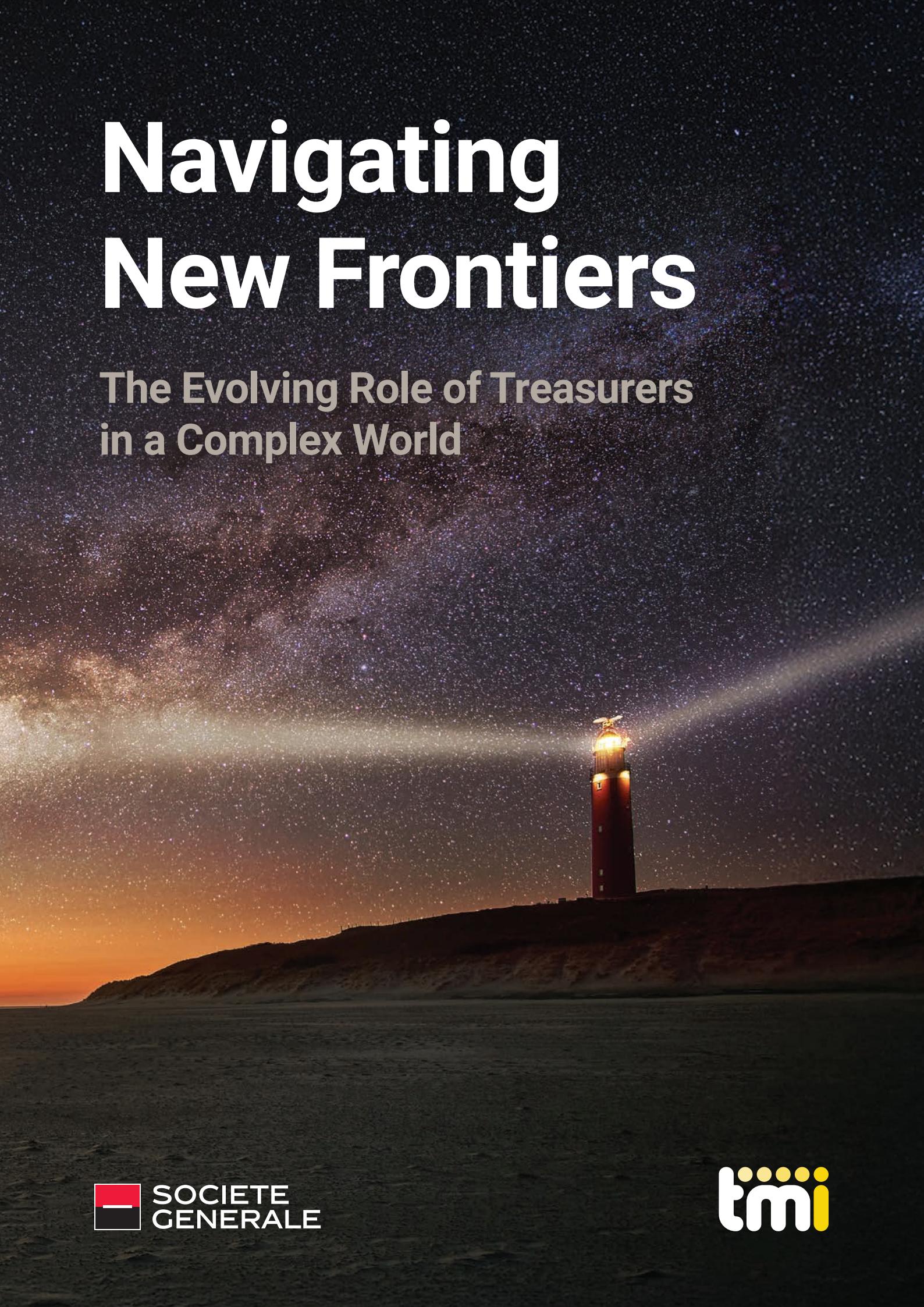


Navigating New Frontiers

The Evolving Role of Treasurers
in a Complex World



Navigating New Frontiers

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ESG is now integral to corporate strategy. For corporate treasurers, this understanding applies more pressure to incorporate sustainability in their day-to-day operations. In this chapter we consider not just how ESG can be baked into the everyday, but also how treasurers can be at the forefront of strategic developments led by sustainable thinking. With reference to cutting edge solutions such as Societe Generale's Transition Opportunities Potential (TOP), readers will be able to tackle the application of ESG with confidence.





INTRODUCTION

Navigating New Frontiers The Evolving Role of Treasurers in a Complex World

David Abitbol, Head of Global Transaction and Payment Services, Societe Generale, introduces a new whitepaper tying key treasury themes together with the thread of current market uncertainties.

Welcome to this new Societe Generale whitepaper, in which we bring together four of today's most pressing topics for corporate treasurers. All are connected, in the midst of ongoing global trading uncertainty, by the urgency with which each must be tackled, whether in risk mitigation or in the leveraging of opportunity.

The aim is not to restate the obvious about the topics of instant payments, supply chain finance (SCF), trade finance, and ESG. But instead, in the company of some of our leading subject matter experts, we aim to untangle some of their more persistent complexities.

While 'under the hood' our experts will be exploring the mechanics and conundrums of each topic in some detail, our primary aim is to present to treasurers a set of possible next steps that are adaptable to their own circumstances. Ultimately, as the title of this whitepaper suggests, the

objective is to reassert treasury's status as a source of both strength and vision within their organisations in times of great uncertainty. We hope the information contained herein will prove a useful resource in validating that statement.

While Instant Payment (IP) has made a strong push into consumer circles, the same cannot be said for corporate treasury. Acknowledging uncertainty around use cases, value propositions, and compatibility with structured end-of-day processes, **Travelling Companions: Treasury's Journey Towards Instant Payments** takes readers through the treasury transformation challenge. It explains the arrival of real-time fraud detection tools such as verification of payee (VoP), and how collaborative thinking facilitated by Societe Generale's regular client workshops is now bringing those use cases, value propositions, and process upgrades to life.

In the context of escalating global political instability and trade tariffs eroding business confidence, the section **Geopolitical Upheaval: Mapping the Consequences for Trade Finance** unpacks transformations in corporate strategy. With companies reassessing project investments in the US, and increasing evidence of shifting trade corridors, the effect on trade finance is revealed. We'll look at how digitisation, under the auspices of initiatives such as the International Chamber of Commerce's Digital Standards Initiative (DSI) and adoption of the Model Law on Electronic Transferable Records (MLETR), is slowly winning the battle against process inefficiency, despite the persistence of a few technological and legal hurdles. And with the emphasis on increasing automation, standardising platforms, and fostering fintech-bank co-operation, we'll also discover how banks such as Societe Generale are actively supporting long-term trade finance stability and resilience.

The section entitled **From Crisis to Opportunity: Unlocking the Power of Supply Chain Finance in a Volatile World**, tells of the resurgence of SCF as a tool for managing working capital and supplier relationships. We investigate how SCF has evolved, with growing interest in extending financing upstream to the long-tail of supply chains, and the rise of multifunder platforms. We'll also look at the emerging concept of payment terms extension 'beyond the initial term'

and how, for the first time, this could serve the conflicting needs of both DPO and DSO without involving suppliers.

In **Balancing ESG and Treasury Priorities in Uncertain Times**, we consider how, with ESG now integral to corporate strategy, corporate treasurers are playing a significant role in its delivery. We examine why treasurers are compelled to balance long-term sustainability goals with short-term financial returns. Additionally, we explore how geopolitical tensions are redirecting supply chains and how firms are adapting to these developments. We'll also reveal the moves being taken by innovative companies to build cross-functional ESG capabilities and weave them into their transition financing strategies, aided by the latest methodologies such as Societe Generale's Transition Opportunities Potential (TOP).

As we stand at the crossroads of unprecedented change and complexity, the role of the corporate treasurer has never been more pivotal. This whitepaper is not merely a guide through current challenges but a call to embrace a mindset of agility, innovation, and strategic foresight.

By harnessing the insights and tools explored within these pages, treasurers can transform uncertainty into opportunity, driving resilience and sustainable growth for their organisations. Together, let us navigate these new frontiers with confidence and vision, reaffirming treasury as a cornerstone of strength and progress in a rapidly evolving world.



David Abitbol
Head of Global
Transaction and
Payment Services,
Societe Generale

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This whitepaper is not merely a guide through current challenges but a call to embrace a mindset of agility, innovation, and strategic foresight.

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NAVIGATING NEW FRONTIERS | CHAPTER 1

Travelling Companions

Treasury's Journey Towards Instant Payments

The adoption of instant payments has come far in treasury but there's still a long way to go before it becomes the norm. Societe Generale's Emmanuelle Fischer, Head of Payments and Cash Management, explores the roadmap and reveals the bank's readiness to accompany its corporate clients on their journey.

While instant payments (IP) usage has increased in recent years (according to the European Central Bank's annual report from December 2024, the daily number of IP transactions has increased by 72% in 2024 compared with 2023), the ability to make rapid fund transfers has

mostly been adopted in the retail/B2C space, notes Fischer. The lower uptake by corporate treasurers, is, she says, largely as a result of most still feeling uncertain about the use cases and value propositions of IP.

In a B2C environment, the offer of IP – which according to SEPA Instant Credit Transfer (SCT Inst) rules must be settled within 10 seconds and be available 24/7 – presents a clear advantage to firms, observes Fischer. One reason is that it helps increase customer satisfaction, for example where refunds are issued and made available to the customer in near real-time.

In the B2B space, however, IP does not necessarily sit well with the day's treasury activities which are typically well-structured and organised. Many treasury tasks are geared towards meeting the cut-off times imposed by interbank liquidity management systems that still experience daily end-of-business periods, weekends, and annual closure days.

For treasurers, these cut-offs effectively close the day for the company. This marks a clear cash position and liquidity boundary, on which the posting of their overnight cash deposits, for which they may earn interest, may be based. However, with IP potentially being executed and received at any time, the broad-based adoption of IP by treasury into B2B will turn this long-standing and well-rehearsed structure on its head.

While the traditional approach enables a treasurer to execute payments according to a schedule, then build a picture of its end-of-day cash position, and leverage overnight deposits with banks whenever possible, Fischer believes that IP "can help them move a step further". This could be especially beneficial for rapidly resolving payment issues, or accelerating cash position updates. It could, one day, even see intraday interest paid (possibly hourly) on bank deposits. That same frequency could equally be applied to interest rate recalculations on overdrafts, for example.

This is conjecture, of course, and Fischer accepts that when IP becomes the norm, and both bank and treasury systems will be aligned with real-time thinking, then treasury's level of control over its end-of-day cash positions could diminish.

Everyone is still learning

In order that critical mass of IP usage is reached, it requires a balance to be found between traditional and real-time mechanisms. The challenge here, notes Fischer, is that the

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SEPA credit transfers are already very efficient, often with payments executed within one hour.

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mechanisms required to handle 24/7 flows in treasury are simply not ready. Indeed, she comments, the "creation of the treasury of tomorrow" raises many questions that are still seeking answers, for both bank and corporate client alike.

To address these challenges, it is essential to advance core treasury technologies, such as the TMS, and payment processes that have until now been steered by traditional cut-off times.

However, progress towards greater IP take-up also requires a more concerted educational effort by those that seek to promote its use, such as the European Banking Authority (EBA). Regulatory responses, particularly in Europe, have been decisive. The roll-out of the EU's Instant Payments Regulation (IPR), which came into force in 2024, mandates that all banks and payment service providers (PSPs) in the Eurozone support SEPA instant credit transfers (SCT Inst) for incoming payments since January 2025, and for outgoing payments by October 2025. Furthermore, part of the IPR's push to accelerate the adoption of SCT Inst acknowledges the fraud concerns of users.

Indeed, a major concern around IP for treasurers in particular is its increased potential for fraud. The EBA has indicated that instant transfers are around 9 times more likely to be fraudulent than standard credit transfers. The immediacy of IP and the emergence of new threats such as authorised push payment (APP) fraud (where the victims initiate the transfer themselves having fallen for devious manipulation techniques such as phishing), have called into question the wisdom of adopting IP in some instances, particularly in treasury.

The technical solution is the introduction of real-time fraud monitoring and stronger third-party validation. Key among these is Verification of Payee (VoP), a feature that seeks to verify a match between the IBAN and the beneficiary's name for both instant and standard SEPA transfers. The scheme provides the essential technical framework to facilitate interoperability between PSPs so that all requests to verify a

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At a high level, clients need to know about the degree of internal reorganisation it requires.

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name-IBAN combination, and subsequent responses, can be exchanged across different systems.

VoP arrives as the current €100,000 SCT Inst cap is due to be removed in October 2025. However, most banks will propose to their corporate clients that they set their own limits according to their operational capacity and risk appetite.

IP in the real world of treasury

While B2C clients have clearly grasped the nettle, and many are now fully leveraging IP, the B2B space remains uncertain as to the best way forward, observes Fischer. The IP waters were somewhat muddied by the harmonisation that SEPA brought to the industry a few years ago. "SEPA credit transfers are already very efficient, often with payments executed within one hour," she notes. "It's another reason why a company really needs to identify the added values and use case of IP."

While this may suggest that for many corporates IP remains off the table, this really is not the case, stresses Fischer. "I've not spoken to one company for whom IP is not for them. They have all been thinking about how they can benefit from it."

And indeed, there are already some strong B2B use case contenders. In the M&A process, for example, Fischer notes that a series of payments can sometimes be required to meet a deadline. But if delays are created by legal process, for example, a useful addition such as IP suddenly becomes an essential one because failure of an M&A deal can be extremely costly.

The speed and irrevocability of IP could also become criteria for selection for some corporates when issuing their commercial offers, she continues, as IP can become a differentiating factor. However, she accepts that IP will not always be a game-changer, and for the many companies that currently view IP positively, finding a suitable everyday outlet for them depends on the nature of their business and on the information and support offered by their banks.

Co-creating a new world of payments

"This is an active and ongoing process for us; we have a deep dive underway with a number of our clients as we seek to identify innovative solutions for the treasury of tomorrow," Fischer reveals. A key part of these frequent, two-hour interactive usually 20-strong client sessions, is devoted to finding new use cases for instant payments.

"We discuss the impact of IP on treasury, and we try to address all of their questions," she explains. "At a high level, clients need to know about the degree of internal reorganisation it requires, in terms of systems, infrastructure, data management, and processes, and the changes that will be required at the bank end too."

But she adds that the sessions also cover clients' everyday practical challenges related to IP, such as how they can manage out-of-hours payments and maintain accurate cash positions. They also examine how they can ensure they have adequate liquidity or credit lines with their banking partners and the measures they can take to continue optimising their deposit allocations. Topics also, of course, include updates on the latest in fraud and cyber detection and prevention, including VoP and how clients can manage payment rejections.

"During these sessions, sometimes there are more questions than answers, particularly at an early stage," admits Fischer.



Emmanuelle Fischer
Head of Payments and
Cash Management,
Societe Generale

We can work with clients to identify new use cases and opportunities, with some clients requesting additional workshops to help them understand an even fuller scope of IP possibilities and requirements.

"But once we're underway, we can work with clients to identify new use cases and opportunities, with some clients requesting additional workshops to help them understand an even fuller scope of IP possibilities and requirements, so that once they switch, they can make the most of it."

Towards new frontiers

As IP progresses, Fischer says awareness needs to be built in particular around the One-Leg Out (OLO) Instant Credit Transfer (OCT Inst) scheme. This is a European Payments Council (EPC) payment initiative enabling incoming and outgoing international instant credit transfers. It uses the automated funds transfer systems available in the euro-leg and, where possible, similar systems in the respective non-euro-leg countries. This is expected to offer users cross-border payments execution with all the advantages of IP, and could mark a significant development in corporate treasury interest in the IP movement.

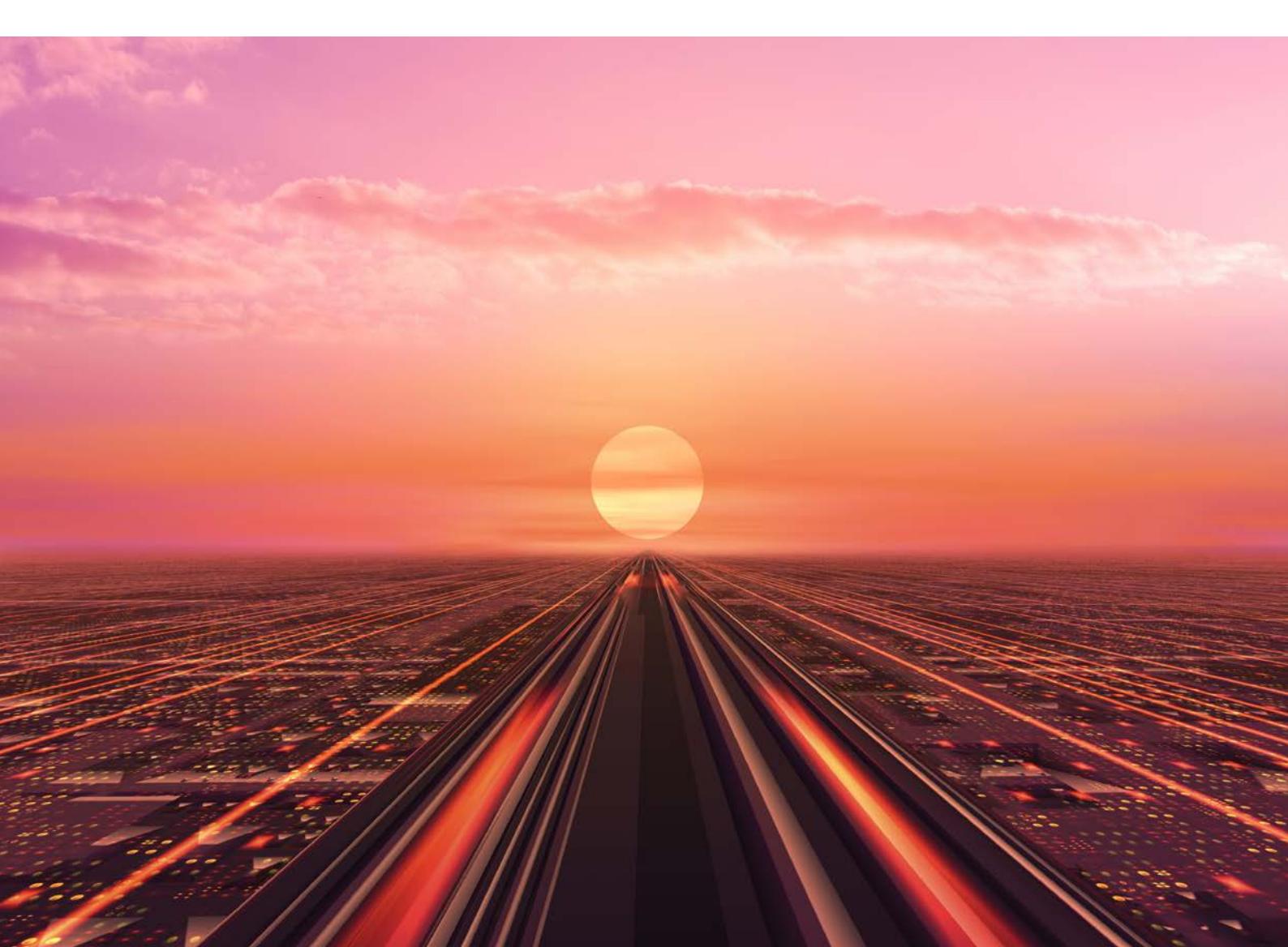
But there is even more to come in this space, states Fischer. "We think that IP could be a door opener to AI because everything is live. That opens up the possibility for real-time treasury payments analysis, which in turn could facilitate the adoption of AI-based reconciliation reporting and cash forecasting."

All it requires is for more banks and their corporate treasury clients to open up to the discussion, understand how IP can help, and then start building many more use cases. "It will take time," Fischer acknowledges. "But at Societe Generale, we are ready to accompany our clients on this journey."

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NAVIGATING NEW FRONTIERS | CHAPTER 2

Geopolitical Upheaval

Mapping the Consequences for Trade Finance

Emmanuelle Petelle, Deputy Head of Trade Services, Societe Generale, explores the impact of current volatility in the trade finance space and presents some effective solutions for treasurers.

The global trade landscape continues to develop at pace, with the value of goods and services hitting an all-time trade high of \$33tr. in 2024, according to the UNCTAD Global Trade Update for December 2024. It does so despite the persistence of inefficiencies inherent in trade's paper-based documentation processes and, frankly, cumbersome

old-world practices. And now, of course, many trading partners are exposed to the additional risks created by new and emerging geopolitical crises.

These risks, notes Petelle, represent not only a "major disruption" to traders and trade finance but also to the trade process itself. Business confidence between countries is being eroded by certain political actions and responses, not least around trade tariffs, which, though broad-based, have impacted the automotive and electronics industries particularly hard.

These concerns are clearly reflected in the study conducted by the International Chamber of Commerce (ICC) Pulse Survey of April 2025: the increase in costs worries 64% of the surveyed companies, followed by uncertainties regarding planning (47%) and disruptions in supply chains (45%).

The degree of unpredictability faced by trade has caused some downward revisions of growth forecasts globally, with the prospects of lower revenues for all companies exposed to the US. The World Trade Organization (WTO) issued a report expecting the volume of world merchandise trade, under current conditions, to fall by 0.2% in 2025. The decline, it noted, is expected to be particularly steep in North America, where exports are forecasted to drop by 12.6%.

Petelle comments: "We had a number of clients that were planning to invest in the US but who now feel they cannot pursue those investments in such a volatile environment. Therefore, I have seen some sectors already facing major disruptions in their innovation programmes, such as the auto sector's shift towards electric vehicle production."

The changing face of trade

To counter tariff-based revenue losses, China is beginning to export at a much faster pace outside of the US, generating "fierce competition" in its target markets, notes Petelle. "While their revenues are uncertain, many of our corporate clients are looking to increase their cash reserves, but they do so at the time when short-term rates in Europe are heading lower. In the US too, corporates will be considering putting aside more cash to manage their inventories and running costs in this unsettled environment."

Of course, uncertainty leads to budgeting challenges. This is leading to companies accessing the bond markets in greater numbers this year, and an increasing uptake of supply chain and receivables programmes, as firms seek to secure funding. "In the midterm, we're anticipating a negative impact on certain corporate investments, for instance, in renewable energy," says Petelle. "More

generally, corporates will have to revise project planning costs versus revenues as they are forced to rerun their business plans, especially in the US where the price of key components from China are rising."

There are few positive factors that businesses can input into their project mix. A weaker US dollar and lower cost of energy could help cyclical industries to an extent, she suggests. Europe is also heading towards lower short-term rates (long-term rates are "a different story"). This may assist companies seeking transformation, such as those in petrochemicals, where such rates may balance out some of the uncertainties, even if they will not necessarily compensate for lower overall revenues.

In the longer term, there is a need for reindustrialisation in Europe. "We've seen that especially in the aerospace defence industry where the push is to become more independent, but also in terms of the region's capacity to host other critical industries. It will also raise the debate across Europe as to the extent of imports of advanced technologies from China."

The direction of those investments will inevitably demand funding as state support is uncertain, Petelle notes. However, a long-term trend remains in certain sectors where, for the time being, investments are not being scaled back on data centres, for example. And while renewable energies may currently be less in favour in the US, they are "still a priority for most countries".

With many trading nations rerouting their channels, there is an increased support for "some large renewables projects" in Europe, in the Middle East and Africa, involving Asian and European companies. Indeed, China, over the past few years, has been diversifying and developing trade routes into Latin America, and India is stepping up its involvement in the Middle East and Africa. These new corridors will likely persist once established.

Still fit for purpose

Despite rampant trade uncertainties, treasurers are typically well equipped to manage, believes Petelle.

“ We had a number of clients that were planning to invest in the US but who now feel they cannot pursue those investments in such a volatile environment. **”**



"A number had pre-empted tariff increases, with Chinese and European companies building factories and developing projects in the US, for instance. But we are still active with short-term trade solutions, especially LCs and guarantees, continuing to secure our clients' imports and exports."

The lack of new financial products in trade, despite a clear need for support, indicates that "classical" offerings remain generally fit for purpose. The challenge comes as smaller firms, or those with high-volume and low-value trades, try to protect their financial interests, says Petelle. "It's going to be slightly more difficult in some cases because the cost of these tools is quite high for the banks, especially when you add in capital allocations needed on the bank side, and the cost of processing documentary credit." It creates an environment where banks are becoming even more selective in terms of clients, countries and the size of deals they wish to accommodate.

The case for digital engagement

However, the push for digitisation of trade finance, at least among certain products such as the e-LC, the Swift MT760 e-guarantees (for standby LCs), and even documentary collections, should help boost stakeholder connectivity, drive efficiencies, and reduce processing costs, potentially even opening up new trading opportunities.

The arrival of secure multi-bank trade finance platforms such as Komgo has also helped to introduce different stakeholders to digital trade, although many other platforms have come and gone, being technologically sound but failing to generate critical user-mass.

Trade documentation therefore remains paper intensive. It has been calculated that for each transaction, up to 36 documents and 240 copies are typically involved, resulting in an estimated four billion new paper documents per annum exchanged by banks. Besides which, compliance verifications against circa 400 ICC rules remain substantially manual and time-consuming. It creates, for instance, a process that can take up to 15 days to execute a single paper-based LC, regardless of its amount and counterparties.

To its credit, the ICC Digital Standards Initiative's (DSI) 18-month journey towards its Key Trade Documents and Data Elements (KTDE) report, is seeking to harmonise 36 key trade documents. Such co-ordination of trade documents is a vital step towards global interoperability.

While electronic systems exist to overcome some of the issues, Petelle suggests that "there is a certain lack of willingness" among some countries to proceed with the transfer of documents into an electronic state, primarily

because it requires significant investments in technology. However, she says that the Model Law on Electronic Transferable Records (MLETR) has been created to provide a legal technology-neutral framework that enables their use. The adoption of this framework, she believes, is a necessary next step towards the digitisation of trade.

But only 10 countries have so far adopted it. The ICC has set an ambitious goal of 100 MLETR-compliant countries by 2026. As an interested party, Societe Generale is a firm ally of this project. It also fully supports the Paris Europlace initiative to accelerate the adoption of digital solutions in France. The critical areas of focus here are on e-BLs, e-LCs and digital documentary collections.

MLETR provisions were enacted in France in June 2024, with full applicability expected in the first half of 2025. Societe Generale actively contributes to the working groups the initiative created, notably its Advocacy pillar. This is driving deeper dialogue among stakeholders from across the trade community. Efforts are underway for the development of multiple proofs of concept (PoCs) with several commodity and non-commodity corporate clients and their banking counterparts worldwide.

Despite obvious points of progress, it's all taking longer than expected; the reason, explains Petelle, is that not only do many countries have more important items on their agenda right now but also trade finance – a complex topic at best – is a subject that all too often goes unnoticed by politicians. "It's definitely a question of investment in education," she states. "Considerable work remains, particularly in emerging markets where legal and technical infrastructures, as well as the ability to invest in change are somewhat lagging."



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Technology has a clear role to play, and in terms of mitigating trade risk at a product level, as Petelle has already asserted, traditional solutions remain fit for purpose. But when it comes to opening up and operating in a new jurisdiction, most international bank clients also value the local knowledge and experience offered by their providers. "It's not only about technology and product set, it's also about being able to advise clients on guarantee wordings and facility clauses."

Working in the background

While digitisation will continue to play a major role in the process efficiency of trade finance, banks are working on automation as a means of lowering the cost of transactions. Straight-through processing (STP) is a common goal among them, notes Petelle.

This ranges from front to back office, and necessarily includes compliance checking, especially regarding the increasing burden of European AML laws. "We are closely scrutinised on this. But the cost of those checks is increasing and we need to automate this for all transactions, and for some time, we've been expanding our use of AI to assist."

Despite increased regulation, complexity, risk, and costs in trade finance, there hasn't been a recent exodus of providers. However, as noted previously, some institutions are becoming more selective about the clients and countries they serve, and smaller or low-value traders are experiencing limited access to trade finance, indicating that there is still significant work to be done behind the scenes.

"It's vital that banks continue working on mutualised platforms, secure exchanges and the standardisation of interconnectivity," comments Petelle. "It's why Societe Generale continues to collaborate with Swift on e-guarantees, for instance. In fact, we think that the more standardisation there is in the industry, the better it will be for all stakeholders."

She continues: "Corporate clients still need a range of funding solutions across the world. Of course, banks will

continue to seek out appropriate fintech partners, helping them to develop the right solutions and reach for each market, so for the time being, we don't see any major disruption in trade finance products."

Facing the future

On the other hand, current levels of disruption by other elements are all too real. Even though in the short term, flows between banks may have been slightly restrained, Societe Generale's own pipeline "remains steady". The true impact of recent events will not really be observable until 2026, comments Petelle.

With the trade space facing continued volatility, it's time for action now. Key pointers for the industry include encouraging the adoption of favourable legal frameworks, such as those promoted by the ICC DSI (notably KTDDE and MLETR).

"There is also a need to further promote dialogue within the industry as partners seek to identify the most effective interoperable solutions," says Petelle. "The road to digitalisation is long, and we must continue to build it with banks, fintechs and other partners." When that happens, she concludes, "all stakeholders will benefit from productivity gains, and it will enhance trade security and confidence across the world".



Emmanuelle Petelle
Deputy Head of
Trade Services,
Societe Generale



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The road to digitalisation is long, and we must continue to build it with banks, fintechs and other partners.

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NAVIGATING NEW FRONTIERS | CHAPTER 3

From Crisis to Opportunity

Unlocking the Power of Supply Chain Finance in a Volatile World

Aurélien Viry, CEO of Societe Generale Factoring, and Gilbert Cordier, Head of Supply Chain Finance, Societe Generale Factoring, consider the effect of recent world events on the uptake and distribution of supply chain finance and find that, more than ever, it can be a win-win solution for buyers and suppliers alike.

Physical supply chains – the confluence of procurement and logistics – have been subject to great upheavals in

recent times. This has led to the re-emergence of supply chain finance (SCF) as a key instrument in helping to secure and strengthen supply chains by supporting both the buyer and the supplier in working capital optimisation.

SCF enables buyers to optimise their working capital through payment-term extensions, making their supply chains more resilient, without harming their supplier relationships. Meanwhile, suppliers are able to cash in

earlier on their receivables at a much lower rate compared to the financing achievable under their own steam. This, says Cordier, is the “social impact” of SCF programmes. “It secures strategic suppliers, enabling them to benefit from their buyer’s rates. In a world of uncertainty, with new challenges to face such as heightened counterparty risk, this is probably one of the most valuable approaches.” Essentially it affords SCF the potential to be what he describes as “a win-win solution”.

SCF is nothing new of course; it has been in use for many years, offering buyers and suppliers just these benefits, emerging in Spain in its current format in the 1980s as a response to high interest rates and inflation. Ever-present, SCF’s popularity has exhibited the strongest growth since the 2010s among trade and working capital products.

In recent times, immediately post-Covid, SCF saw its popularity rise with the restart of the economy. However, a slow-down occurred one year on, with high inventory levels being reported, and suppliers suffering from interest rates re-entering positive territories after a decade of cheap financing.

And then in May 2023, new SCF accounting disclosures were imposed, with the International Accounting Standards Board (IASB) issuing amendments to IAS 7 and International Financial Reporting Standards (IFRS) 7. This was a response to credit rating agencies calling for more clarity for investors on how SCF-type arrangements affect an entity’s liabilities, cash flows and liquidity risk.

And then the world changed again.

As geopolitics intervened in markets across the world, each new crisis overlapped with the next to create global economic instability. Energy costs soared, and certain components became difficult to source. And now, without pause, we have the imposition, removal, and reimposition of huge tariffs from the US, and countermeasures from other jurisdictions, creating further unpredictability and destabilisation of global markets and trade processes.

Viry and Cordier understand from clients that it is still too early to assess the full impact of the most recent turmoil on supply chain activities. However, they report all agreeing that ongoing uncertainty is affecting both buyers and suppliers, and that SCF has come to the fore once again as “a very effective tool for combatting the turbulence”.

Calming trading nerves

Even so, the watchword for SCF adoption remains ‘uncertainty’ in some instances. Anecdotal evidence suggests that many corporates are unsettled by the tariffs,

and as such are pausing their investments in the US – the world’s largest SCF market. This may see US buyers with cross-border suppliers – between the US and Mexico or the US and Canada, for example – exposed to some SCF market disruption.

At present, Viry notes, trade flows are so unpredictable that the impact could just as likely be positive as it could be negative. Indeed, it is difficult to assess which proportion of US programmes are executed with domestic suppliers versus cross-border suppliers, and therefore the degree to which volumes could be strongly impacted or not under ‘tariff-war’ conditions. “It is difficult at this stage to know who will support the raised tariffs: the final consumer, the importer, the exporter, or both. However the market evolves, companies will face higher inventory levels, contingency planning, and probably new working capital constraints.”

In fact, Cordier adds, “whatever the situation, it’s a strength of SCF that under such conditions it can be seen as a win-win solution that could help secure a buyer’s supply chain with its key strategic suppliers by helping to optimise their working capital – and investment capacity – through early payment”.

SCF’s potential as a win-win solution today is most likely to bear fruit in an inflationary environment, Cordier believes. Price rises as markets remain in flux are a real possibility. This could slow down procurement levels, putting additional pressures on the working capital streams of non-US sellers trying to service US buyers. “Whereas before the tariffs it was less of an issue for these suppliers, especially the cash rich, suddenly liquidity and working capital optimisation becomes their hottest topic.”



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It is difficult at this stage to know who will support the raised tariffs: the final consumer, the importer, the exporter, or both.

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Long-tail support

Current trading conditions are clearly pushing working capital back up the agenda for many businesses. It had been unequivocally front of mind during the Covid period when supply chain disruption peaked.

"During that period, many businesses were thinking about reshoring or nearshoring production," notes Viry. "But firms have learnt from their mistakes and are far more prepared to meet this challenge than they were five years ago." He notes that while many industries are already engaging with SCF – such as automotive, aerospace, food and beverage retail, telecoms, and energy – there are others, notably in the newly boosted European defence industry, that could benefit from its uptake.

However, with clients in the defence sector, Viry has seen a range of viewpoints on the adoption of SCF. "We thought there would be strong interest coming from all of our European clients active in defence. But it transpires that there is no major issue because buyers either prepay on most of their purchase orders, or they are already supporting their suppliers because of the highly strategic nature of their orders."

But all is not entirely well, Cordier adds, explaining that the challenge for many is how supplier subcontractors, often up to four rungs below the primary supplier, are financially strengthened. "No one yet in the market has yet worked out how to support subcontracting companies, which are nearly always smaller than the primary suppliers," he explains.

"These subcontractors are often looking desperately for liquidity and a suitable working capital solution. But when implementing an SCF programme, the contract is always between the buyer and its primary suppliers; there is no



As an industry, we need ways to support the longer tail of the supply chain, not just the buyer and primary supplier.

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SCF has come to the fore once again as "a very effective tool for combatting the turbulence".

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provision for subcontracting companies. As an industry, we need ways to support the longer tail of the supply chain, not just the buyer and primary supplier."

Offering support is potentially complex but is nonetheless a work in progress, says Cordier. Simply expanding the scope of suppliers eligible for SCF still only provides financing once an invoice has been issued and validated by the buyer, he explains. But in some industries – especially those where the purchase of raw materials with high pricing volatility is common – there is a need to support upstream suppliers to ensure financing is available to them during the purchase order process, and not only when the goods have been manufactured and delivered to the primary supplier.

Reinvigorating a winner

With traditional SCF seemingly largely unaffected by recent events, and an appetite for it being fed by market instability, Cordier notes that its development as a solution is already underway as the needs and expectations of its users increase in sophistication.

One of the most vocal calls from SCF clients is for multifunder programmes, he notes. During Covid, businesses faced significant supply chain disruptions. While SCF was a lifeline for many, some buyers witnessed their banks exit the market as they sought to avoid the risks. "Now those clients who see SCF as a strategic product are looking to mitigate the risk of losing vital funding through a multifunder approach."

This can be achieved in two ways, explains Cordier. The first is through syndication, where an agent bank will market the loan to several other FIs, and thus spreading the risk for each participant. "In this model there can be a lack of transparency around, for example, the market share of each participant or the pricing structure," he reveals. That

said, he adds that Societe Generale purposefully syndicate on a pro rata share basis, "therefore we give transparency and visibility to both buyer and participant banks".

The second way is to work with an established third-party platform provider. "This is an approach frequently broached by our clients, so we are taking it seriously: if they're looking for bank-agnostic solutions, then we need to be equipped to do so. In addition to working on new in-house SCF products, we are offering innovative solutions through these fintech platforms."

To this end, Cordier says that Societe Generale has partnered with PrimeRevenue for more than a decade, and in 2024 commenced an additional partnership with CRX Markets (a marketplace for working capital financing). The new arrangement gives the bank's clients the option to access the vendor's SCF technology with its fully automated, market-based pre-financing of invoices. He adds that investigations are ongoing to partner with other platform providers.

Another possible development of SCF that is being pursued as more buyers seek to extend Days Payable Outstanding (DPO) without involving their suppliers, is the concept of payment terms extension. Having been adopted by some corporates in Germany, it sees a supplier paid on the agreed due date by the buyer's appointed payment service provider (this could be a fintech or a bank – both are pursuing the idea). The provider then invoices the buyer for reimbursement of the paid amount, offering the buyer settlement terms on the reimbursement amount that effectively extend the buyer's original invoice terms, and thus DPO, without negatively impacting its supplier.

The aim of payment terms extension is to improve the buyer's working capital without adding debt to its balance sheet (because the funds used to settle the invoices are part of its operating activities) while still paying suppliers according to agreed terms. It is feasible that buyers could even offer suppliers shorter terms while still extending their own DPO, affording both a working capital advantage.

However, comments Cordier, execution of payment terms extension is still subject to auditor's validation, the corporate buyer's own interpretation of accounting standards, and the favourable opinion of credit rating agencies.

However, he concludes, the idea has "very strong interest from both multinationals and smaller companies", not least as another option in cushioning themselves and their supply chain partners against the working capital buffeting they are experiencing at the hands of ongoing geopolitical and economic uncertainty. That said, more than ever, such buyers should consider leveraging the expertise of SCF specialists such as Societe Generale Factoring.



Aurélien Viry
CEO, Societe
Generale Factoring



Gilbert Cordier
Head of Supply Chain
Finance, Societe
Generale Factoring

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NAVIGATING NEW FRONTIERS | CHAPTER 4

Balancing ESG and Treasury Priorities in Uncertain Times

Taking sustainability to mean both commercial resilience and environmental and social responsibility, Marie-Gabrielle de Drouas, Head of Sustainability, Global Transaction Banking, Societe Generale, explores the pressures and prospects for treasurers in this most challenging of times.

Once it gathered momentum, ESG was never going to be the easy option. It's why, with most businesses today classifying

ESG as a strategic component of what they do – from operations to investments – many are feeling the heat, often quite literally.

After an era of ESG conviction and corporate commitments, diverse stakeholders, including customers and staff, shareholders, investment managers, and credit rating agencies, are all ultimately seeking a degree of proof that enterprises are sufficiently upholding their proclaimed values

of sustainability. For corporate treasurers, it is a real test to simultaneously meet the ESG demands of the business while continuing to satisfy enterprise-wide financial goals.

Indeed, as de Drouas notes: "We've seen a mounting need for reliable ESG data, and once again, treasurers, because they own enhanced financial data, have a huge role to play in its delivery." But, she adds, their level of contribution and knowledge has also positively placed many treasurers in the driving seat in terms of financing their companies' transition to sustainability.

While an increasing number of treasurers recognise that ESG has real value in a world where the idea of common good is under threat, in the current testing economic environment, driven by overlapping geopolitical tensions, there is an added challenge. And that is treasury's need to grasp the recent uneven reassessments of the rules.

Moving targets – and supply chains

The EU's Omnibus Regulation proposals, announced in February 2025, are aimed at streamlining disclosure and reporting rules, enabling businesses operating in member states to remain compliant while still actively pursuing their sustainability goals. Meanwhile, in India, ESG regulations are being reviewed by its Securities and Exchange Board of India (SEBI), and in the US, the Securities and Exchange Commission (SEC) has moved to roll back climate disclosure rules.

While the moving goalposts of ESG regulation add another level of complication for treasurers operating globally, closer to home, the reappearance of inflation and higher interest rates will have confronted the capital allocation strategies of most companies, further muddying matters, notes de Drouas. "Whereas companies know ESG will be a longer-term return on investment, they are now having to balance that understanding with the pressure to make shorter-term economic returns, and that obviously makes it more complex for treasurers to integrate."

There are opportunities in the mix though, she notes. In the US, for instance, despite the recent push-back on support for renewable energy, the call for new power-hungry data centres as the AI roll-out ramps up could see a marriage of great convenience if those data centres can, to some degree, be powered by sustainable energy sources.

The political influence on wider supply chain activity, especially SCF and trade finance, is clear as the imposition of tariffs drives a reconfiguration of procurement and sourcing strategies. This can alter elements of sustainability with new corridors opening up as companies decide to reshore, nearshore or simply relocate.

Certain production lines in China, for example, have been shifted to other parts of Southeast Asia, such as Vietnam, notes de Drouas. This is creating new transportation routes which in turn carry an ESG effect, such as increased carbon emissions generated. Where for many corporates, a significant level of their emissions is derived from their Scope 3, especially upstream value chain, this change must feature in their re-calculations.

"The reconfiguration of the production, procurement, and transportation of goods is an important consideration for sustainability," explains de Drouas. "And because we've seen trade disruptions once again putting pressure on profit margins for instance, it can begin to squeeze out the choice for sustainable materials that can sometimes be more expensive."

If ever a business thought this was not an issue, the knowledge that credit rating agencies and investors are now considering how companies are adapting to the risk of geopolitical disruptions should certainly be ringing the alarm bell for them, warns de Drouas. She believes that these stakeholders are actively challenging corporates on how they maintain their ESG standards – including environmental and labour commitments – in the context of supply chain disruption, simply because they now classify it as core risk management.

Asking the experts

The constantly evolving nature of regulation, financial markets, and supply chains – and the pressure to assess and reassess the impacts of these in the context of serious ESG commitments – seems like a mountain to climb for treasurers.



We've seen a mounting need for reliable ESG data, and once again, treasurers, because they own enhanced financial data, have a huge role to play in its delivery.

Arguably the function has other more important claims on its time, however, ESG is no longer just a tick-the-box but, among other things, is a very real indicator of commercial intent and accomplishment. The fact that it matters to stakeholders beyond the immediate confines of each business amplifies the seriousness with which it is now taken.

Of course, certain EU corporates are subject to the Corporate Sustainability Reporting Directive (CSRD), which requires them to report on the impact of their activities on the environment and society, and on the sustainability risks to which they are subject. A response is mandatory but the content of these independently audited reports have, comments de Drouas, often been “extensive and interesting”, serving as a valuable tool in bank analysis of client sustainability.

“Many clients have taken this opportunity to create strong links between their financial and CSR [corporate social responsibility] teams,” she adds. Some have even created ‘sustainable finance’ roles, which she suggests not only helps integrate sustainability into the financial DNA of these companies but also serves as a focused and knowledgeable contact point between bank and client when discussing sustainable finance.

Given the importance accorded to sustainability, it’s not surprising that ESG is being progressively integrated into corporate risk management structures too. This, for example, considers the physical risks presented by climate change for instance to corporate assets and even business models.

“It’s a positive signal for us,” says de Drouas. “As we’ve seen increasing numbers of corporate clients engaging with ESG, so their treasurers have been engaging more on the topic with all the stakeholders they face – so not only their CSR colleagues, but also their procurement, investor relations or communications teams, and even the C-suite. This is better

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enabling them to share their financial and CSR strategies with us, and from there we can help better support them in the challenges they face in their transition.”

Collective effort

As with any fundamental transformation, an effective response to ESG cannot be achieved alone, states de Drouas. “Treasurers are well aware that they can succeed in this only if all the relevant actors are working together, and that includes external partners such as banks and suppliers.”

On the supplier side, there is indeed a risk consideration. The integration of ESG into ‘know your supplier’ due diligence is especially vital for strategically important providers. This may look at how resilient the supply chain is, not only at the hands of supplier instability created by geopolitical actions but also through climate change and extreme natural events. This has seen the adoption in some cases of SCF as a protective measure, and thus calls into play banking partners as part of these discussions.

“At Societe Generale, we deem that ESG is in the DNA of supply chain finance,” says de Drouas. A core SCF objective is to offer lower-cost working capital support, especially to the SME or midcap suppliers of larger corporate buyers. Of course, this boosts the resilience of those suppliers, and thus the supply chain itself. But by integrating ESG, in the form of sustainability-linked SCF for example, the buyer’s Scope 3 can for instance also be improved, as participating suppliers are incentivised by the offer of lower-cost funding to support those goals.

“As a bank, we also advise our clients and their suppliers on how to optimise the CapEx and OpEx that will be needed for the transition of their business to a more sustainable model” continues de Drouas. These discussions also help the bank to discover and anticipate how best to adapt its financial products to meet its clients’ needs, whether through transaction banking or more broadly corporate and investment banking (CIB) solutions.

Quickest way to the Top

At a wider level, this is being achieved with the support of the Transition Opportunities Potential (TOP) tool. Developed largely by the bank's CIB team, de Drouas explains that TOP is fuelled by a wide range of knowledge and publicly accessible information, adapted to sector-specific challenges.

TOP has been developed to assess clients' climate transition strategies. The tool is adapted to each sector specifics and based on a transparent methodology. It helps bankers to structure and strengthen strategic discussions with their clients and better support their transition strategies with adequate, innovative financing solutions.

The development of TOP commenced with carbon-intensive industries, with real interest from these players, and has been progressively rolled out to cover other industries. This has not been a copy-and-paste approach, explains de Drouas, but rather one that calls upon the bank's accumulation of knowledge and expertise on the transition challenges specific to each industry and the involvement of cross-functional expertise within the bank.

Taking up, and taking over

Although current geopolitical trends have added certain complexities to the general take-up of ESG, de Drouas notes that many clients, especially larger corporates, are already at a level of maturity that suggests they are not about to roll back on their commitment any time soon. Indeed, with green loans, bonds, and trade finance firmly embedded into their business strategies, a number are looking to go further, she says.

"These products are still of interest, but attitudes are evolving. Sustainability-linked loan volumes are now stable in terms of uptake and client discussions are beginning to focus more on securing sufficient CapEx and OpEx to support their sustainability transformation.

It's telling that some clients are also now seeking more accurate ways of measuring their return on investment on ESG initiatives. Where previously it may have been accepted as a relatively small outlay on something long-term and largely intangible, now they are still looking to invest but need to monitor – and report – on the impact of those investments. There has clearly been a step up from the early commitment phase into something altogether more concrete.

While there have been "some interesting initiatives" in quantifying ESG investments and returns de Drouas admits that most treasury functions still need to rely on qualitative ESG perspectives in their investment committees.

That may soon change, she observes. "The challenges inherent in delivering and communicating ESG commitments for treasurers are undoubtedly more complex in the current environment. But we're seeing an ever more positive shift away from the tick-box exercise of old, with its static evaluations, towards a highly dynamic, forward-looking model that understands sustainability as a matter of both commercial, environmental, and social resilience."

With that in mind, treasurers who wish to make a positive impression, are now in a position to make the strongest case for the adoption of sustainable finance.



Marie-Gabrielle de Drouas

Head of Sustainability,
Global Transaction
Banking,
Societe Generale

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YOUR GREAT IDEAS SHOULD AND CAN COME TO LIFE WITH US ON YOUR SIDE



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*Awarded by Global Finance for 2025.

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