Opportunities Abound in Asian Treasuries

Asia is booming, and it is not just Asian companies but also global companies with operations in Asia. Regular readers of Singapore's leading daily business publication, The Business Times, will recall an article published earlier in July discussing survey results from PricewaterhouseCoopers' inaugural Asian-focused treasury survey.

Key findings which raised a few alarm bells include the following:

- While 66% of respondents were exposed to commodity risk in varying degrees, more than a third are not managing the risk at all
- Approximately half of the respondents used basic risk management techniques or a standardized approach to manage their financial risks
- The survey showed that less than one-third of respondents have real-time information on their cash position, and over 40% of the respondents do not have even basic cash-pooling structures in place
- More than 50% of respondents did not have a treasury management system in place, and those that did are only using the basic functions
- Respondents' key priorities in the near future are getting the right treasury personnel, more effective cash and risk management and TMS implementation

At CS Lucas, our industry observations are aligned to the key survey findings. We believe in doing the right things right, getting straight answers to complex financial questions. But many organizations, even the more enlightened ones, still regard corporate treasury as a cost centre with little value-add to the boardroom agenda. We have also found that very large organizations can still tolerate the risk of managing various products with rudimentary spreadsheets.

Clearly, there is a need to revisit the role of the treasurer. We need to effectively manage the broader enterprise wide risk via more sophisticated techniques to derive strategic benefits. The time is now for companies operating in Asia to address the challenges – managing financial risks, cash and liquidity issues effectively across geographically dispersed businesses, multiple emerging currencies, hedge accounting requirements and a diverse banking landscape.