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BRIEFINGS
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Treasury, Education and the Financial Crisis

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Since July 2007, the financial crisis has caused the collapse of many aspects of the financial sector. As corporations and banks feel the changes in the economy throughout their ranks and seek to cut back on various departments and services, there is one area that has experienced a boom of activity: treasury management.

The new financial hardships faced by financial institutions has caused them refocus their attention on supplementing, securing and growing their funds. Companies which have suffered financial set backs have refocused their efforts on liquid reserves and asset management in an attempt to keep themselves from folding. The responsibility of managing these financial areas rests with Treasurers.

The Treasurer's Role

Treasurers, often considered financial managers, have long been overlooked, viewed as relatively unimportant or poorly understood in the scope of business until the global financial crisis. At that point, high-level management turned to Treasurers to keep their organization from folding.

Treasurers have long been seen as only cash managers who direct an organization's budget to meet financial goals. However, core responsibilities include:

- Liquidity management.
- Investing funds.
- Managing risks.
- Foreign exchange.
- Supervising cash management activities.
- Executing capital-raising strategies to support expansion.
- Dealing with mergers and acquisitions.

The Future

As credit and funding becomes a priority and organizations seek to recover losses and protect remaining assets, treasury has evolved beyond traditional cash management activities into a more active and strategic role in directing how a company should use and preserve its funds. Additionally, treasurers now have the responsibility of educating and explaining various investment products and strategies to company heads before decisions are made to use them.

Treasurers now work more closely with Chief Financial Officers (CFOs) and business units, and have more direct contact with the Board of Directors and Chief Executive

Officer (CEO). Treasurers' opinions are actively sought when a company faces important financial decisions. This means the demands for well-trained treasury professionals will continue to intensify as the credit market continues to grow.

Despite their developing role, treasurers face a unique set of problems, such as:

- Distrust of complex financial instruments and investment programs has been heightened after such events as the Madoff investment scandal.
- Treasury products continue to be questioned in how they can add value to the business, reduce costs and improve controls.
- Treasury Departments must remain well-trained to operate in an increasingly stringent regulatory environment.

The Final Word

The role currently held by treasury professionals is changing as quickly as the economy. Treasurers must ensure they educate the organizations they serve as they are now considered key to business operations.

To remain competitive, Treasurers must continue to further their own understanding of their products and services and closely monitor any developments in the regulatory environments in which they operate.

Dr. Linda Eagle is Founder & President of The Edcomm Group Banker's Academy—a 21-year-old education and consulting firm dedicated to serving Banks, Credit Unions, Money Services Businesses and all areas of the Global Financial Community with thousands of generic and customized training programs in areas such as BSA/AML, Regulatory Compliance, Teller Training, Systems Training, Sales and Service Training, and many more.

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