

## Media Release

# Digital Distraction Costing Corporate Treasurers Dearly

(9 April 2020 – Australia) Digital technologies are intended to improve efficiency and productivity in the treasury function, yet newly released East & Partners research suggests the opposite is taking place.

Increasing complexity and a 'watering down' of the core responsibility of the CFO and corporate treasurer to that of a somewhat expanded CIO role have placed significant strain on Australian businesses.

This relatively recent occurrence, although largely not well documented, is critically important to quantify and address given the associated 'bandwidth' issues that manifest in core treasury functions such as liquidity management, cash visibility and cashflow forecasting. That is particularly emphasised by rising stress levels resulting from the current challenging operating environment amid the devastating coronavirus pandemic and wide scale business closures.

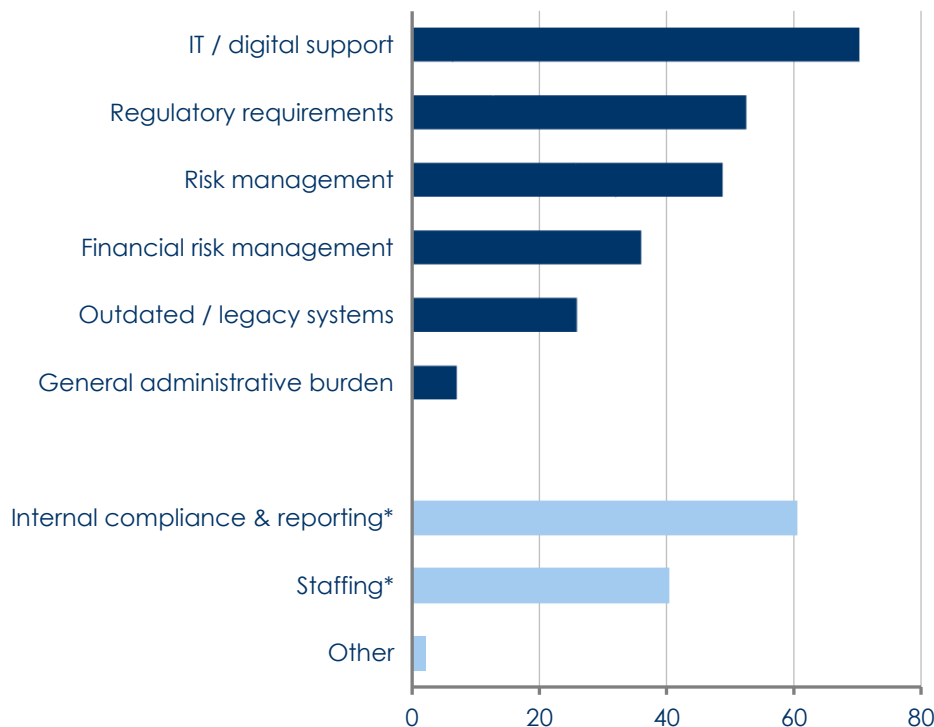
IT support and supporting the digital requirements of the company more broadly emerge as the most frustrating distraction from day-to-day cash management and account service activities, nominated by almost three out of four corporates (70.3 percent).

This confirms the changing underlying role of the CFO to remain at the forefront of digital innovation and fintech developments sweeping through financial services including Open Banking, Application Programming Interfaces (APIs) and the New Payments Platform (NPP).

### EXHIBIT 1

#### Functions That Distract the Most from Core Cash Management Role

% of Total



Note: \* independently nominated post coded response

Source: East & Partners Corporate Transaction Banking Markets Program – H1 2020 (N = 898)

Internal compliance and reporting are unsurprisingly also cited as a major diversion by two thirds of middle market enterprises (60.5 percent) in tandem with regulatory requirements (52.5 percent).

So how can banks provide dedicated support to reduce their administrative burden and automate lengthy documentation procedures?

Hiring and firing are a constant source of stress for however the opportunity for transaction banks to offer guidance or advice are limited in this respect. Ideally a firmer understanding of the sizeable impost IT support, red tape and staffing have on CFOs time and resources can help significantly improve bank's understanding of customer's business and industry, a factor frequently nominated as the most important area of increasing need within the corporate segment.

"These results are especially compelling in the context of record high levels of customer switching intentions exhibited by corporates in the next six months. Businesses are demanding industry specific advice and support, even down to their own business level, as a direct result of the growing burden placed upon C-Suite executives to manage non-core role requirements" stated East & Partners Head of Markets Analysis, Martin Smith, commenting on the results.

"This is a prime opportunity for banks that have fallen out of favour of public opinion to recalibrate the bank and customer relationship in the wake of the Royal Commission and current coronavirus crisis. Innovation for the sake of it will not cut it however, as corporates are clearly expressing concerns over their current responsibilities being stretched in too many directions", he added.

East & Partners expanded Customer Sentiment reporting addendum provides a deeper understanding of advocacy drivers, trust perceptions and defined return on investment (ROI) implications from satisfied customers preparedness to advocate.

## About the research

East & Partners Corporate Transaction Banking Markets program provides industry insights from CFOs and treasurers for one of the most competitive business banking segments, increasingly allocated greater industry investment and resource allocation.

The success banks are having in understanding underlying business needs and transaction banking requirements are evaluated against competitive Relationship Share, Wallet Share, Customer Satisfaction and Mind Share key performance indicators.

Product and operational importance and satisfaction ratings are captured against customer churn, behavioural trends and advocacy.

Corporate Segment: Annual turnover A\$20 – 725 million

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## About East & Partners

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America