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Written & Produced by

Strategic Treasurer

2023

TREASURY PERSPECTIVES

Survey Report

SUMMARY REPORT

ECONOMIC & GEOPOLITICAL OUTLOOK › TREASURY OPERATIONS

CREDIT ACCESS & DEBT › REGULATIONS & COMPLIANCE

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TREASURY PERSPECTIVES

Survey Quick Stats

DEVELOPMENT | RUNTIME | ANALYSIS

August | September | October | November | December | January

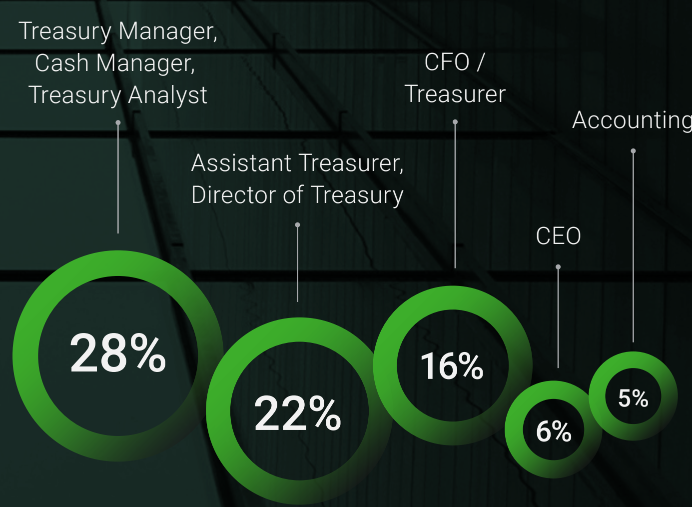
5th year of research

350+ respondents

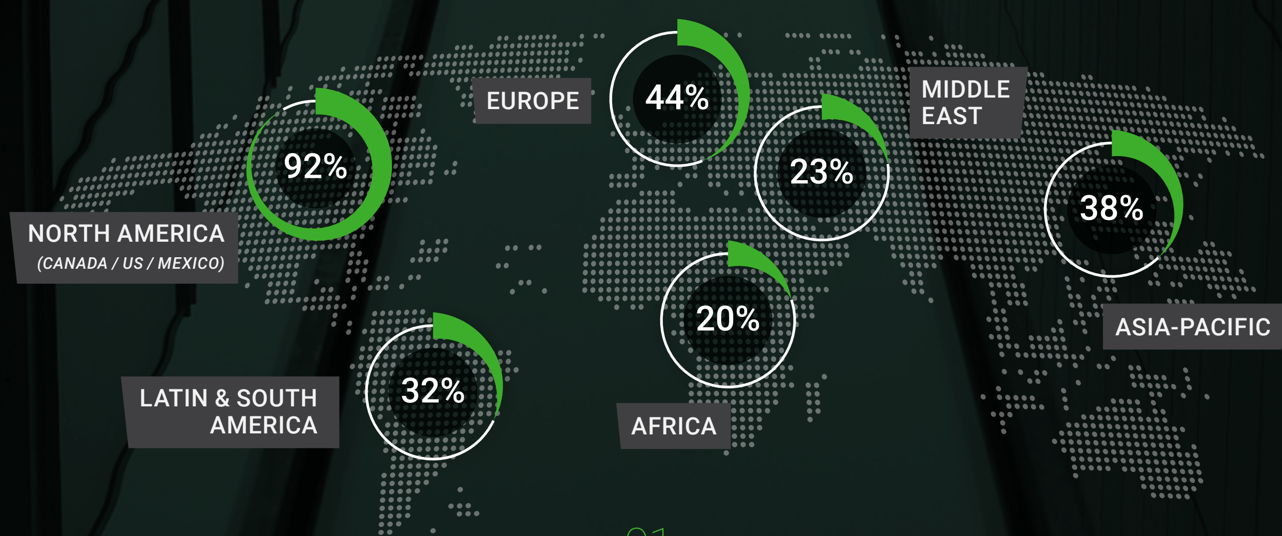
100+ questions

10-week survey runtime

Top Respondent Roles



Respondent Regions of Operations



Executive Summary

TOM GREGORY
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Since its inception, Strategic Treasurer and TD Bank's Treasury Perspectives Survey has sought to determine the viewpoints of both bank and corporate respondents across multiple domains, including technology use, economic outlook, relationship management, credit access, and regulation. Finance and treasury continue to change and adapt to the situation that surrounds them and are actively making the changes and progress needed to serve their organizations, protect their cash, manage their risks, and provide liquidity in the short and long terms.

Over 350 professionals took this question-heavy survey, offering their insights on vitally important and critically interesting topics. As we sifted through this year's mountain of data, we identified several key storylines that summarize the findings from the study. On the whole, we see organizations grappling with the multitude of shifting factors at play in recent months, from geopolitical conflicts to inflation and interest rates.

While the full key findings are found on the following pages, here is a summary of a few of the key points:

→ **Global Economic Concerns High.**
Expectations for GDP are quite negative for 2023, with 2024 looking brighter. Energy prices, inflation, and interest rates topped the concerns during the survey period, and global recessionary concerns were higher than regional ones.

- **Security Is the Top Payment Concern.**
  Regardless of size and location, most respondents' highest payment concern was security and control. Speed of payments was the second highest concern, but it was placed in the top slot by half as many respondents compared to security.

- **Excitement Far Outweighing Nervousness on Technology Developments.**
  Over three quarters of respondents were excited about the development of new technologies, compared to 16% that were nervous about innovations such as artificial intelligence (AI), machine learning (ML), and robotic process automation (RPA).

- **Cash Forecasting's Five-Year Reign.**
  This marks the fifth year that cash forecasting has been the top area that respondents spend the most time on. Cash positioning and reporting came in second.

We invite you to continue examining the results of this survey by reading through the full discussions of these and other key findings in the pages that follow.

For those who took the survey — thank you. Those who take these surveys receive a more comprehensive report as a token of appreciation for your investment of time. As always, your survey responses remain confidential. Our thanks to TD Bank for their ongoing underwriting of this research and their invaluable contribution to updating the survey questions for more responsive and interesting insights each year.

Read, think, and enjoy.

Additional resources related to this survey:

WEBINAR REPLAY

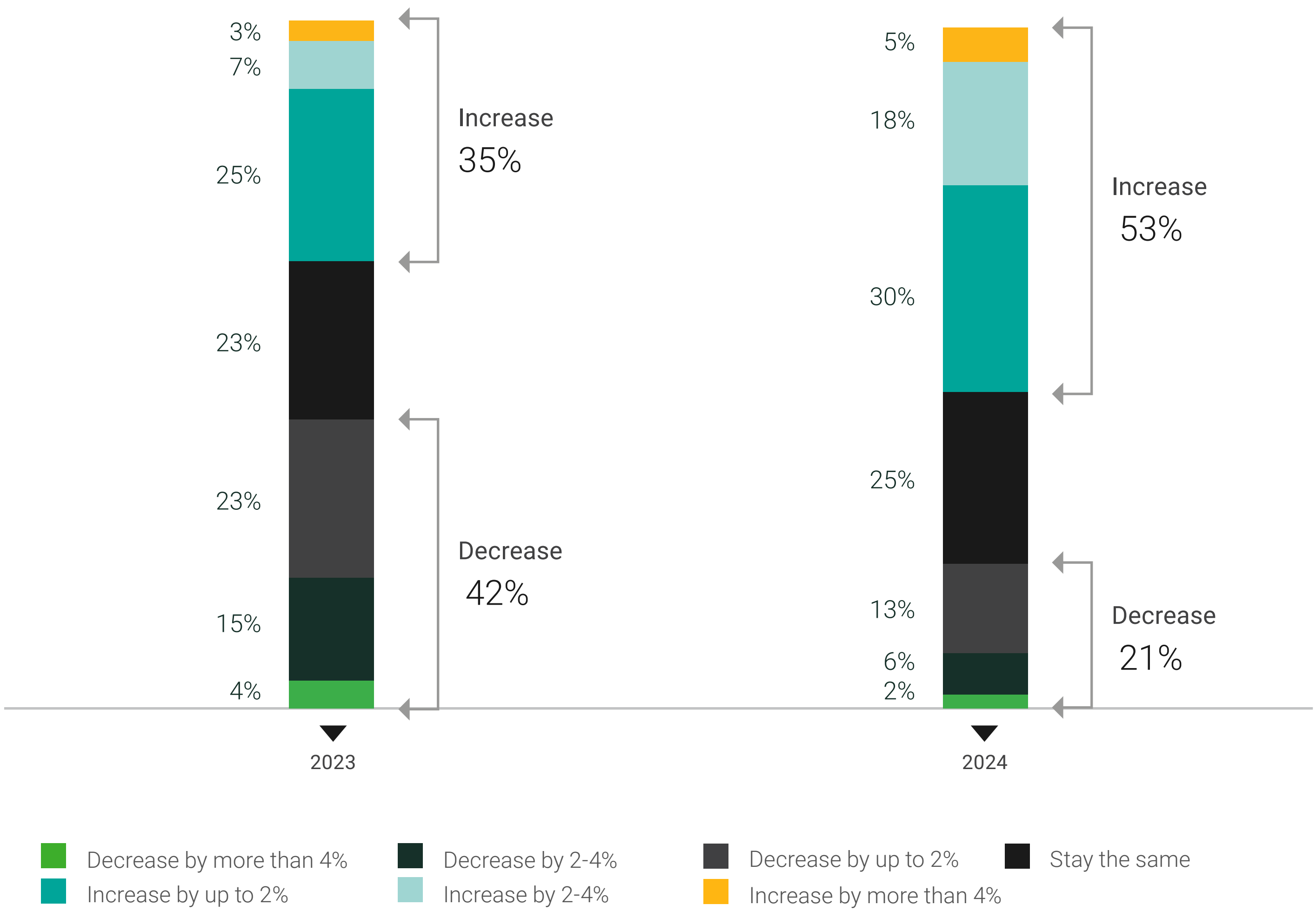
INFOGRAPHIC

Key Finding Analysis

1. Global Economic Concerns High.

Respondents had a highly negative outlook for 2023's GDP: 42% expect a decline, another 23% think it will be flat, and 35% see an increase. This is expected to reverse in 2024, however, with 53% expecting an increase in GDP. Another quarter see it staying the same that year.

In the upcoming years, we expect the Gross Domestic Product (GDP) of the country where we are headquartered to:

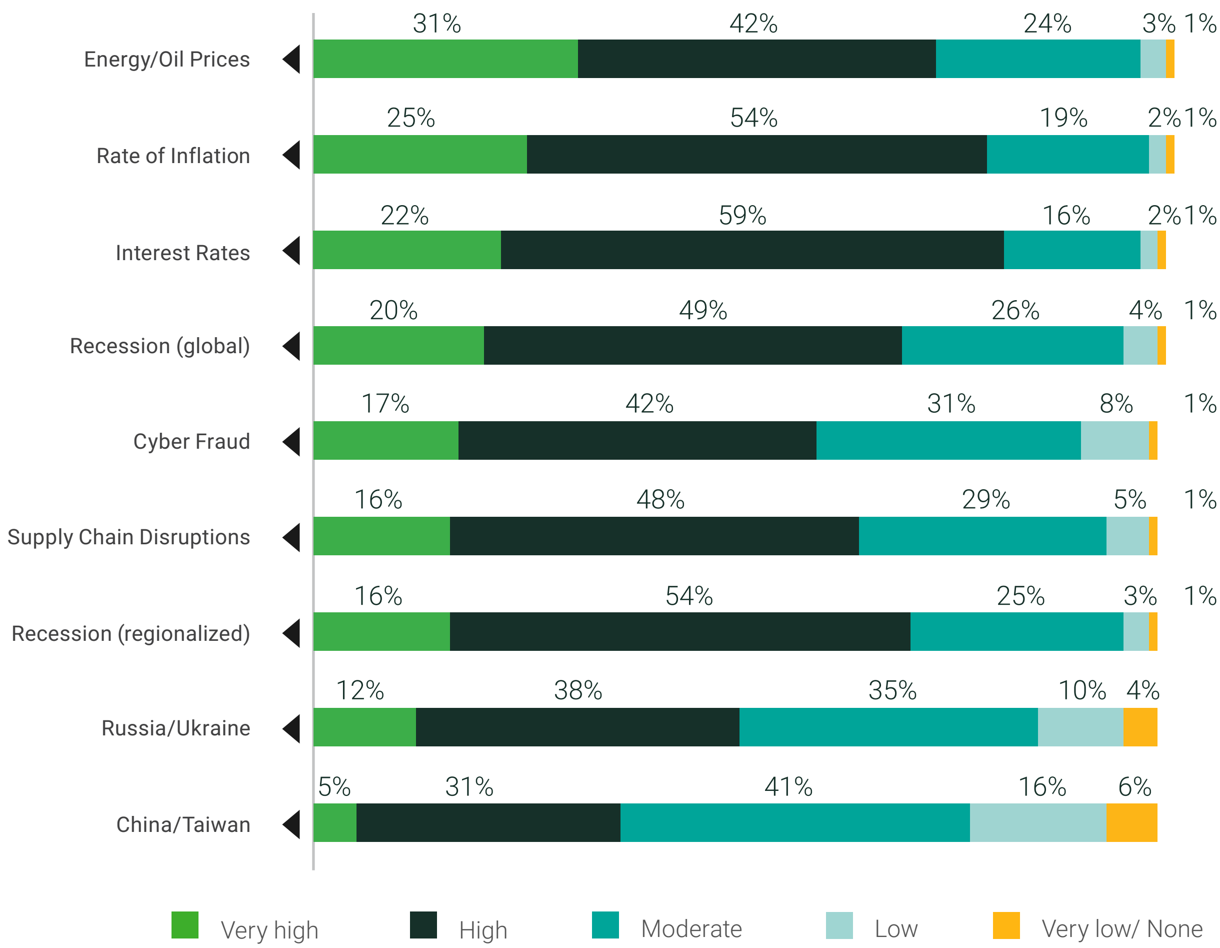


During the survey period, energy prices, inflation, and interest rates were the top three concerns. EMEA's top concern was interest rates, with 82% rating it as a high or very high concern (30% ranked this option as a "very high" concern, while 52% ranked it a "high" concern).

Concern about a global recession (20% very high, 49% high) seems slightly higher than a regionalized recession (16% very high, 54% high). In the "wars and high tension between nation-states" category, the Russian war on Ukraine (50% high and very high combined) is more concerning compared to the China and Taiwan tensions (36%) during the survey period.

Concerns about pandemics (COVID, monkeypox, etc.) appear to be greatly minimized and far lower than economic, supply chain, and even global conflict concerns this year.

Please indicate your level of concern the following will or may impact global economic and operational risks. (Only top choices of respondents shown.)



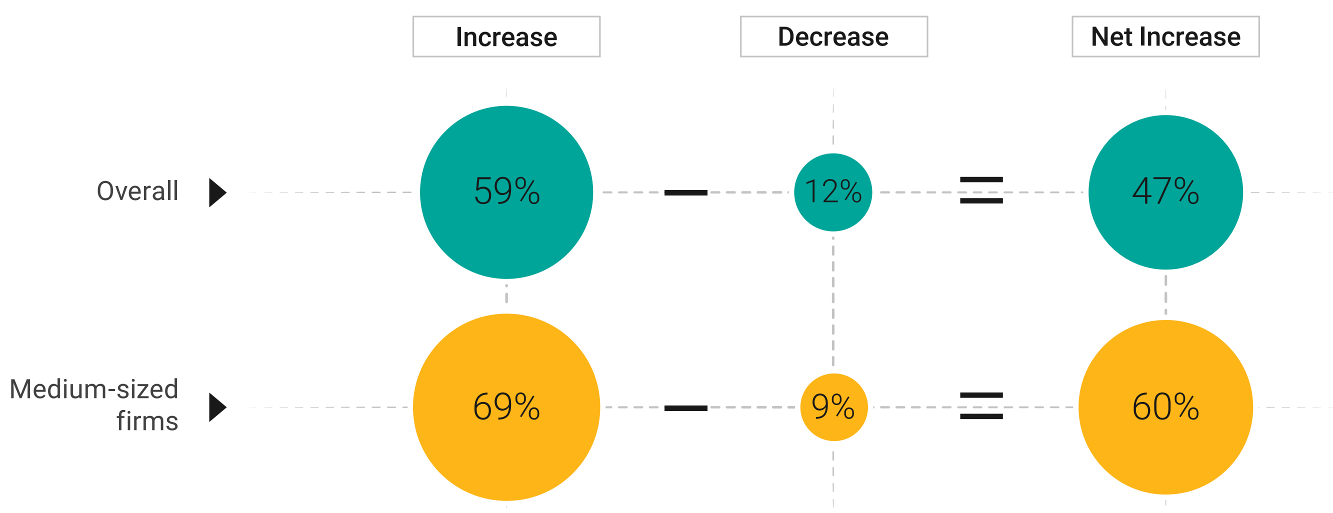
2. Most Borrowers Focused on Flexibility.

Increasing the flexibility for borrowing seems to matter for most organizations. Here are the net spreads between the responses that produce more flexibility (earlier renewal of credit facilities, extending duration of borrowing, adding diverse sources of credit) and those that do not produce more flexibility (later renewal, shortening duration, decreasing diverse sources of credit). This is most heavily pronounced in the focus on diversifying debt/capital structure, with almost a third (31%) looking at this, and almost a quarter looking to use their financial supply chain more vigorously (23%).

Category	Net Difference	Notes
Renew credit facilities earlier	**+16%**	*3 years of decline*
Extend duration of borrowing	**+11%**	*3 years of decline*
Leverage supply chain more	**+23%**	
Increase diversity of debt/cap structure	**+31%**	

3. Medium-Sized Firms Have Higher Expectations for Revenue Increase.

When considering net sales/revenue growth (increases less decreases), we don't observe significant differences by size of company except for medium-sized firms ($500mm–$1B). Here is the comparison, highlighting a 13-point gap:

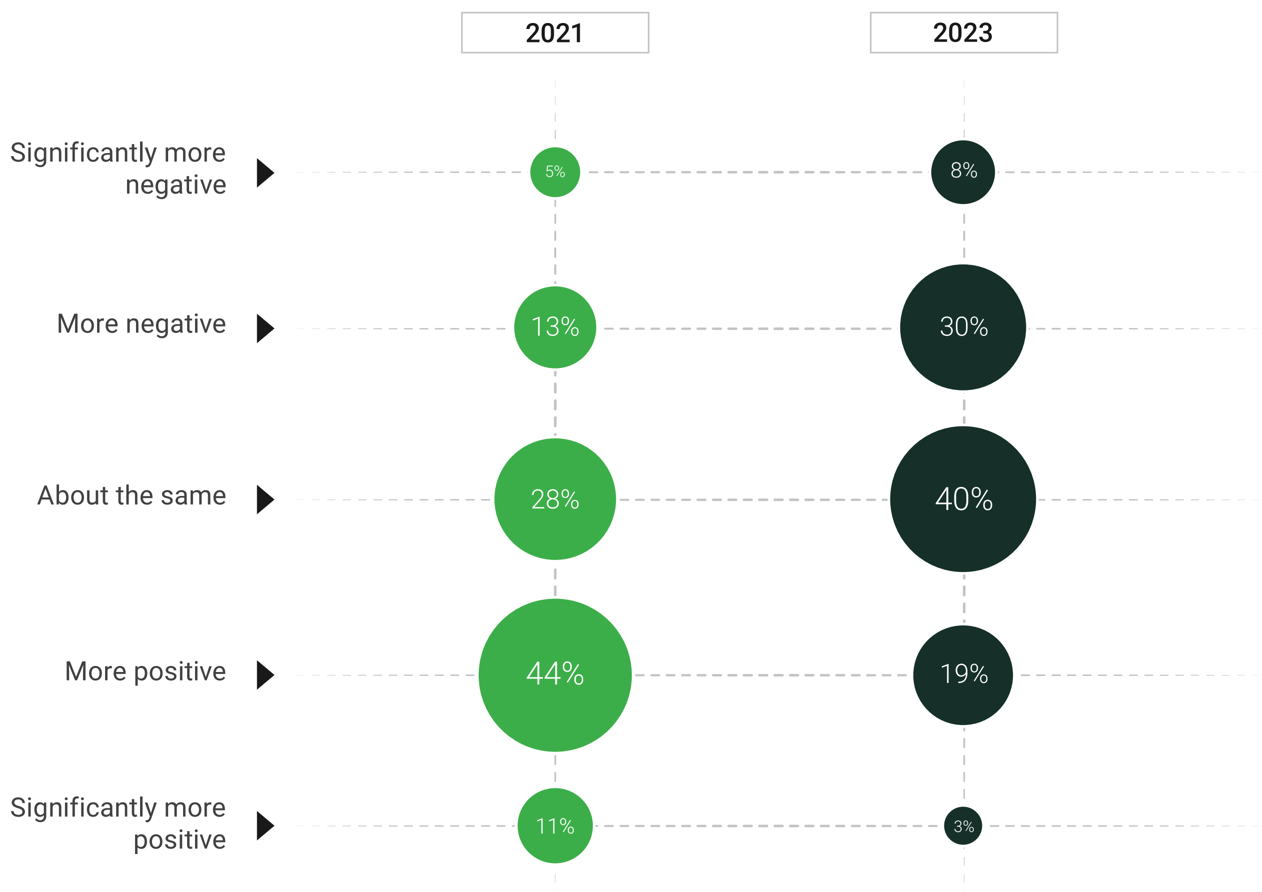


4. Pessimism at 2X Optimism.

Turning 20 points more negative over last year, this year's research shows companies having a negative outlook by a margin of nearly 2 to 1 (a 16-point gap between the 38% negative and 22% positive). For 40% of the population, their outlook has remained about the same. The differences between large and small companies are minimal.

This increase in pessimism must be taken in context. While a significant percentage of firms on a net basis expect an increase in revenue, the outlook for organizations is far more pessimistic. This seems to indicate that a significant majority of companies expect to experience stagnation or very low growth.

Over the past 12 months, how has the outlook for your organization changed?



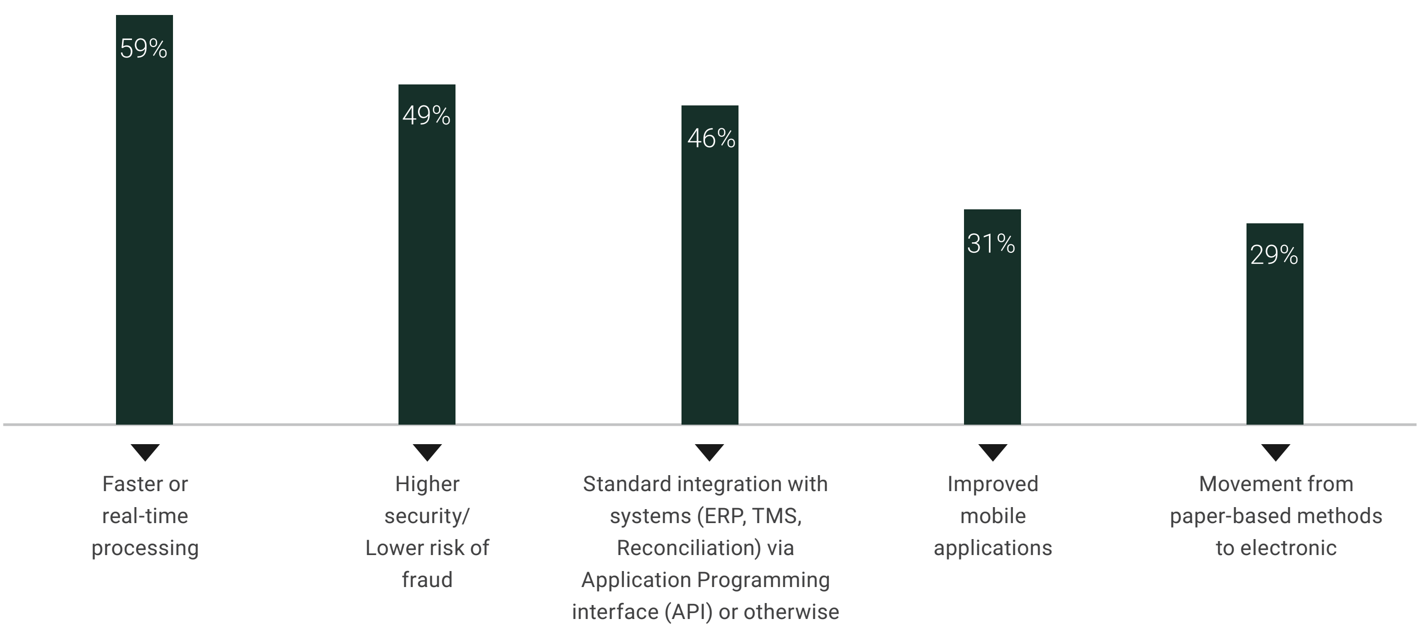
5. Security Is the Top Payment Concern.

Across all dimensions (size, geographic headquarters, etc.), security and control over payments was most commonly selected as the top payment concern. When looking at the overall responses, security and control was chosen for first place by twice as many respondents as the second most common pick, which was speed of payments. Speed of payments was more emphasized by certain groups than others, however. Consider the breakouts below to see where speed matters most:

Group	Timing/Speed of Payments Selected as Most Important:
Overall	24%
Global enterprise (those with 25 or more treasury staff)	33%
EMEA/ROW	33%
Small	33%
Medium	25%

When asked where they expect to see the most growth in payments innovation over the next three years, respondents again emphasized security and speed, but in reverse order: “faster or real-time processing” topped the list of expected innovation at 59%, with “higher security / lower risk of fraud” in second place at 49%.

Where do you expect to see the largest amount of growth in payments innovation in the next three (3) years (Select all that apply) (Only top choices of respondents shown.)



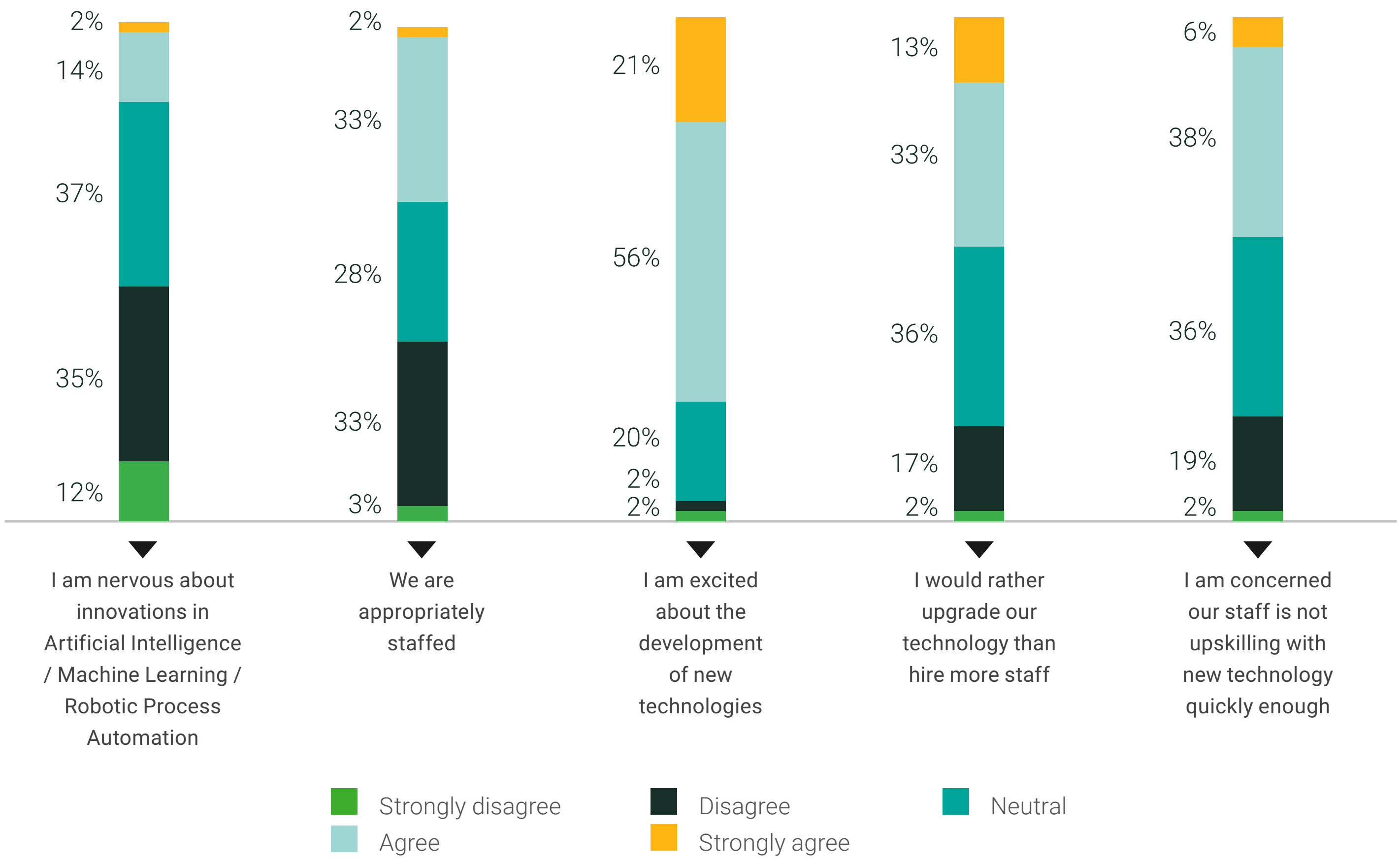
6. Excitement Far Outweighing Nervousness on Technology Developments.

Over three quarters (77%) of respondents agree that they are excited about the development of new technologies, with just 4% disagreeing (the remainder were neutral). When asked whether they were nervous about innovations in artificial intelligence (AI), machine learning (ML), and robotic process automation (RPA), 16% responded that they were.

When asked about the relationship between technology and staffing, 44% of respondents agreed that they were concerned about staff not upskilling with technology fast enough (vs. 21% that disagreed). Meanwhile, 46% of firms would rather upgrade their technology than hire more staff, but 19% hold the opposite view.

Please indicate how you feel about each of the following statements.

(Only top choices of respondents shown.)

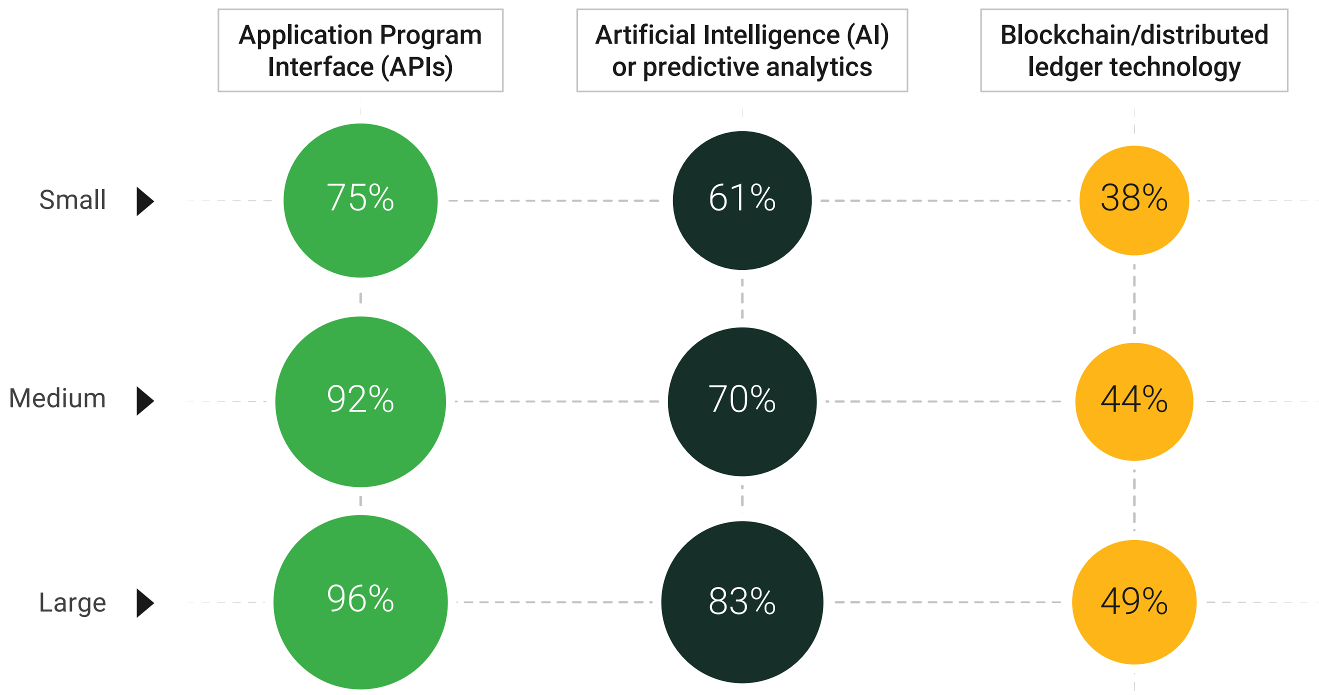


Whether excited or nervous, many respondents expect to see AI and other technologies adopted in their treasury departments within five years. Almost all medium (92%) and large (96%) companies expect to use APIs within five years, along with three in four small companies. For AI and predictive analytics, large companies are expected to reach 83% adoption, with 70% for medium companies and 61% for small.

Which of the following technologies are you using/interested in using in treasury?

(Only top choices of respondents shown.)

Currently Using or Planning to Use Within 5 Years



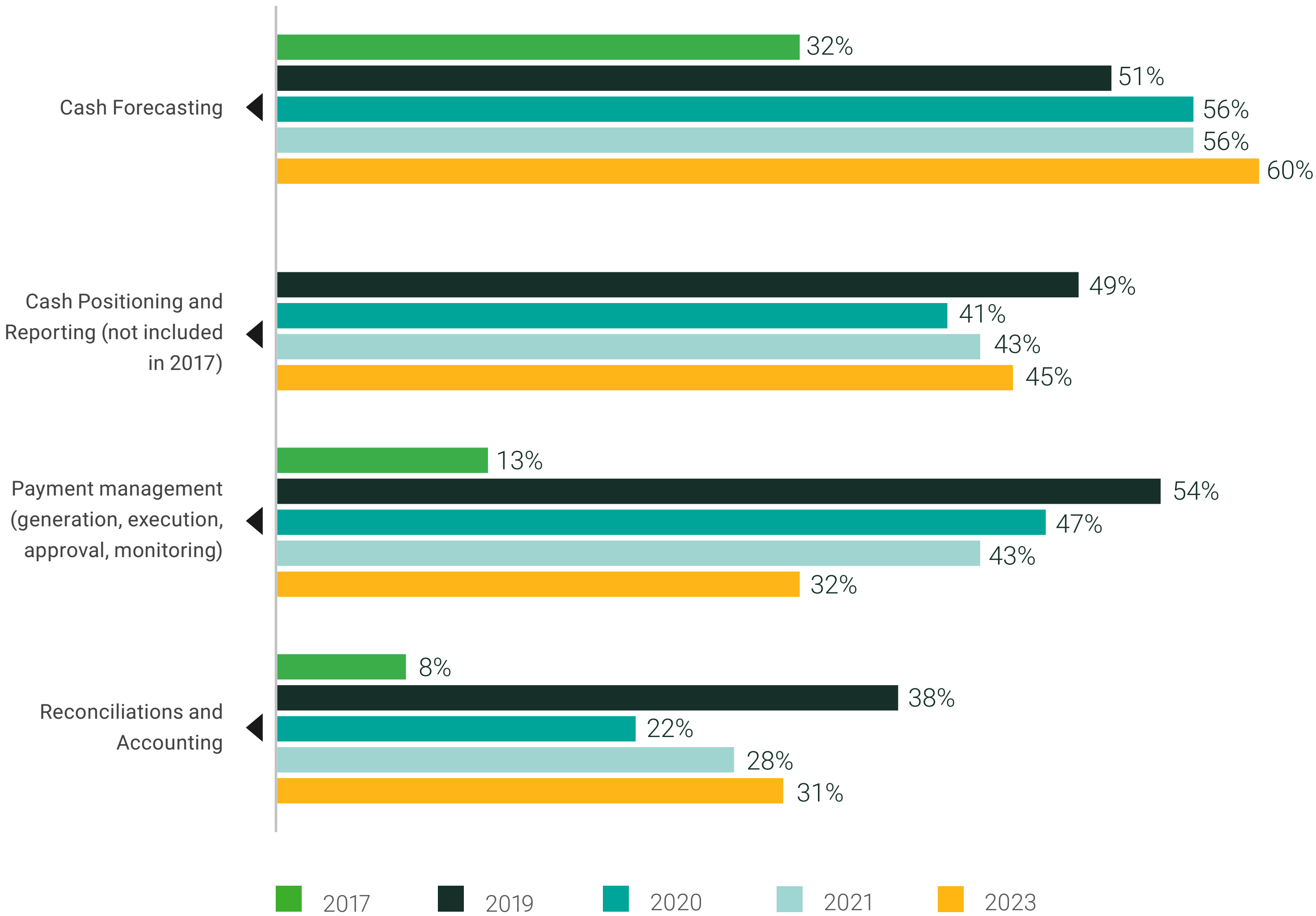
7. Cash Forecasting's Five-Year Reign.

Cash forecasting (60%) and cash positioning and reporting (45%) are the top two areas where respondents spend the most time. Payment management (32%) and reconciliation and accounting (31%) take the 3rd and 4th spots.

Monitoring fraud was listed as a top three item by 9% of respondents.

This is the fifth year that cash forecasting has been the top response to this question.

Considering all of your operations, what three (3) areas do you spend the most of your time working on? (Select three (3) choices) (Top four respondent choices shown.)



8. More Restricted Loan Covenants Anticipated.

Corporate respondents expect loan covenants to become more or significantly more restrictive (40%) by a 32-point margin over expectations of less restrictive (8%). In the last iteration of this survey, corporate respondents already expected more restrictive covenants, but with just a *13-point* spread.

The gap is even larger for bank respondents, 68% of whom see more restriction, while none expect less.

	Corporate	Bank
More Restrictive	40%	68%
Same	53%	32%
Less Restrictive	8%	0%

Strategic Treasurer notes that lending is heavily favoring the lenders in the current environment. Corporate respondents indicated that the balance of power for borrowing has shifted to the lenders by a *50-point* spread: 61% indicate it favors the lenders vs. 11% indicating it now favors the borrowers. Two surveys ago, borrowing favored the borrowers by a net of almost 25%. In two years, a full 75% shift occurred.

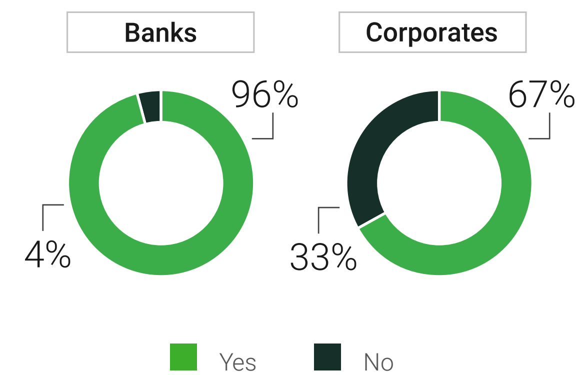
	Corporate	Bank
Favors Borrowers	11%	8%
Same	27%	30%
Favors Lenders	61%	61%

9. Training Payments Professionals on Security More Frequently — But Not on Payment Security.

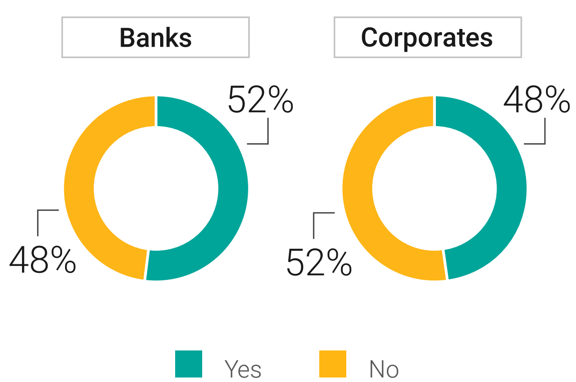
Two-thirds (67%) of companies require employees involved in payments to take security training each year, compared to 96% of banks. Oddly, however, just 38% of corporate respondents who train at all have specific training on securing payments.

Of the respondents who have training, close to half of both banks and corporates reported raising the frequency of fraud training in the last year, coming closer to center and to each other compared to the last time this question was asked. Banks reported raising the frequency of training slightly more than their corporate counterparts (52% compared to 48%). However, while corporate "yes" responses to this question rose by one percentage point this year, the banks' "yes" answers dropped from their previous 57% to 52%.

Do you require employees involved in payments to take security training each year?

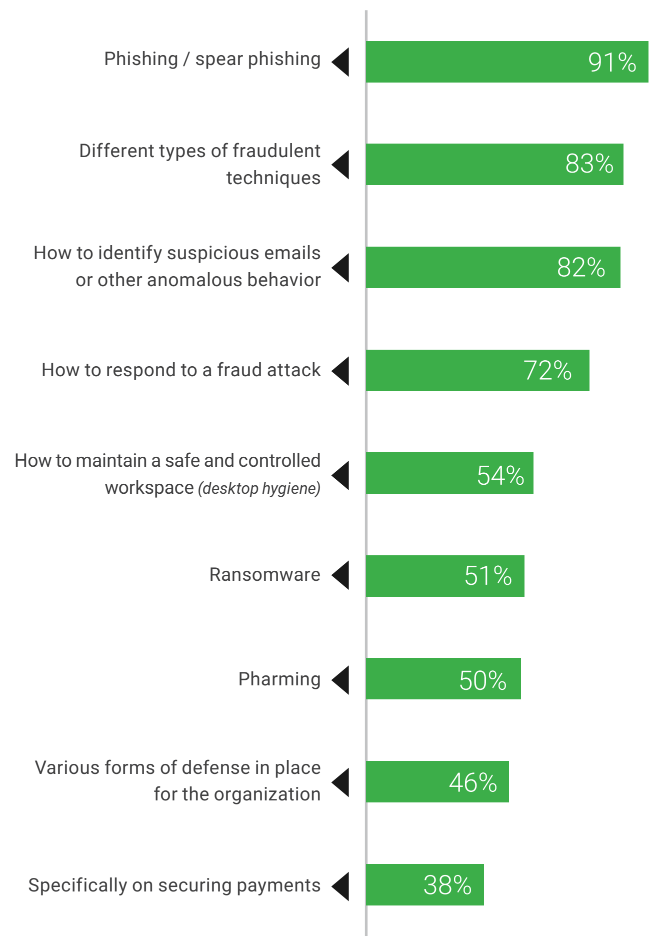


Has the frequency of employee fraud training increased in the last year?



Our training includes content on: (Select all that apply)

("Other" responses not shown.)



Survey Methodology

Strategic Treasurer is committed to meeting or exceeding industry standards for survey management and providing honest representation of high-quality, thorough research data. With experience researching the treasury and finance industries since 2004, we have developed a strict methodology to ensure that our readers and partners can rely on the data we offer.

This methodology includes using professional survey tools, requiring significant sample sizes before publishing or stratifying data, and cautious wording of the reports we write to ensure that correlation is stated only as correlation and that data is represented with accuracy and clarity, never twisted to support a specific agenda. For longitudinal data, we require that the questions used remain unchanged from year to year to ensure that the comparison is reasonable. We cull bot (robotic or programmed) responses by analyzing factors such as email address, completion speed, IP address repetition, and normal response ranges. Only real responses are counted for determining whether a significant sample size has been reached.

We prize respondent confidentiality and anonymity and will always protect personal and company information. Personally identifiable information collected may be combined with existing data in our databases for further analysis, but we will never report any personally identifiable information in any way to outside recipients or to underwriters. Additionally, Strategic Treasurer does not use company or respondent specific survey data or responses for any sales purposes. Translation: This further means that the business development/sales team is not given access to this data.

To learn more about the importance of robust survey methodologies, listen to our founder and managing partner, Craig Jeffery, discuss research and data quality on episode 149 of the Treasury Update Podcast, or feel free to contact us with any questions by emailing info@strategictreasurer.com or calling +1 678.466.2222.

About the Firms

TD Bank, America's Most Convenient Bank, is one of the 10 largest banks in the U.S., providing over 9.9 million customers with a full range of retail, small business and commercial banking products and services at more than 1,100 convenient locations throughout the Northeast, Mid-Atlantic, Metro D.C., the Carolinas and Florida. In addition, TD Auto Finance, a division of TD Bank, N.A., offers vehicle financing and dealer commercial services. TD Bank and its subsidiaries also offer customized private banking and wealth management services through TD Wealth®. TD Bank is headquartered in Cherry Hill, N.J. To learn more, visit *www.td.com/us*. Find TD Bank on Facebook at *www.facebook.com/TDBank* and on Twitter at *www.twitter.com/TDBank_US* and *www.twitter.com/TDNews_US*.

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Strategic Treasurer was founded in 2004 by Craig Jeffery, a financial expert and trusted advisor to executive treasury teams since the early 1990s. Partners and associates of Strategic Treasurer span North America and Europe.

This team of experienced treasury specialists are widely recognized and respected leaders in treasury. Known for their expertise in treasury technology, risk management, and working capital as well as other cash management and banking operations, they efficiently identify issues, creatively explore ideas and options, and provide effective solutions and implementations for their valued clients.

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