

PIVOTAL

US spotlight 2024

New research by DBS reveals the growing strategic influence that treasury and finance teams have on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, as demand grows for sustainable business models, and as economic power is rebalanced across emerging markets as part of a new era of globalisation.

Here, we look at what this means for businesses in the US.

1. The business and economic climate

- The US economy has rebounded strongly in the years following the Covid-19 pandemic, expanding at 1.9% in 2022 and 2.5% in 2023. GDP is expected to grow by 2.6% in 2024 ^[1]
- Consumer spending, which makes up almost 70% of US GDP, remains sluggish, having moderated to 2% growth in Q1 2024 from 3.3% a quarter earlier ^[2]

^[1] <https://www.oecd.org/economy/united-states-economic-snapshot/>

^[2] <https://www.reuters.com/markets/us/us-inflation-rises-line-with-expectations-april-2024-05-31/>

- Employers in the US added 142,000 jobs in August 2024, pushing the unemployment rate down to 4.2%. In September, the Federal Reserve cut interest rates by half a percentage point, starting its first easing cycle for more than four years ^[3]
- Higher government expenditure in 2024 is expected to lead to a USD1.915tn deficit this fiscal year ^[4]

This is leading to growing interest in ‘China plus one’ diversification strategies, such as that pursued by Apple through its manufacturing of devices in India as well as China. ^[6]

Access to capital and the emergence of new challengers are also considered significant barriers by US businesses.

Strategic priorities for businesses in the US

The top strategic priorities of multinational organisations in the US for the next two years are:

1. Enhancing customer satisfaction and retention (90% say this is a priority)
2. Securing new skills and talent (87%)
3. Pursuing decarbonisation and net zero (83%)

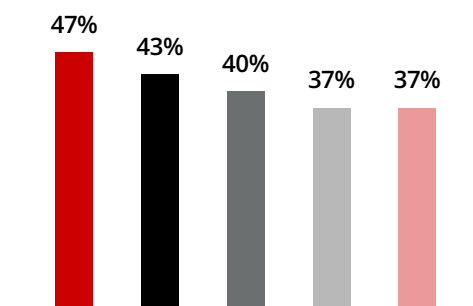
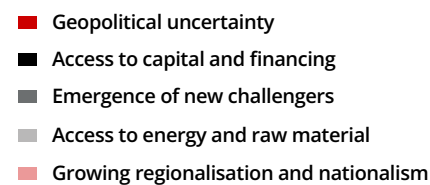
Barriers to the Asian opportunity: geopolitical uncertainty

Eight in 10 multinational businesses in the US say Asian expansion is among their top strategic priorities. To succeed, their treasury and finance teams are helping them navigate complexity and risk.

Nearly half (47%) consider geopolitical uncertainty as the main barrier to doing business in Asia, which likely reflects deteriorating US–China relations that have led US businesses to revise their China-focused trading, operational and supply chain strategies to mitigate the impact of tensions between the two countries. ^[5]

Figure 1. Geopolitical uncertainty is the biggest barrier for US businesses

What are the main barriers that your business faces in Asia today?



^[3] <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240918a.htm>

^[4] <https://www.cbo.gov/system/files/2024-06/60039-Outlook-2024.pdf>

^[5] <https://www.aa.com.tr/en/asia-pacific/geopolitics-biggest-business-issue-between-us-china-report/3001714#>

^[6] <https://www.ft.com/content/e0aea9c5-9610-44cb-8968-6ba81ec56828>

2. The strategic power of treasury and finance

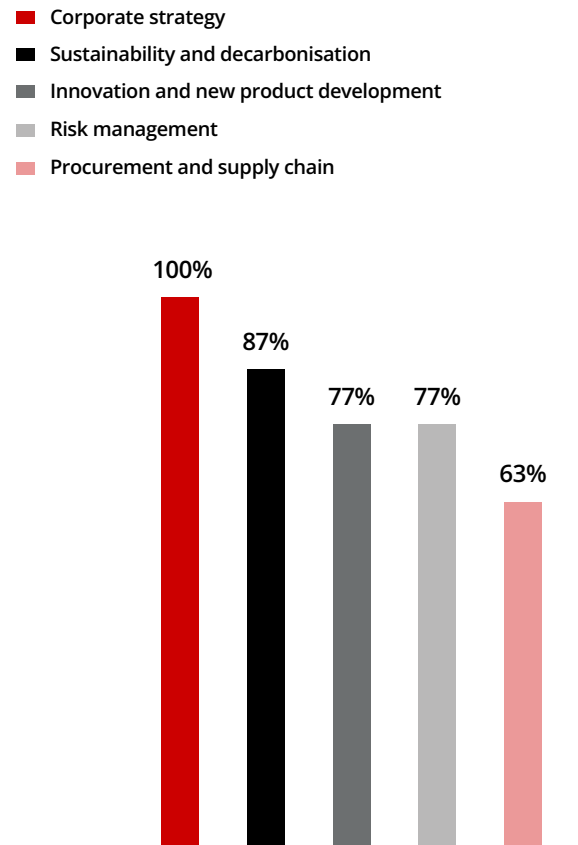
Treasury and finance teams in the US help guide corporate strategy

All US treasury and finance teams in our research sample are focused to some degree on corporate strategy formulation in their organisations, with half involved to a moderate extent and the other half involved to a significant extent. This is followed by an ongoing strategic focus on sustainability and decarbonisation initiatives (87%), which is a growing area of focus for many US companies, driven in part by a government push to decarbonise and reduce emissions.

A focus on innovation and risk management (77% each) is also high on the agenda for treasury and finance. Ongoing geopolitical uncertainty, climate change stress and economic headwinds have resulted in a confluence of risks that organisations are trying to navigate while also seeking to unlock new value.

Figure 2. All US executives in our sample are involved in corporate strategy to some extent

Which strategic initiatives are the treasury and finance teams closely involved with (to some extent)?



3. What comes next for treasury and finance teams in the US?

Approaching six in 10 (57%) US respondents believe that treasury and finance teams will be integral to business success in the new wave of globalisation, which indicates clearly that treasury and finance are evolving beyond their traditional remit.

As companies pivot and diversify their business operations, it will be imperative for treasury and finance teams to support this crucial transition. US businesses say that the areas where these teams are strongest are:

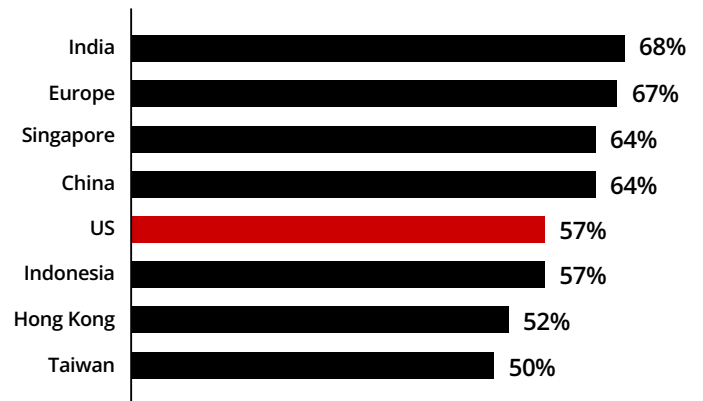
- =1. Understanding different priorities and challenges across the C-Suite (67% say their team is capable)
- =1. Securing favourable financing for diversification initiatives (67%)
- 2. Process innovation and flexibility (63%)
- 3. Preparedness to challenge strategy/development teams and offer solutions (60%)

They are weakest in the following areas:

- 1. Strategic alignment with wider business direction (30% say their teams have room for improvement)
- 2. Talent and skills (23%)
- 3. Accessing consistent and reliable data (20%)

Figure 3. Most US respondents see treasury and finance as key to success in the new era of globalisation

Do you agree that treasury and finance will be integral to business success in the new wave of globalisation?



Against this backdrop, executives in the US are focusing on a wide range of challenges and priorities:

- 60% say that securing financing for new strategic initiatives in Asia is becoming more important
- 57% say that their treasury and finance teams struggle to keep up with the pace of strategic change and investment across the global business
- 50% say that finance, procurement and strategy teams must collaborate effectively to ensure they have clarity around a set of common goals
- 53% say that generative AI is helping overcome long-term talent shortages and related challenges within the finance function

The outlook for treasury and finance in the US is full of promise. Moving forward, the teams will need to work collaboratively with senior leadership while keeping pace with strategic change and investment across the global business. For many, a key test of their abilities as a strategic business partner will be in helping their businesses achieve growth in Asia while navigating geopolitical challenges. A deep understanding of evolving risk – as well as close alignment with leadership priorities – will be essential to success.

At DBS, we are committed to providing guidance and support to help them navigate the best path ahead for their businesses, particularly when it comes to digitalisation, diversification and expansion into Asian markets.

Please [click here](#) to read the full *Pivotal* report



“ US multinational businesses recognise that Asia presents significant growth opportunities, with companies seeking new and expanding consumer markets and manufacturing capacities in the region’s emerging economies. US-headquartered companies are increasingly investing in digitalisation to meet local settlement practices and improve productivity, sourcing visibility, cost optimisation and customer experience. Additionally, diversifying sourcing and production, and introducing expectations on sustainability and business resilience are increasingly being prioritised.

Terence Yong
Group Head of Sales
Global Transaction Services
DBS Bank

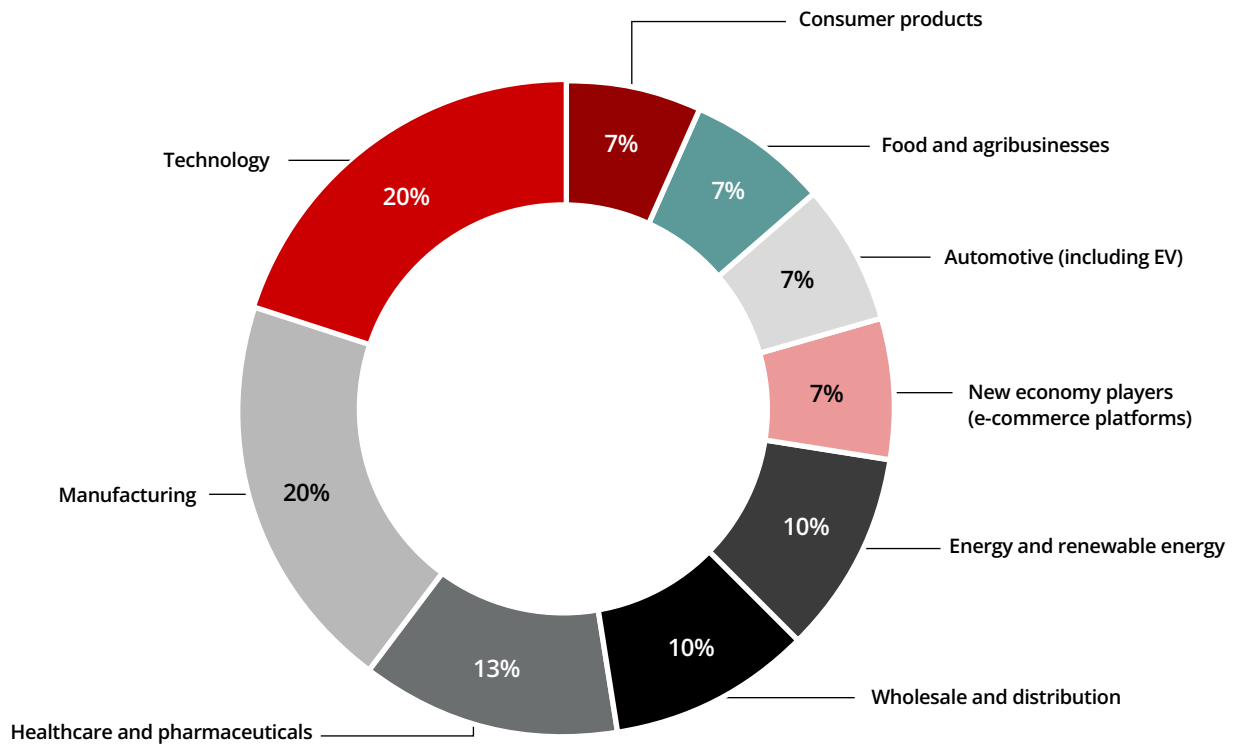


“ With over 1.4 billion average-income families, Asia holds the most attractive revenue pools in the world for global companies. These markets also carry complex challenges, including a diverse geopolitical environment, economic volatility, and a rapid pace of change. Capital structure, risk management, and the ability to generate free cash flow are the keys to maximising profits. Local banking expertise is a critical component in delivering sustainable profits in these complex markets.

Thomas McCabe
Head of Institutional Banking Group
DBS US

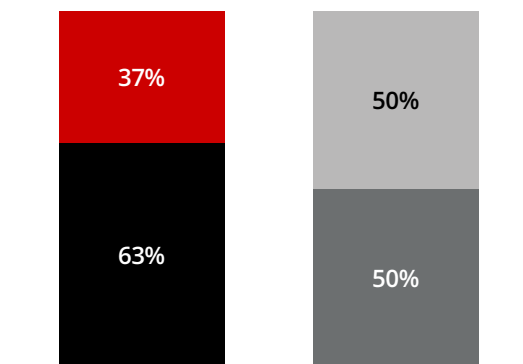
US: Demographic breakdown of survey respondents

Industry



Function and seniority

- Strategy
- Finance
- C-level (executive leadership/board member)
- C-1 (senior management reporting into executive leadership)



Role

