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Distraction

SUSTAIN. RECOVER. THRIVE.





NEWS & UPDATES



- The AFP postponed the annual membership mixer due to COVID 19 restrictions
- We are committed to providing feature, rich content for our members
- A total of four webinars are schedules during September and October (4+ credits)
- We've decided to move our Winter Seminar to April 2021





ASSOCIATION FOR
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PROFESSIONALS
Nashville

SEPT 2 - SEPT 30
2020

Global Recovery Monitor

An Ongoing Survey of **COVID-19** Response and Economic Recovery



TREASURY
COALITION

...from Crisis to Recovery...

The main graphic is a green rectangular banner with a faint background image of a city skyline. At the top, a white box contains the dates 'SEPT 2 - SEPT 30' and '2020'. Below this, the title 'Global Recovery Monitor' is written in large, bold, black letters. Underneath the title, a dark grey box contains the subtitle 'An Ongoing Survey of COVID-19 Response and Economic Recovery'. At the bottom of the banner, there is a dark blue section containing the Treasury Coalition logo (a blue globe with black lines) and the text 'TREASURY COALITION' in white. To the right of the logo, the tagline '...from Crisis to Recovery...' is written in a smaller, italicized white font.

Survey Link <https://lnkd.in/eds9qhh>



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UPCOMING EVENTS

- **September 24th**

Treasury Responsiveness

Presenter: Craig Jeffery, Managing Partner, CCM, FLMI

- **October 8th**

Protecting Payments

Presenter: Debbi Denison and Melody Hart

Hosted by:



- **October 19th -29th**

AFP Annual Conference

Virtually Together

Hosted by:



- **October 22nd**

Economic Development: The Impacts of COVID-19

Presenter: Kel McDowell, Director of Government Relations

Hosted by:





TREASURY RESPONSIVENESS

FROM CRISIS TO RECOVERY



CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



WHAT.

A review of the ongoing Global Crisis Monitor Survey and treasury's response to COVID-19.



WHEN.

Thursday, September 23, 2020
12:00 PM – 1:00 PM Central



WHERE.

Live Online Presentation



FP&A

Certified Corporate
Financial Planning &
Analysis Professional



This presentation is provided by Strategic Treasurer to Nashville AFP.

SPEAKER

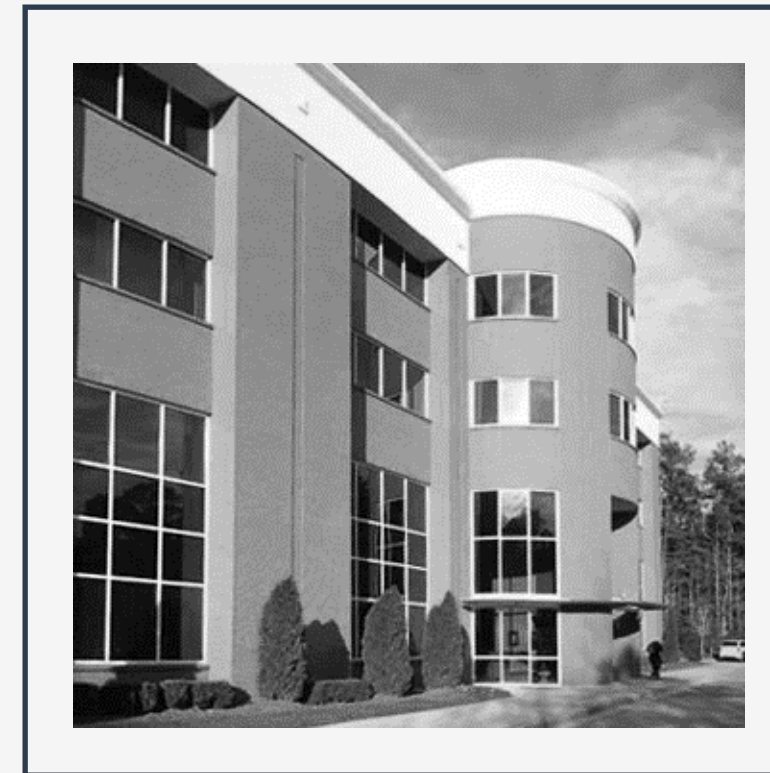
GET TO KNOW YOUR SUBJECT MATTER EXPERT



CRAIG JEFFERY, CCM, FLMI

Craig Jeffery formed Strategic Treasurer LLC in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



STRATEGIC TREASURER

Strategic Treasurer provides consulting, research, and professional services for treasury management, security, technology, and compliance. Corporate clients, banks, and fintech providers throughout the world rely on their deep awareness of current practices, plans, and perceptions through their annual surveys and decades of treasury experience.

With a mission to advance the practice of treasury by advising clients, assisting teams, and informing the industry, Strategic Treasurer guides practitioners through real-world, mission-critical issues that organizations face today.

TOPICS OF DISCUSSION

IMPACT OF COVID-19 ON
TREASURY



OVERVIEW

Treasury Coalition purpose and the development of the Global Crisis Monitor.



TOP CONCERNS

How the focus each week has evolved.



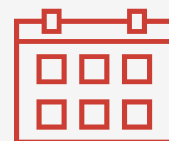
BUSINESS CONTINUITY

Elevated risks with treasury working from home.



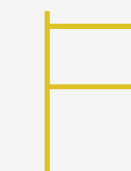
LIQUIDITY

Training and cross-training your team at a global scale.



OUTLOOK

Moving from crisis mode to recovery.



LOOKING AHEAD

Best practices, responses and plans.

MEET THE TREASURY COALITION MEMBERS

COLLABORATIVE EFFORT FOR THE BENEFIT OF THE TREASURY INDUSTRY
FROM LEADING TREASURY SOLUTION PROVIDERS

When a global challenge or crisis confronts us or our profession, we want to push back and join forces. The Treasury Coalition is a group of treasury organizations who want to assist the industry in understanding what is going on and how others are viewing the situation.

We want to help find ways of gathering data and sharing insights that aid our companies, our profession and the economic environment in rebounding effectively.

As the COVID-19 virus continued to spread and impact more countries with greater severity, Strategic Treasurer, a treasury consulting and research firm, decided to form the Treasury Coalition by inviting other treasury-focused organizations to join them.

Even in the midst of responding to rapidly changing events, two organizations joined within 24 hours of being invited. Others followed suit over the next few days. More have been added in subsequent weeks. If you are a solution provider and want to join forces, please let us know.

The intent is to share several things together, namely:

- Distribute the offer to take the survey broadly across all geographies by leveraging our client networks.
- Share the insights to the industry at large and to particular groups.

As always, we welcome your ideas.



A GLOBAL RESPONSE

A UNIQUE PULSE ON THE PANDEMIC OVER THE 14 PERIODS OF RESPONSES

Without a doubt, this pandemic has touched all corners of the globe and spared no industry. GCM/GRM respondents are a diverse group of corporate and financial industry professionals from medium to large firms in every category of business. On behalf of Treasury Coalition members and all who have benefited from the data of this

survey, thank you to the respondents for taking the time to share your 1,600+ insights so the profession can take positive and knowledgeable steps forward.



1,600+

Responses



56%

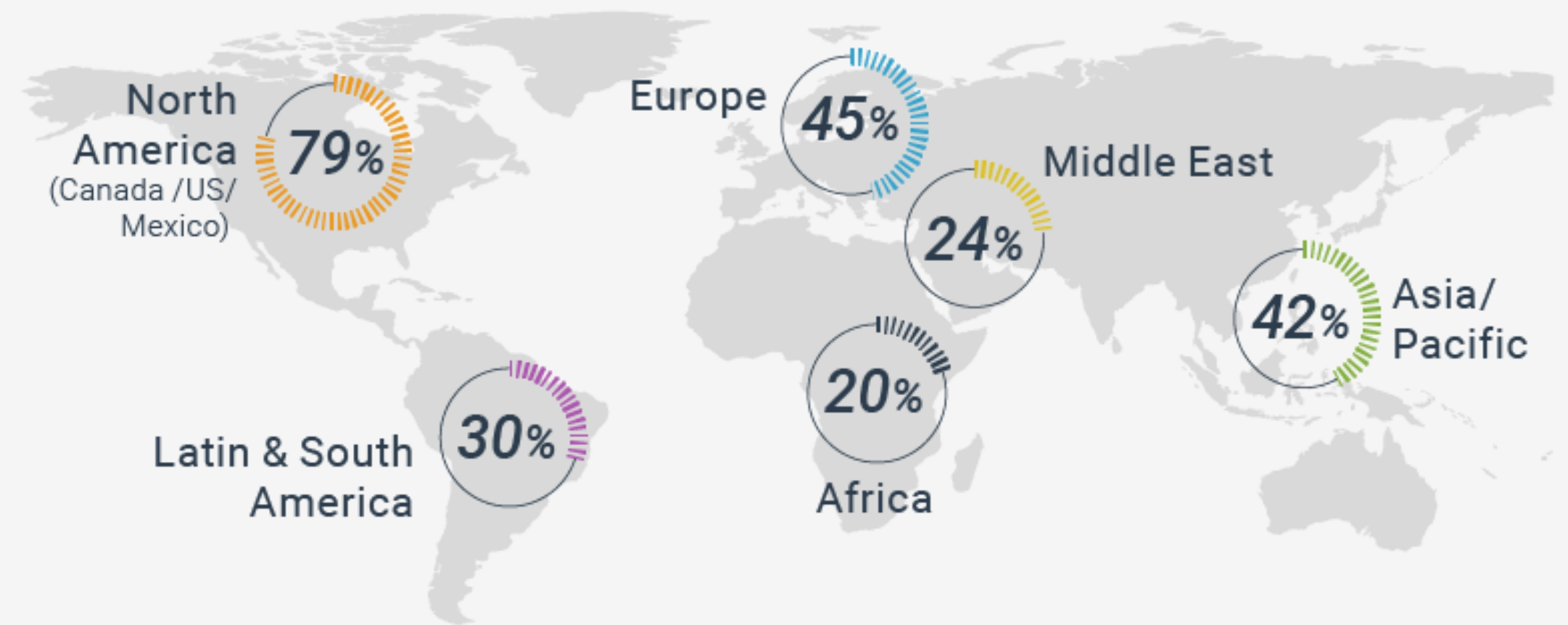
From Companies with
Annual Revenue of
\$500MM or More



50+

Industries Represented

Regions of Operation



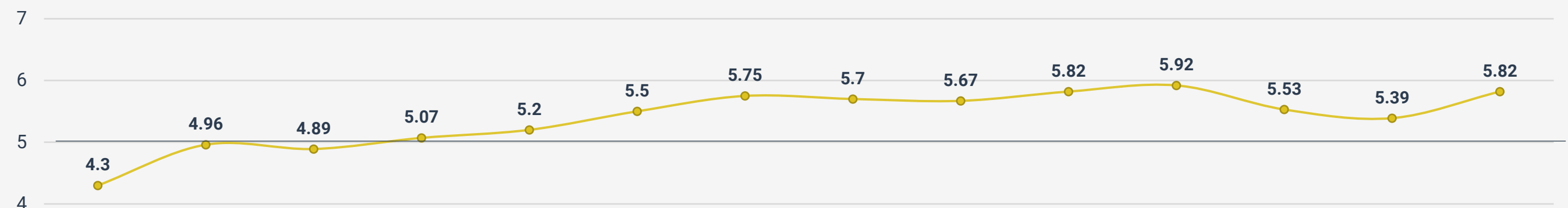
PERSPECTIVES

WHAT CHANGED IN SENTIMENT OVER THE PERIODS?

Vital signs give us a quick indication of what is happening. This chart measures several vital signs in the form of changing perspectives. The perception of responses by organizations and HQ Country have an unblemished track record of consistent improvements over the prior week/period. The line at 5 represents an unchanged view from the prior period. Below the mid-point indicates a deterioration since the prior period. These scores are the average of all respondents on a 1-9 scale.

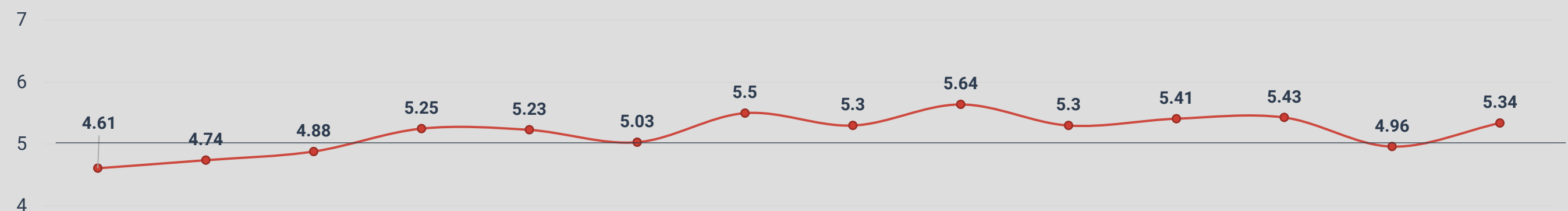
COMPANY/ORGANIZATION

Impact of COVID-19 on my company over the past week



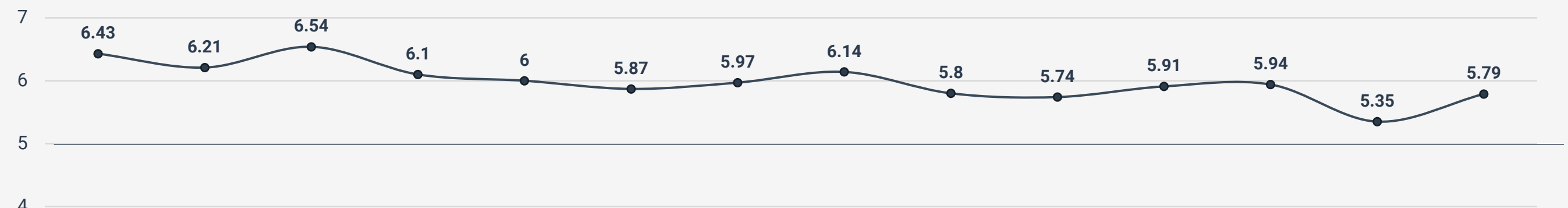
COMMUNITY & FAMILY

Change in my level of concern over impact on my community & family



COUNTRY RESPONSE

Change in view over prior week of response by my HQ country



COMPANY RESPONSE

Change in view over prior week of response by my company



TOP CONCERNS

FORCE RANKING SEVEN AREAS

Most periods we have asked respondents to rank seven areas. Since we measure this over time, the gauges below show how the industry as a whole is adapting to changes on the ground and how that is alleviating

or increasing their concerns relative to the other categories. Survey questions are cycled in and out in order to keep the total questions of the Monitor low enough to be completed in 5 minutes.

Areas of Inquiry	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Period 9	Period 10	Period 11	Period 12	Period 13	Period 14
Business Continuity Plan Completeness	1st	2nd (tie)	Not Asked	3rd	4th	4th	4th (tie)	5th	6th	6th	6th	6th	6th	7th
Staff Safety Protocols	3rd	4th		6th	6th	5th (tie)	6th	7th	2nd	4th	4th	3rd	1st (tie)	2nd
Staff Awareness of Plans	6th (tie)	5th		7th	7th	7th	7th	6th	7th	7th	7th	7th	7th	6th
Country Preparedness	6th (tie)	6th		5th	5th	5th (tie)	4th (tie)	4th	5th	5th	5th	5th	5th	4th
Direct Financial Impact to the Business	2nd	1st		1st (tie)	1st	1st	1st	1st	1st	1st	2nd	1st	1st (tie)	1st
Access to Adequate Liquidity	4th	2nd (tie)		1st (tie)	2nd	2nd	2nd	3rd	3rd (tie)	2nd	1st	4th	3rd	3rd
Recession in the Regions We Operate In	5th	7th		4th	3rd	3rd	3rd	2nd	3rd (tie)	3rd	3rd	2nd	4th	5th

POLLING QUESTIONS

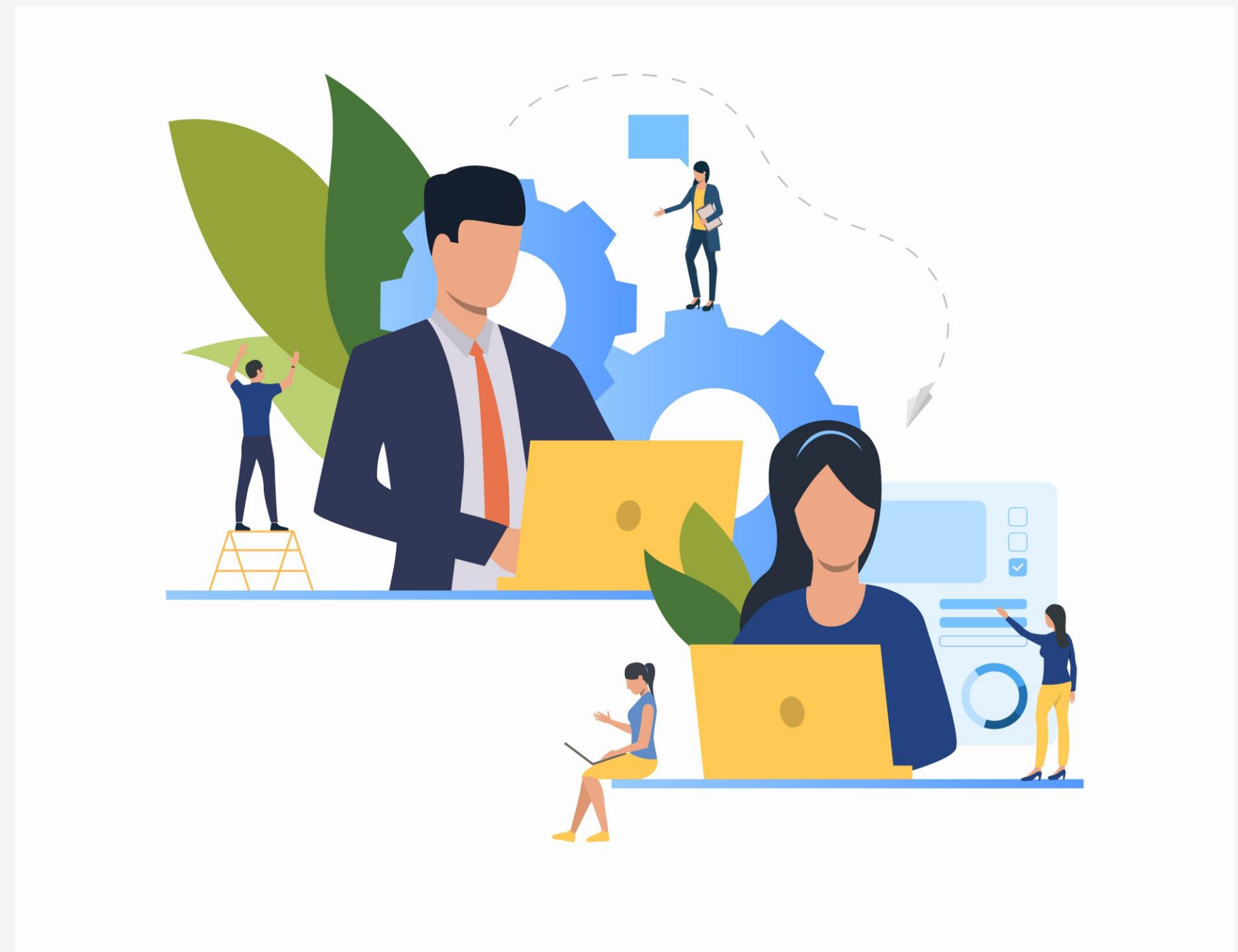
BUSINESS CONTINUITY

ADAPTING TO A DIFFERENT DISRUPTION THAN PLANNED FOR

HOW PREPARED ARE ORGANIZATIONS IN DISRUPTIVE SCENARIOS LIKE THIS?

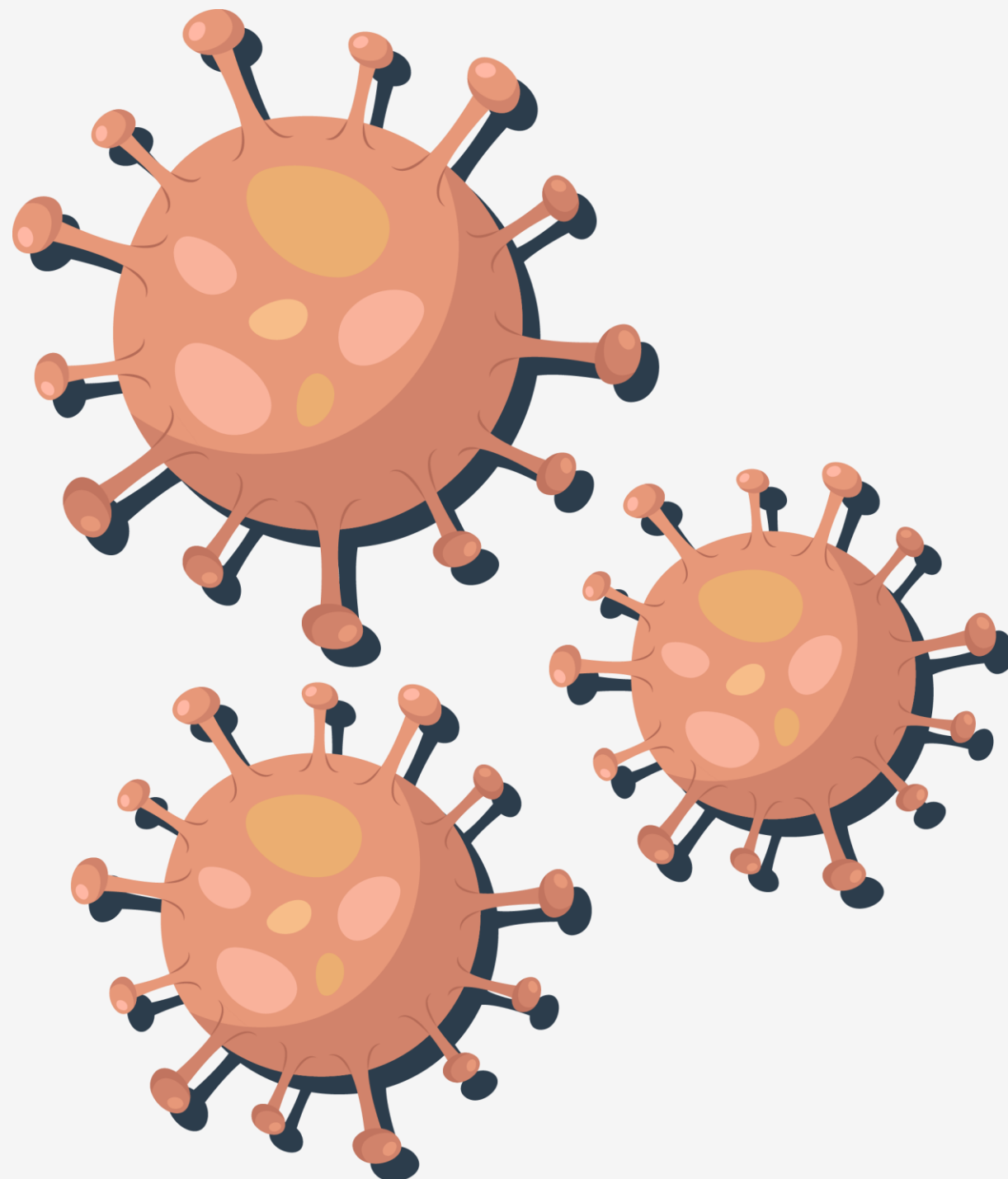
The lows and the highs of the business continuity plans are instructive. No one really wants to use their BCP or insurance, but if you must use it, you want it to work as planned. Part of the 'as planned' is that in reality it covers what needs to be covered.

- **TOO LOW – Payment Security (<20%).** Very few organizations indicated that their BCP included adaptations to their payment processes. Since process changes and approvals may vary from onsite to remote processing, this indicates a gap in the BCP and a current exposure that needs to be evaluated and closed. This may include additional out-of-band validation of instructions given.
- **HIGH – Remote Working (>60%).** Nearly two-thirds of organizations had significant coverage for remote working. Despite social distancing recommendations and mandates, businesses still require equipment and services to function. How will computer failures be addressed in a remote world? Many sent home an additional monitor to keep efficiency high.



SECURITY

WFH AND PANDEMIC CONCERNS, INCREASED ATTACKS AND VULNERABILITIES



Early results from the Global Crisis Monitor showed that the trifecta of top-level concerns center on the human, BCP and financial aspects. The two in the position of lowest level of concern were: Staff awareness of BCP Plans and Country Level Preparedness.

1. **Staff Safety Protocols.** Ensuring that their staff were safe and following safety protocols topped the list of concerns.
2. **BCP Completeness.** Given that many of the respondent companies were one or two weeks into working remotely, some of the cracks in the plan were starting to show. Many models for BCP don't extend beyond one or two weeks, which could indicate that more unexpected situations could emerge that were not contemplated.
3. **Access to Liquidity.** The rest of the Monitor contains multiple methods of probing changing views of liquidity across different dimensions (AR, Bank Lines). In the straight-up ranking, access to liquidity sits at the third highest concern.

WFH FRAUD INCREASE

ARE FRAUD ATTEMPTS REALLY INCREASING?

Five out of nine companies increased their communication about fraud / attempted fraud since moving to the Work-from-Home (WFH) posture.

Was this an overreaction? When we look at the fraud issues, the concern seems to have been well-founded. Of those who knew, more than one-third of respondents indicated that there had been an increase.

Additional communication, compensating controls and enhanced training seem to be in order in the new environment.



Fraud Communications

Has your team's communication about fraud / attempted fraud changed in the WFH environment?

Yes.

The communication level has increased **55.7%**



Fraud Attempts

Has your organization seen a change in attempts of fraud or cyber-fraud? (Other than unsure)

Yes.

An Increase of **36%**

No.

About the same **64%**

SECURITY TRAINING

ELEVATING THE HUMAN ELEMENT OF SECURITY



The Payoff

There are several strong correlations between lower losses and organizations who train their employees on payment fraud, controls and cyberfraud. These firms have a dramatically lower frequency of reported losses than their non-trained peers. For those that DON'T train their employees, here is the factor for losses:

- ✓ **1.5x** Payment Diversion Fraud
- ✓ **2x** ACH Fraud
- ✓ **2.5x** System Level Fraud (system takeover)
- ✓ **4x** Business Email Compromise
- ✓ **4x** Bank Mandate Fraud
- ✓ **5x** Cyberfraud/Malware
- ✓ **5x** Ransomware

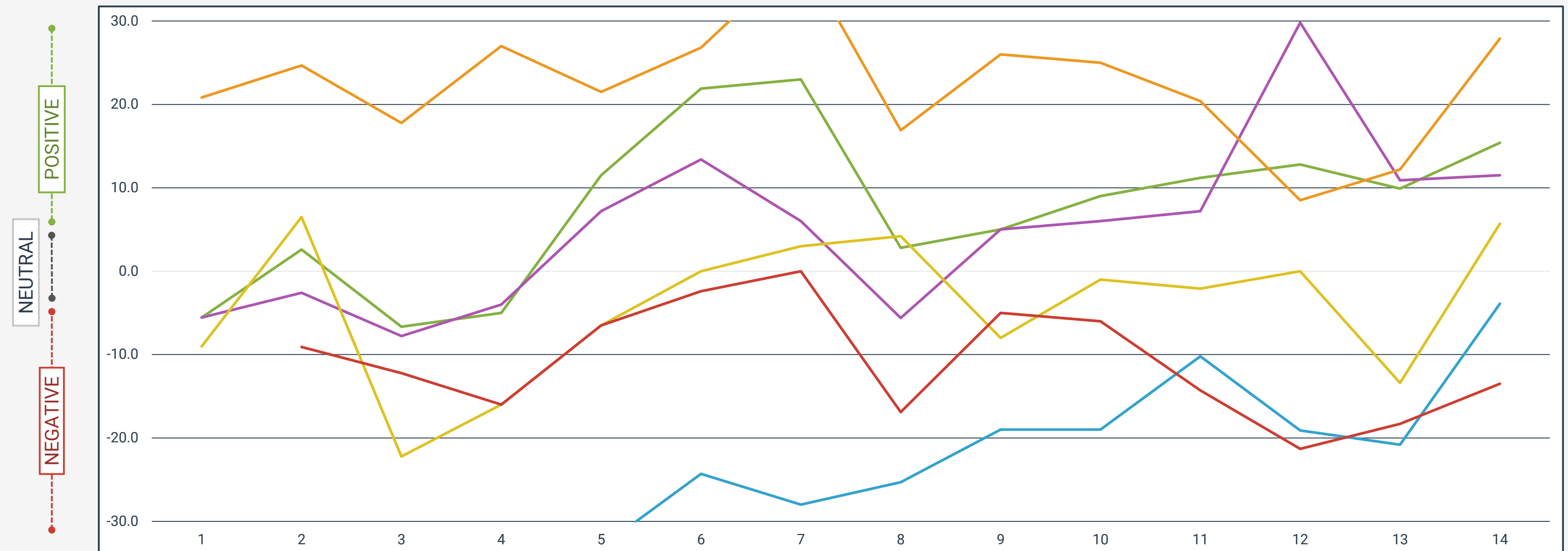
POLLING QUESTION

DEBT & LIQUIDITY

WHAT ACCESS DOES TREASURY HAVE?

Liquidity is vital and cash is the king. In times of disruption and crisis, much attention is paid to the royals. This graphic measures a select handful of elements that add to or detract from an organization's liquidity. We monitor this on a period-over-period basis.

Upcoming change to the chart: Given an increasing number of stable responses over the life of the Monitor we need to shift to a different style chart. The new chart will show the NET positive or negative, which will eliminate the trough between +/- 1 and enable us to see the relative volatility shifts too.


ACCOUNTS RECEIVABLE
BANK LINE OF CREDIT
or Revolver

CENTRAL BANK LIQUIDITY

Provisions for Banks

COVENANT REQUIREMENTS

& Material Adverse Conditions

COMMERCIAL PAPER

Issuance

FISCAL POLICY

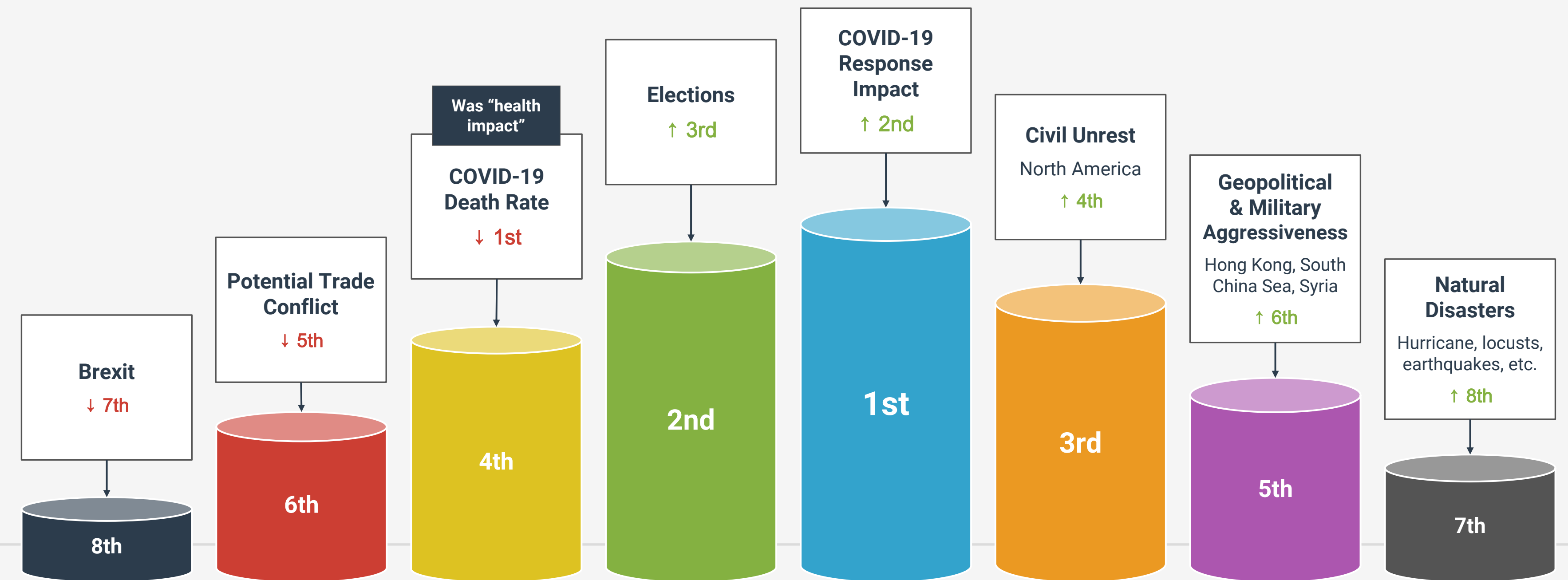
Government fiscal activities

TOP CONCERNS

FORCE RANKING EIGHT AREAS

The popularity of the forced ranking question led us to add a second forced ranking chart during the 11th period and continue it in subsequent cycles. COVID-19 health and response impacts maintained their grip on the top two spots on the ‘concern podium’ for three periods.

In period 14 (the 4th period of this question) we modified the ‘COVID-19 Health Impact’ to ‘COVID-19 Death Rate.’ The COVID-19 Response Impact moved up a spot, as did Elections and Civil Unrest in North America. Brexit has taken over last place, swapping with Natural Disasters.



TIMING ESTIMATES

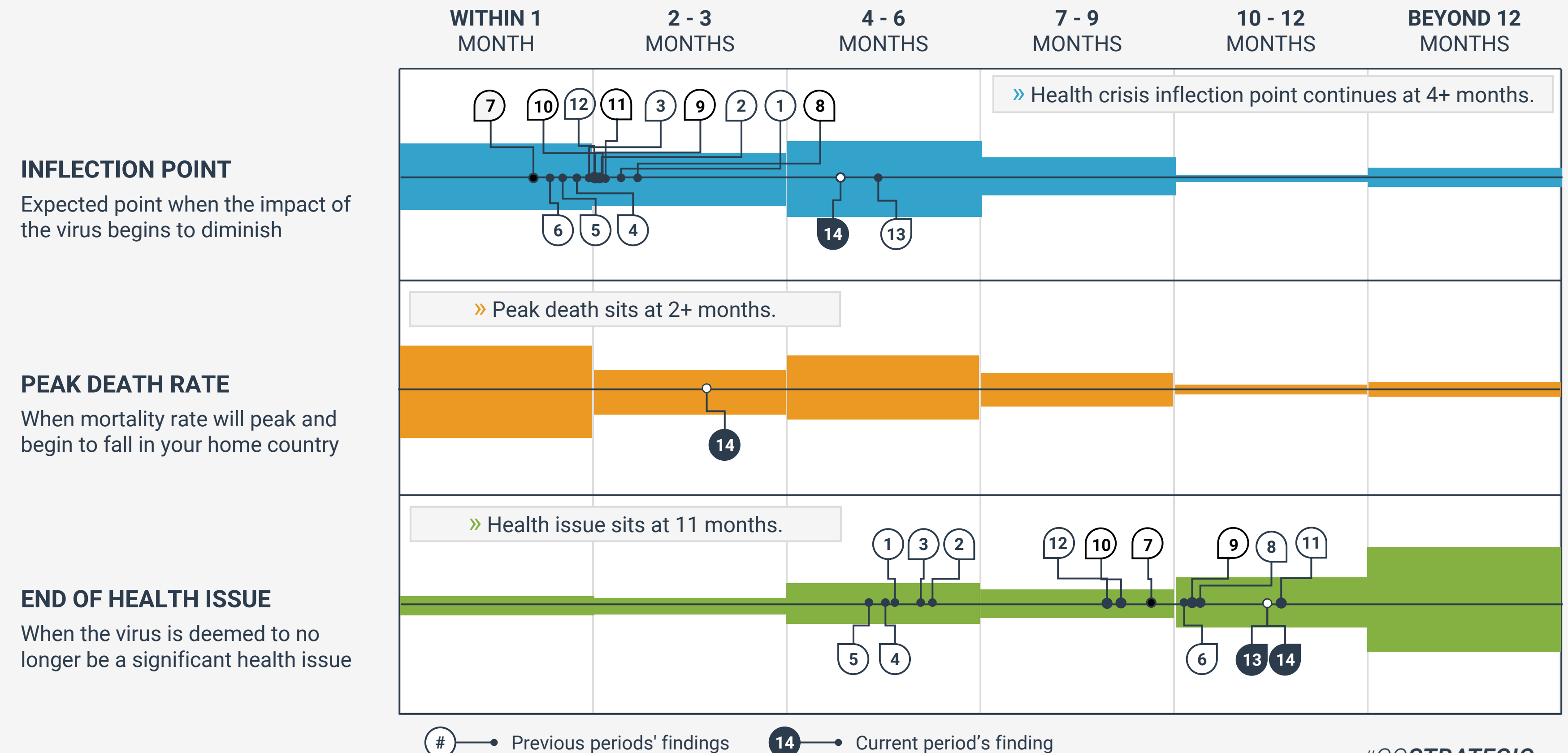
MEDICAL AND MORTALITY MATTERS

These three graphics represent key milestones in the recovery and return to normal times medically. We believe it useful to see others' expectations on the timing of these milestone events for the current disruption. We also expect this may help gauge the level of

pessimism or optimism of treasury/finance professionals and assist us even more with future events as we understand any collective bias.

The inflection point retreated slightly from its peak last period. The peak death rate is new this period and started off at 2+ months. COVID-19 remaining as a significant health issue sat at 11 months.

The rectangles below represent the proportionate amount of responses in each time domain. The tear drops represent the median response from all respondents. The numbers indicate the period of the Monitor.



ECONOMIC VIEWS

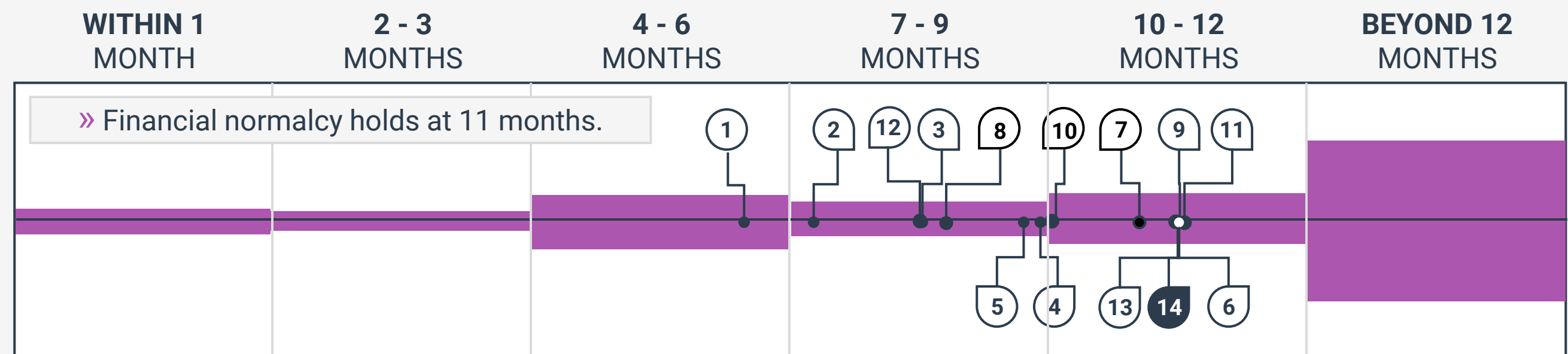
ECONOMIC EQUILIBRIUM: 6 & 11 MONTHS

The top graphic shows the perspectives on the individual respondent's organization (where normalcy sits at 11 months). The bottom graphic shows the overall economy across two time domains: 3 and 12 months. A '5' represents a neutral view. Below 5 is pessimistic.

The **blue** in the bottom graphic indicates the 12-month outlook, while the **orange** shows the view out 3 months.

FINANCIAL NORMALCY

When business returns to the state it was prior to COVID-19.



ECONOMIC TURNING POINT PUSHED BACK

The outlooks for economic status in the 3-month and 12-month time domains reversed direction and reverted towards positivity this period.

Extrapolating from these numbers, we see the expectation that the economy achieves 'normal' status sitting at about six months from now. This indicates an expectation of equilibrium during late 1st Quarter 2021.



POLLING QUESTION

GREATEST CONCERN

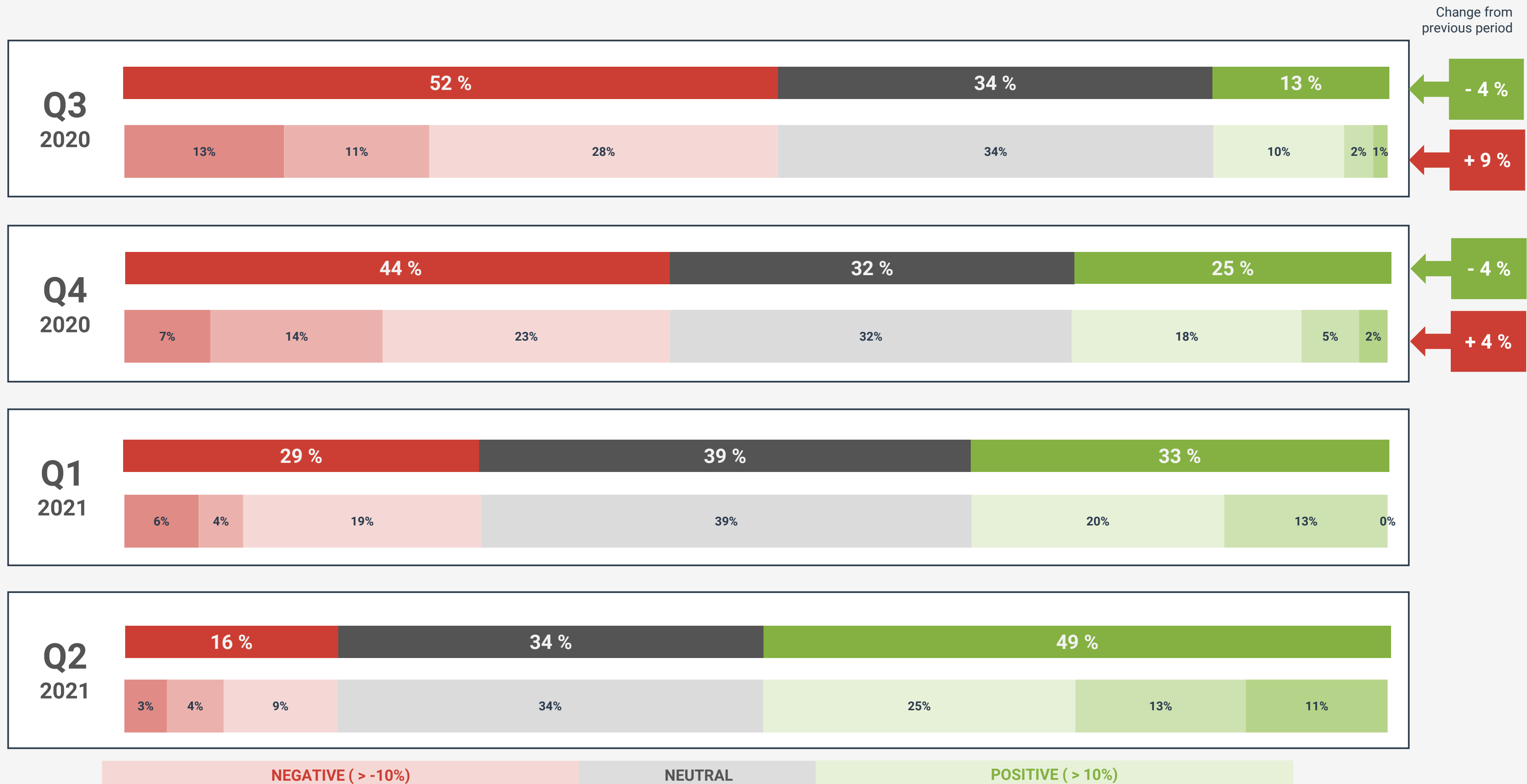
IN YOUR OWN WORDS



REVENUE LEVEL DIP

ESTIMATED LEVELS IN “YOUR INDUSTRY”

The industry-level outlook for revenue has moved steadily more pessimistic for Q4 2020. The outlook for the first quarter of 2021 is marginally positive, with optimism for Q2 2021 in ‘breakout’ mode.



ENCOURAGING DATA POINTS

PICK THREE OF THE MOST ENCOURAGING DATA POINTS

Two economy-related items and one health-related item were seen by the majority of respondents as reason for encouragement. Businesses reopening (71%) from the lockdown topped the list, and the increasing employment numbers (improving jobless 64%) was second. The 3rd most encouraging data point was a new entrant, 'Final clinical trial phase for a vaccine,' which at 50% narrowly edged out the decline in COVID-19 deaths (with 48% identifying this as one of their top three).

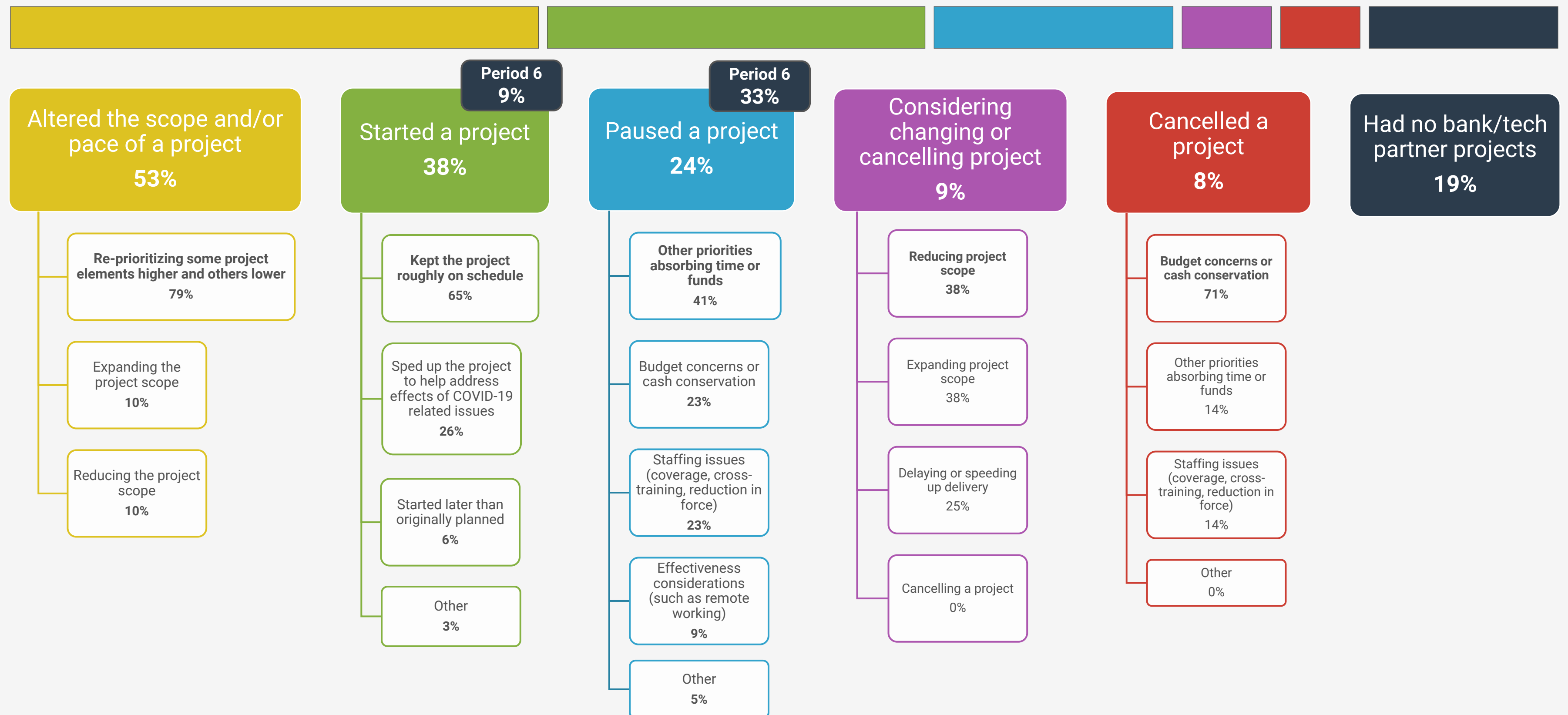


PROJECT ACTIVITY

DELAYED? SPED UP? PROJECTS STARTED!

For projects that involve banks and technology partners, since the scaling up of the COVID-19 responses, we: (Select all that apply)

This question was last asked during period six. The two notable changes are both positive. Those pausing a project went from 33% to 24%, and those starting a project went from about 9% to 38%.

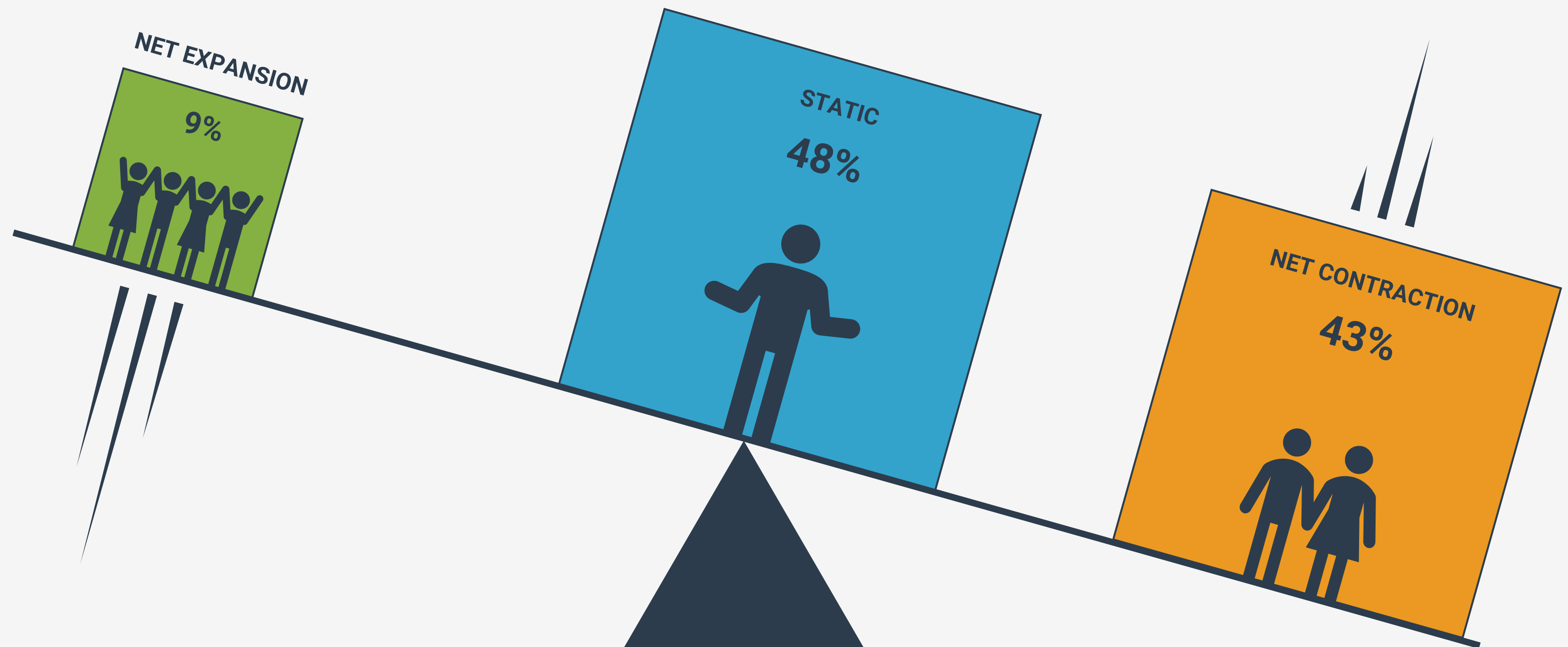


STAFFING DROP IN 2020

ESTIMATED CHANGES IN “YOUR INDUSTRY”

Do you anticipate net expansion/contraction of staffing in your industry by the end of this year?

The ‘Industry’ expectation on staffing expansion or contraction is clearly on the contraction side of the equation. The net of expansion and contraction responses is fully one-third of respondents.

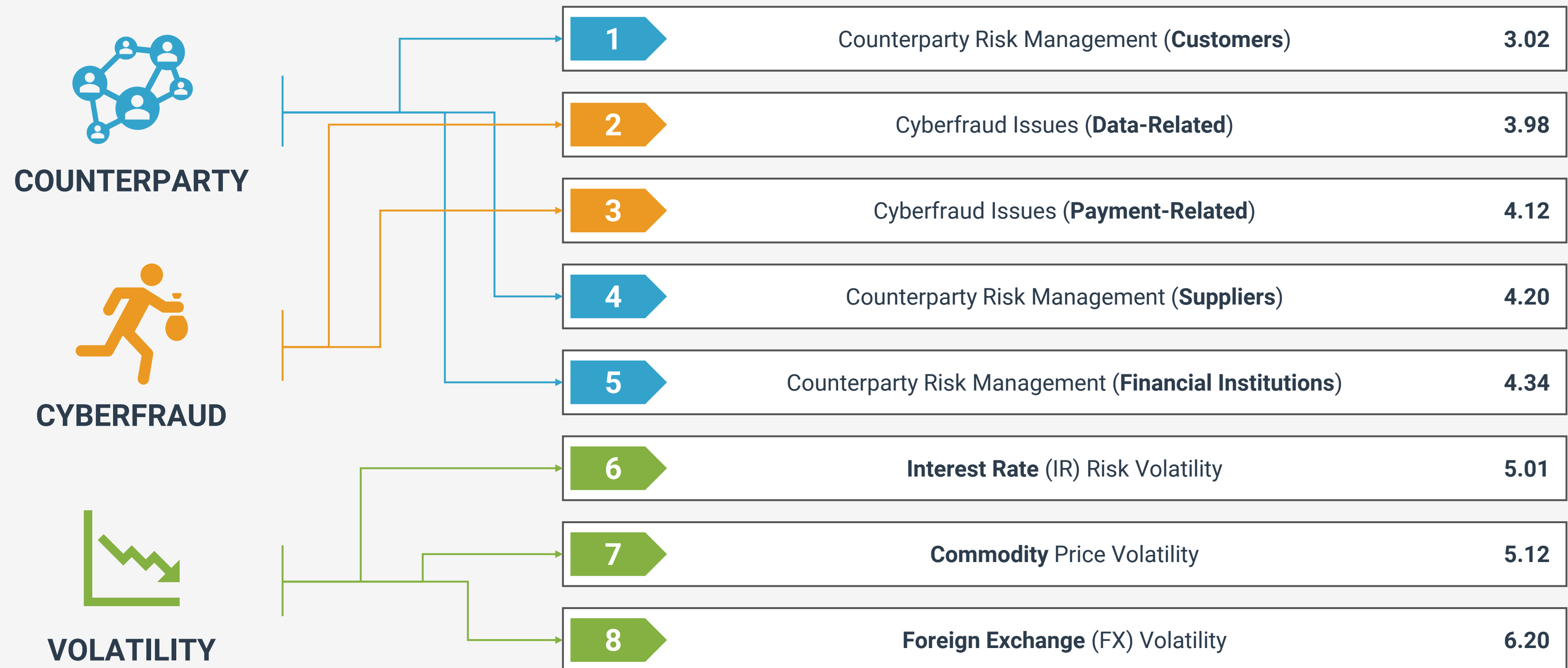


TOP RISKS

COUNTERPARTY AND CYBERFRAUD CONCERNS

Please rank the following in order of highest to lowest operational financial risk. (Drag and drop your answers in order with 1 being the highest risk, 8 being the lowest.)

Counterparty risk (customer) was the top concern, mirroring what we have seen with AR negativity. The 2nd and 3rd positions were cyberfraud-related (covering both data and payments). The 4th and 5th positions covered additional counterparties.



KEY TAKEAWAYS**LIQUIDITY
MANAGEMENT
FOCUS**

- Better Security Processes
- Adaptation as an Intentional Activity
- Benchmark Your Payment Security Processes

**EMPLOYEE
CARE**

- Intentionally Reach out to Your Team
- Find Ways to Help
- Don't Be Afraid to Ask Someone for Help
- Cross-Train
- Productive & Active

**REPORTING ON
KEY STATS**

- Establish Counterparty Risk Reporting
- Update Your Cashflow Models
- Invest 5 Minutes Once a Month in the Global Recovery Monitor

**MONITOR &
MODEL**

- Track Cash, Accounts Receivables & Sales
- Watch Industry Actions & Thinking
- Invest 5 Minutes/Week by Taking the Global Crisis Monitor

LEVERAGE THIS RESEARCH

KEEP A PULSE ON THE DISRUPTION CAUSED BY COVID-19
WITH THE MOST UP-TO-DATE INFORMATION AVAILABLE TO
THE INDUSTRY.

Read more about the GCM/GRM and the Treasury Coalition below and join your treasury colleagues in adding your voice and insights into the broader community to help each of us succeed.



Treasury Vitals Measurements

We monitor the key 'vitals' (measurements) of attitudes, situation and responses of organizations, banks and government across multiple dimensions, including liquidity, employee care and customer status. As we move through successive time blocks, we'll be able to track positive and negative movements in both results and attitudes.



Relevant and Timely Advice

Instead of waiting until the end of the disruptive situation (health and economic impact in this case) we want to capture and share the techniques and actions of others so that you may be able to benefit from a larger pool of experience.



Three Important Actions

We ask that you give 5 minutes once a month and get twice as much as you give:

1. **Take the new surveys** launched every four weeks.
2. **Listen to the new podcasts** released Thursdays after survey closing.
3. **Read the new reports** released Fridays to the public (Thursdays to survey participants).



Give 5 minutes once a month and help your company and fellow treasury professionals. To download past reports, please visit: treasurycoalition.com



TAKE SURVEYS



LISTEN TO PODCASTS



READ REPORTS

POLLING QUESTION

Slide 8

1. Our business continuity plan:
 - Required updating, but we have not updated it yet
 - Required updating and we have updated it
 - Did not require updating

Slide 13

2. On Cross training, since the crisis began:
 - We have done more cross training
 - We plan to do cross training
 - We have not done and do not plan to do cross training

Slide 18

3. Which of the following is a characteristic of your organization? (select all that apply)
 - We updated our business continuity plan to reflect new security processes
 - Added digital signing
 - We train everyone on security
 - We train everyone in the payment process on payment security
 - We test on our security training
 - The majority of treasury in our company is currently WFH