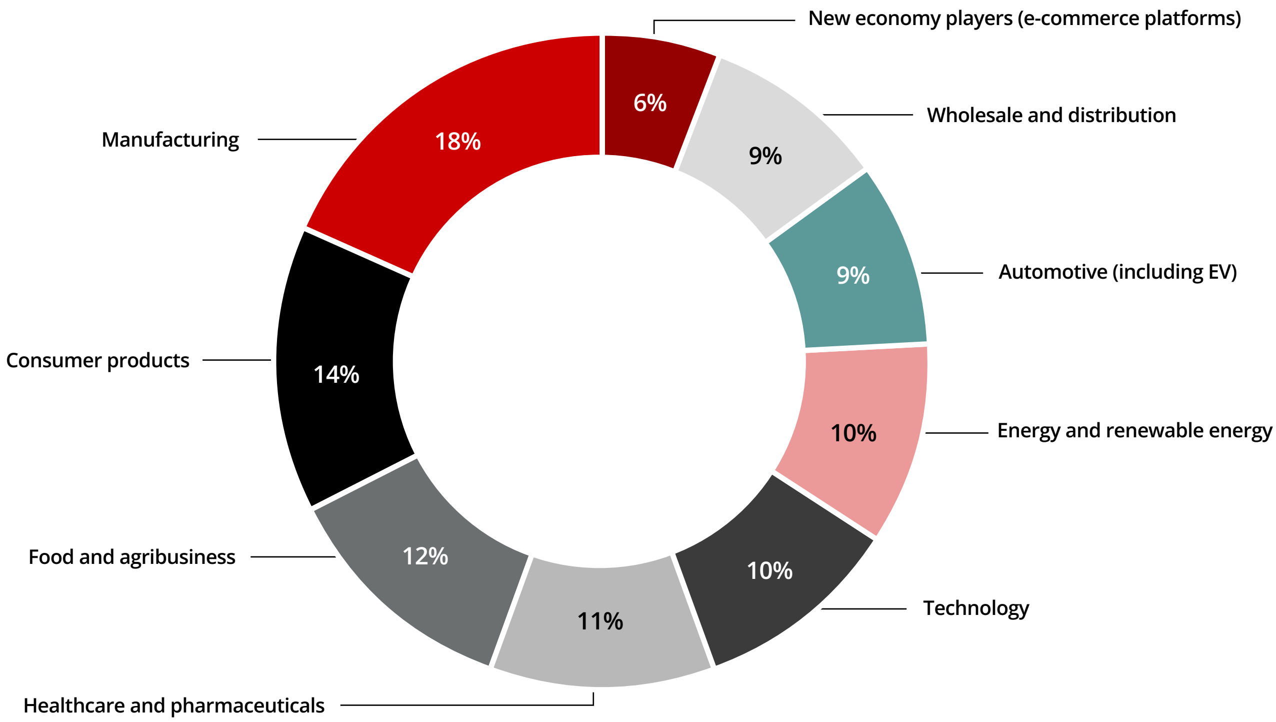
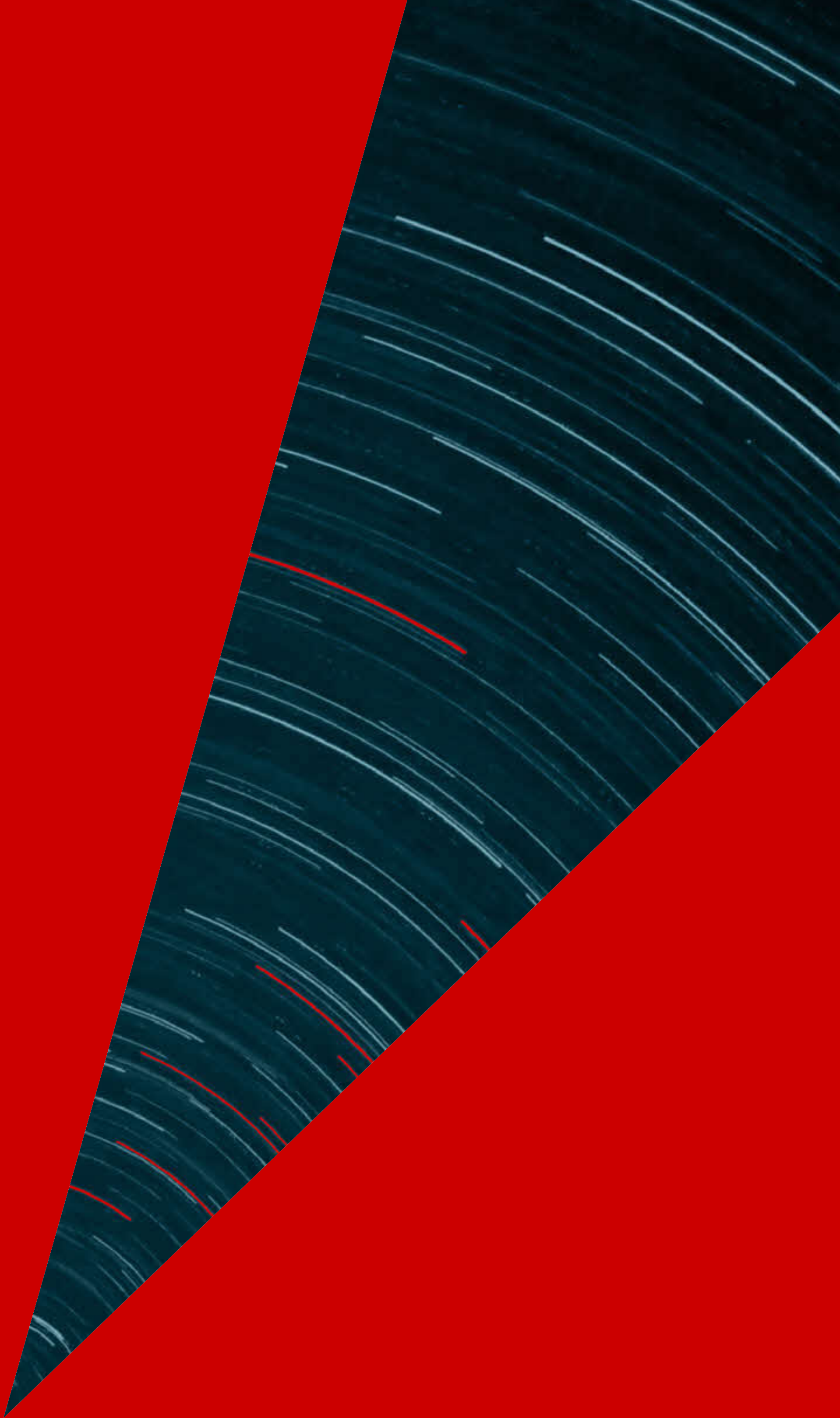
Markets in the survey

Australia	4%	Malaysia	5%
Mainland China	14%	Singapore	13%
France	4%	South Korea	5%
Germany	4%	Taiwan Region	5%
Hong Kong SAR	13%	United Kingdom	5%
India	9%	United States	5%
Indonesia	5%	Vietnam	4%
Japan	5%		

Sectors in the survey





This report was produced by FT Longitude, the specialist thought leadership division of the Financial Times Group.

The views expressed in this report are those of DBS.