

MAY 6 – MAY 13

2020

Global Crisis Monitor

An Immediate & Ongoing Survey of **COVID-19** Impact & Response

Weekly Status Update

May 14, 2020

TreasuryCoalition.com



TREASURY
COALITION

*...from Crisis **to Recovery**...*

Launched May 13, 2020, the **Global Recovery Monitor** will replace the Global Crisis Monitor and release a new iteration every other week to measure and map our path towards recovery.

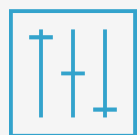


LEVERAGE THIS REPORT

THROUGHOUT THE DISRUPTION CAUSED BY COVID-19 AND THE RECOVERY A WEEKLY SURVEY AND REPORT IS RELEASED

Eight weeks into the Global Crisis Monitor (GCM), we see increasing signs of recovery, less pessimism and more optimism generally. The various aspects of these changes are fascinating to participate in and observe over time. We are so grateful for those who are participating by taking the survey and for those reading this information.

This is brought to you by the Treasury Coalition (TC) and the treasury and finance professionals from around the world who have contributed 1000+ responses to the series. There are a few new questions we cycled into this week's Monitor that you'll want to read about. Also, we are moving to a bi-weekly cadence now, and you'll note the name adaptation: The Global Recovery Monitor.



Treasury Vitals Measurements

You'll want to monitor the key 'vitals' (measurements) of attitudes, situation and responses of organizations, banks and government across multiple dimensions including: liquidity, employee care, 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

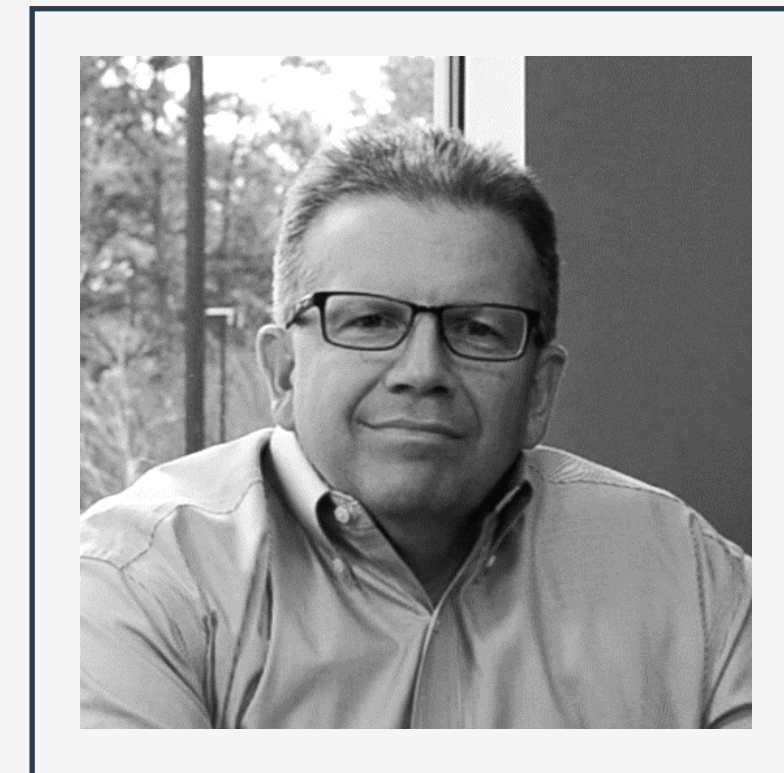
Instead of waiting until the end of the disruptive situation (health and economic impact in this case), we want to capture and share techniques and actions of others so that you may be able to benefit from a larger pool of experience.



Three Important Actions

We ask that you give 5 minutes every other week and get twice as much as you give:

1. **Take the new surveys** launched Wednesday mornings.
2. **Listen to the new podcasts** released Thursdays at noon (EDT).
3. **Read the new reports** released Fridays to the public (Thursdays to survey participants).



Taking 5 Minutes Every Other Week. Please invest about 5 minutes every other week to take the survey. This better arms you and your organization with the most up-to-date information on the crisis and recovery.

Thank you and kind regards,
Craig Jeffery

Managing Partner of Strategic Treasurer for the Treasury Coalition and the Treasury Profession
treasurycoalition.com



TAKE SURVEYS » *Wednesdays*



LISTEN TO PODCASTS » *Thursdays*



READ REPORTS » *Fridays*

GLOBAL CRISIS MONITOR

IMMEDIATE AND ONGOING SURVEY OF THE IMPACT OF AND RESPONSE TO SIGNIFICANT GLOBALLY DISRUPTIVE EVENTS

Everyone loves dissecting an event after the fact: Seeing the start and then escalation of an event, watching awareness grow, seeing responses and reaching the inflection point. Then we note how the economy, company or global business environment recovers to a state of normalcy and then, perhaps, to accelerate out of the crisis or problem.

The finance profession generally and treasury specifically are a reasoning, pragmatic and unemotional bunch. They like to know facts, understand risks and communicate clearly. They are not distracted too easily by loud noises or major shifts. Nonetheless, from time to time there are events or disruptions that leave the profession wanting more information and seeing insights from a large number of their peers - and they want those insights and data quickly.

Hindsight is often closer to 20/20, but it arrives too late, like the response of 'watch your head' after you have bumped on the overhead bin. We think that it would be far more helpful to see what others are doing, learning and thinking more rapidly, to get closer to real-time when mid-course adjustments are in order, or simply to know that you are following what many leaders are doing for good reason.

The intent of this Treasury Coalition survey, the Global Crisis Monitor, is to provide rapid exploration and responsive reporting on major factors impacting the profession in collaboration with other leading treasury organizations. The coalition aspect is designed to find common points of concern, with multiple leading treasury organizations leveraging their networks to ensure the most rapid and comprehensive results for the good of the profession.

We believe that having information and insights sooner is better than later. As we gain insights over multiple events, we may as an industry gain better leading indicators that let us know when to expect the inflection point and a return to normalcy.

Our thanks to you, the reader and the respondent to these frequent mini-surveys, which allow us to monitor the situation together and respond in a more prepared manner. You help yourself, your company and the industry. We appreciate the teamwork.

Organizational survey response details remain strictly confidential and are not shared or used for any other purpose than the survey itself.

**“It is not the ship
so much as the
skillful sailing
that assures the
prosperous
voyage.”**

- George William Curtis



TREASURY COALITION

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.



HOW HAS COVID-19 IMPACTED TREASURY?

TRANSITIONING UP OUT OF THE CRISIS TOWARDS RECOVERY

Company outlook on liquidity position and all four major sentiment factors moved positive this week, confirming that more light is remaining on a week-to-week basis at this point in the Monitor. The extreme extension of the health situation seen in a prior week's Monitor (doubled in week 6) has lengthened back to about 10 months. Finances are delivering positive signals, with financial normalcy shortening to about 8 months, while the 3- and 12-month economic indicators point to a 10-month equilibrium.



FINANCIAL NORMALCY PULLS BACK TO ~8 MONTHS

The timeframe to achieve financial normalcy is now back at eight months. This sits in tighter than the 3-month & 12-month economic outlook showing 10 months.



HEALTH SERIOUSNESS RETURNS TO 10 MONTHS

After living in the 5-6 month range for the first five weeks of the Monitor, the expectation for when COVID-19 will reach a minimal health impact doubled to 10 months in week 6 and remains in this range.



COMPANY LIQUIDITY: POSITIVE x4

Changing perceptions on organizational liquidity make it 4 weeks in a row of improving outlook, with 35% indicating a positive movement and 17% more negative.



BANK CREDIT DROPS TO NEUTRAL

Access to bank credit moved sharply to neutral from a multi-week positive cycle. Views on fiscal policy shifted into negative territory this week accompanied by a slide of Central Bank provided liquidity.



1,000+ GLOBAL RESPONSES

The Monitor audience continues to grow, as we continue the Monitor and celebrate over 1000 responses from across the globe.



FRAUD ESCALATION IS REAL

The survey showed that communication on fraud was up, as were actual attacks and attempts. The numbers: 56% and 36%. The meaning: page 11.



FORCED RANK CONCERNS

Direct financial impact to the business and recession concerns were the top two organizational concerns. Access to adequate liquidity ranked a solid 3rd.



A/R CONCERNS...CHANGE

Concerns about A/R maintain their undefeated streak as the most negative liquidity concern, but now sit at only 7 to 2 negative to positive ratio.



PERSPECTIVES

WHAT CHANGED IN SENTIMENT THIS WEEK?

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.

The perception of the impact to the company and community & family both improved over the prior week (>5.0) for the fifth time in a row. This helps support the shift in the Monitor naming beginning next week from the Global Crisis Monitor to the Global Recovery Monitor.

The line at 5 represents an unchanged view from the prior week. If the arrowhead is placed above the line, the perception has improved since the last 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.



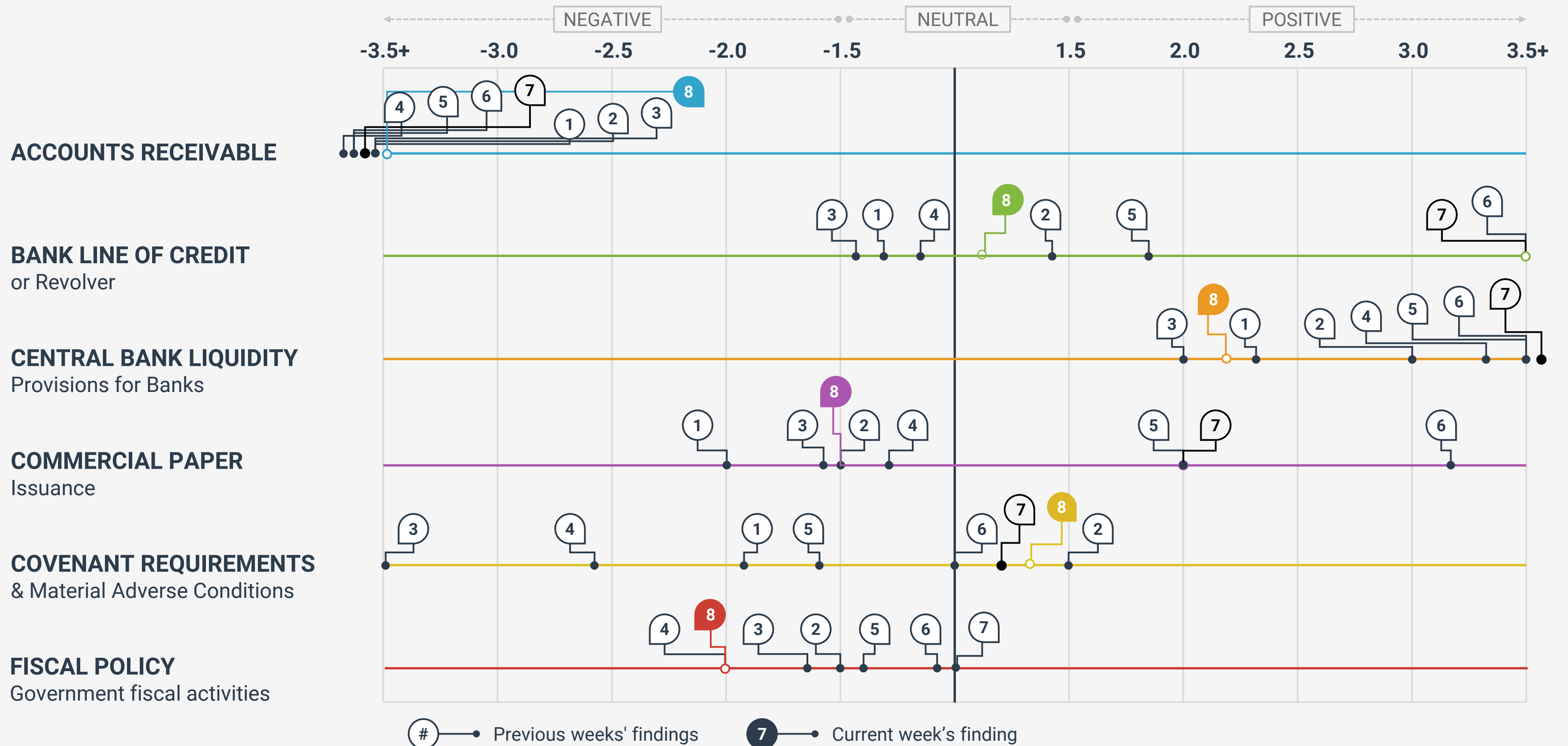
DEBT & LIQUIDITY

WHAT ACCESS DOES TREASURY HAVE?

Cash is King. In times of disruption and crisis, much attention is paid to the King. This graphic measures a handful of elements that add to or detract from an organization's liquidity.

While the Accounts Receivable outlook remains the most pessimistic, it is now just at the negative border of our chart at 3.5X negative. This is the first time it has been less pessimistic than 5X since we began the Monitor.

Understanding the chart: The teardrops replace the barbells and represent the ratio of more-concerned vs less-concerned. Numbers within the teardrop indicate historical positioning, with an 8 representing week 8 of the Monitor. Please note that the chart is bounded at <3.5 and >3.5.



TIMING ESTIMATES

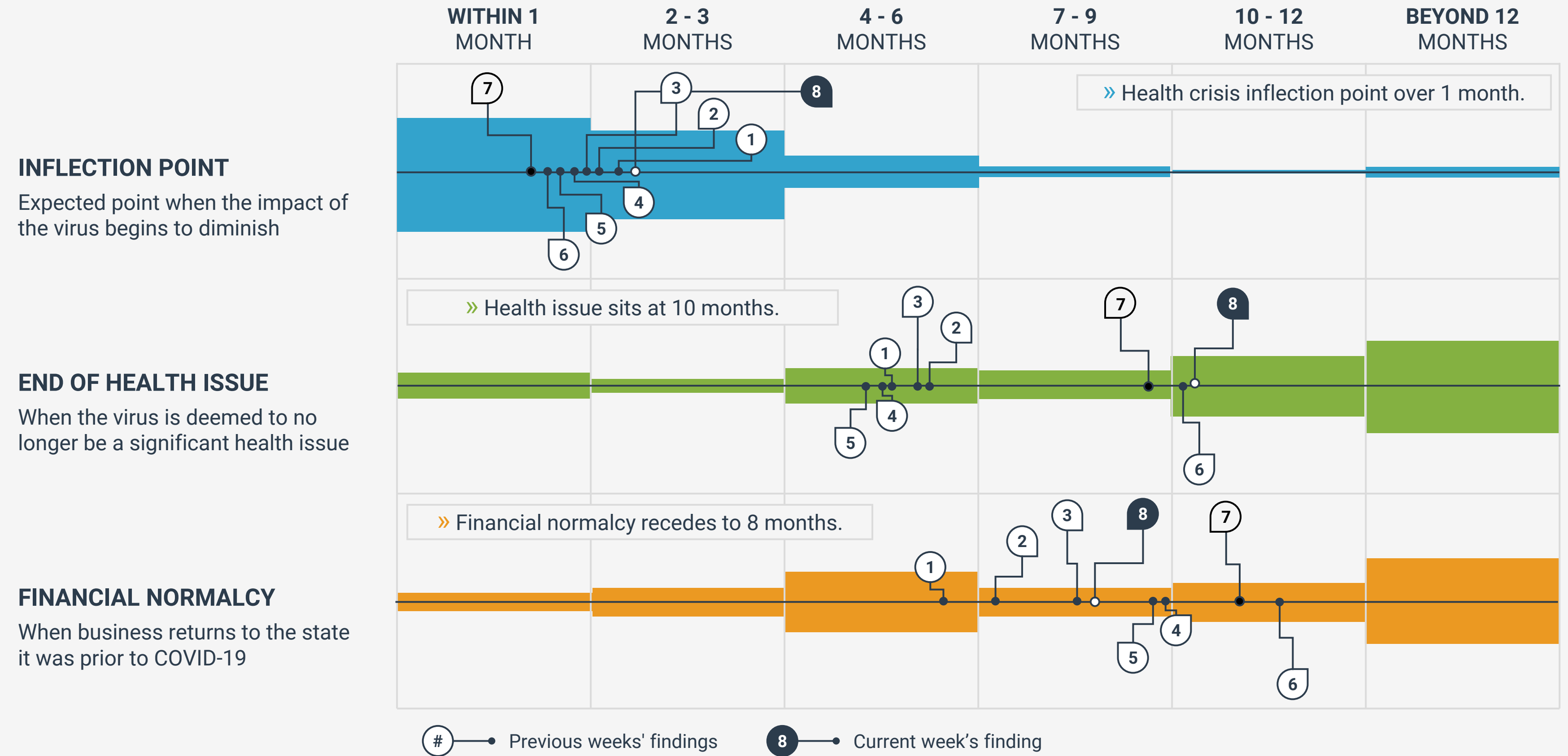
FINANCE NOW AT ~8 MONTHS

These three graphics represent key milestones in the recovery and return to normal times medically and financially. 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 length of COVID-19 remaining as a significant health issue extended to 10 months, while expectation of a return to financial normalcy receded this week again to eight 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 week of the Monitor.



ECONOMIC VIEWS

ECONOMIC EQUILIBRIUM: 10 MONTHS

This graphic shows the perspectives on the overall economy across two time domains: 3 and 12 months. There are three separate rectangles from top to bottom showing positive, neutral and negative economic outlook.

ECONOMIC TURNING POINT PULLS IN

The outlook for economic status in the 3-month and 12-month time domains both deteriorated slightly.

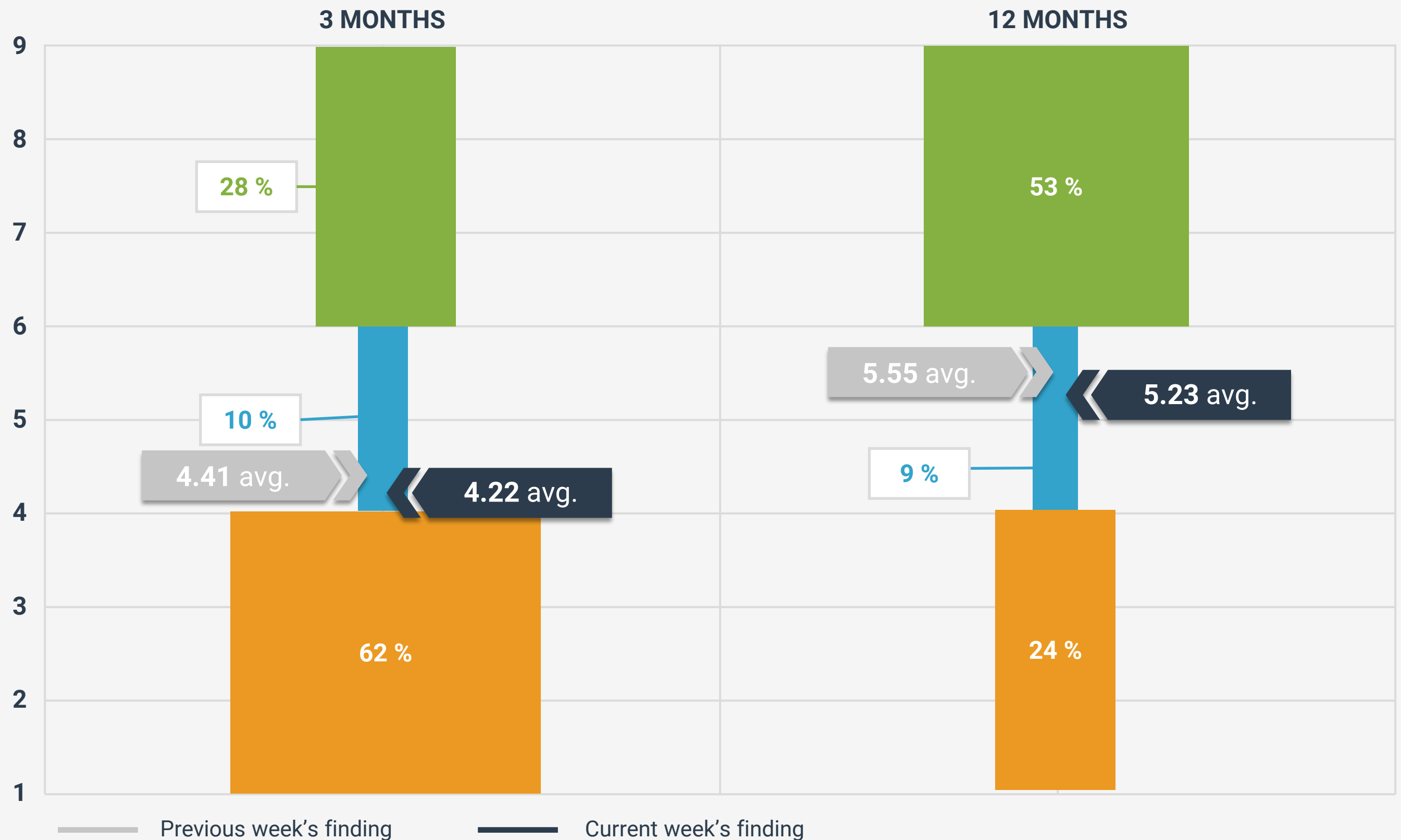
The 3-month outlook spent a 3rd week in the "4s," indicating moderate pessimism during this time span.

The 12-month outlook moved back down but remains moderately optimistic.

Extrapolating from these numbers, we see the expectation that the economy achieves 'normal' status in March 2021.

The numbers in the middle of the chart show the average selection. A 5 represents neutral view. Below 5 is pessimistic, and numbers above 5 show optimism.

The rectangles represent the outlook on the economy, and their size and number reflect the proportion of the views for each time domain. The green is the optimistic viewpoint (6-9 from the survey). Orange are pessimistic viewpoints (options 1-4) and the blue show the neutral. The dark arrow blocks show the average response from all respondents.



STAFFING LEVEL MOVES

STAFF DECREASES THEN INCREASES IN 3 MONTHS

We asked respondents to share their anticipated staffing levels over three time periods. Did they lay off staff, maintain staff or add to staff? The time periods were 1) the preceding four weeks, 2) the next four weeks and 3) three months in the future. We were eager to learn what had happened and what were the more immediate expectations. Looking out longer than three months, given various uncertainties and disruption, would seem to be asking the respondents too much.

The past four weeks were clearly quite harsh on staffing, as you can see from the numbers and as we hear from jobless reports. The next month also looks to be harsh, though less so. This may be signaling that finance believes we are closer to the bottom. Out just three months, we have the first positive gap, with 9% (net) firms expecting to add staff by then through rehiring or new roles.



	Laying Off	Maintain	Hiring	Gap
Past 4 Weeks	21%	75%	4%	-16%
Next 4 Weeks	15%	81%	5%	-10%
In 3 Months	18%	56%	26%	9%

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%**

IMPORTANT BI-WEEKLY ACTIONS



TAKE THE SURVEYS



LISTEN TO PODCASTS



READ THE REPORTS

THANKS TO OUR PARTNERS



axletrees.com



bellin.com



bottomline.com



fides.ch



gpsfx.com



gtreasury.com



highradius.com



icdportal.com



iongroup.com



kyriba.com



phoenixhecht.com



thecarfanggroup.com



tis.biz



3vfinance.com



tmany.org



treasury-webinars.com



treasuryxpress.com