

Finance Directors renew focus on governance as the risk of black swan events threatens business outcomes.

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Birchstone Markets' benchmarking data highlights concerns about the bottom line, and reduced business and FX confidence. Financial Directors are focused on mitigating risk and reducing exposure to future shocks.

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New benchmarking data from Birchstone Markets has revealed that Finance Directors are now focused more on governance strategies and are less risk-averse in volatile FX markets. The research shows that they are spending more time on governance and risk mitigation strategies to hedge against future shocks. Business decisions require more justification, and confidence in FX decisions and strategy is waning.

Today, Birchstone Markets launches the latest insight into Financial Directors' appetite for FX risk, in addition to taking a closer look at the impact of external shocks on confidence and behaviour.

The report features data and analysis from surveying over 100 Finance Leaders in the UK throughout 2022 and 2023. Birchstone's proprietary technology was developed by experts in financial psychometrics and assesses risk profile, confidence, attitude, and economic outlook.

The outcome shows a reduced confidence in FX and an uncertain outlook on business and economic performance. With reduced confidence, governance is a priority, and FDs are concerned about the effects and costs of FX resulting from significant market shocks.

Jonathan Pryor, Birchstone Markets Managing Director, says,

'FX often lives in the shadows for corporates, and it's only when you think about these external shocks that you really feel the pain and understand the magnitude of macroeconomic influence on your everyday operations. But now, it's less about the market-driven event, and more about, as a business, how efficient are you being? Don't wait for something to happen to act - instead, tackle it head-on. There has never been a more important time to make sure that you are working every element of your

business as hard as you can, and that includes FX. ”

The news in numbers:

Inflationary pressures and margin squeezes have driven a renewed focus on FX as a main treasury challenge, with a 15% growth in the last 12 months. Noting FX accounts for 46% out of 5 categories. The proportion of FDs who would be very stressed by a costly FX decision has increased by 121%. FDs are more risk averse in these uncertain times with the data showing less willingness to take financial risks (516% YoY growth)

Governance has risen up the agenda as a key objective for 35% of FDs, compared to 25% in 2022. FDs continue to show concern on business outlook, with 28% of FDs lacking a positive view on their business performance.

James Arnold, CEO and Co-Founder, says:

‘Over the last few years, we have seen increasing incidences of tumultuous black swan events, sending reverberations around the global financial system and society as a whole. That means that risk strategy is more important than it has ever been. Taking advantage of this time and being opportunistic will help you to lay the right foundations to protect against future shocks and build a more robust, competitive approach’

An FX and risk management strategy can help maximise profits, optimise working capital and ensure financial compliance and stability. Data-backed decisions allow FDs to make more informed and justified choices. These plans come into their own when unexpected shocks occur, and governance helps build long-term resilience.

About Birchstone Markets

Birchstone Markets is a boutique provider of corporate treasury services, including risk management, commercial finance, and cash management.

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