

HIGHER EDUCATION

2019 SURVEY RESULTS ANALYSIS



CRAIG JEFFERY

Managing Partner, Strategic Treasurer



WHAT.

2019 Higher Education Survey
Results Analysis & Discussion



WHEN.

Tuesday, April 9, 2019
1:00 PM – 2:00 PM EST



WHERE.

Live Online Presentation
Replays at StrategicTreasurer.com



ABOUT THE SPEAKER

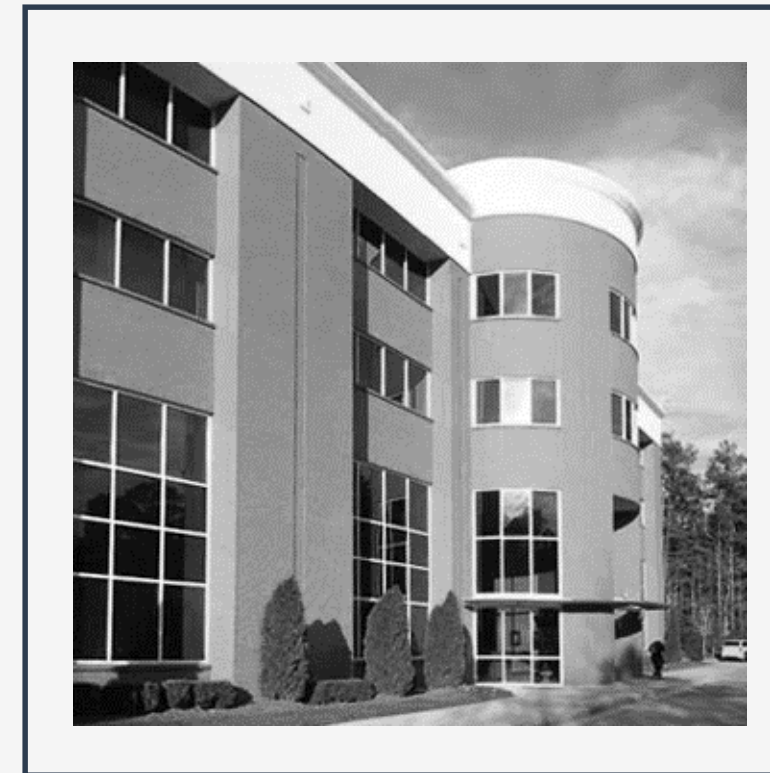
GET TO KNOW TODAY'S
SUBJECT MATTER EXPERT



CRAIG JEFFERY, CCM, FLMI

Craig Jeffery formed Strategic Treasurer LLC in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



STRATEGIC TREASURER

Strategic Treasurer provides consulting, research, and professional services for treasury management, security, technology, and compliance. Corporate clients, banks, and fintech providers throughout the world rely on their deep awareness of current practices, plans, and perceptions through their annual surveys and decades of treasury experience.

With a mission to advance the practice of treasury by advising clients, assisting teams, and informing the industry, Strategic Treasurer guides practitioners through real-world, mission-critical issues that organizations face today.

ABOUT THE SURVEY

RESPONDENT DEMOGRAPHICS, KEY FACTS & FIGURES



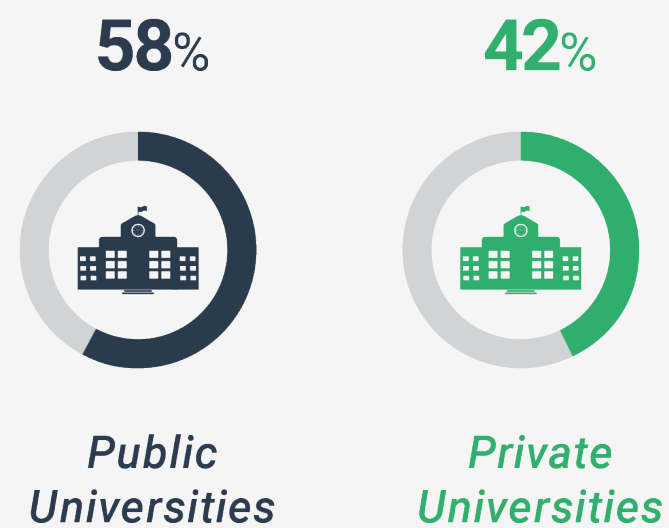
SURVEY FACTS & FIGURES

~95 respondents

~45 questions

3rd year of research

PUBLIC VS. PRIVATE RESPONDENT BREAKOUT



INSTITUTIONAL RESPONDENT ROLES



QUICK STATS

- 27%** of practitioners say it is almost impossible for treasury/finance to secure funding for new technology or staffing.
- 78%** of institutions experienced fraudulent attacks in the past year; 19% of this group suffered a loss.
- 55%** of institutions indicate they are understaffed across the treasury and finance departments.
- 43%** of practitioners indicate their institution is dissatisfied with current enrollment and student retention levels.

KEY AREAS OF FOCUS

- Technology & Staffing
- Financial Operations
- Regulations & Enrollment
- Fraud & Security

TOPICS OF DISCUSSION

WHAT AREAS OF DATA WILL WE BE FOCUSING ON?



TECHNOLOGY & STAFFING

- To what degree are institutions leveraging treasury technology?
- What levels of treasury staff do these institutions maintain?
- How do these tech & staffing levels differ from the broader corporate treasury environment?



FINANCIAL OPERATIONS

- What is the current financial standing of these institutions, and how has their position shifted over the past year?
- How do institutions expect their financial position to shift over the next 2-5 years?



REGULATIONS & ENROLLMENT

- How are concerns related to student enrollment, retention, and debt impacting institutional priorities?
- What are the top regulatory concerns for institutions, and how do these concerns compare to those of corporate treasury?



FRAUD & SECURITY

- To what extent is fraud impacting higher education? Is fraud a top concern generally?
- Compared to corporates, how are institutions protecting themselves and what technologies or policies are used to prevent fraud?



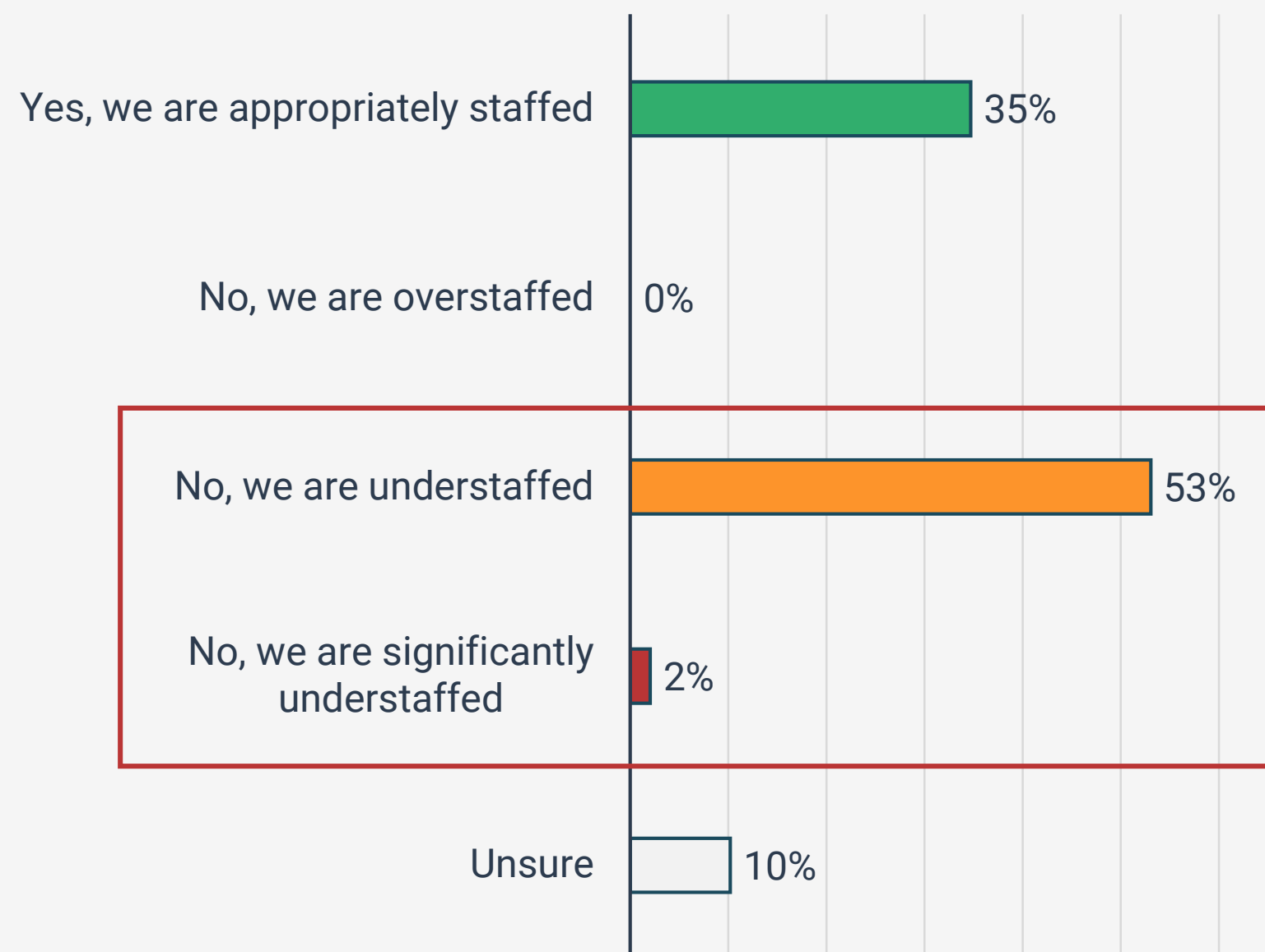
PLANS & PRIORITIES

WHAT ARE THE TOP TREASURY & FINANCE-RELATED PRIORITIES OF INSTITUTIONS HEADING INTO 2019-2020?

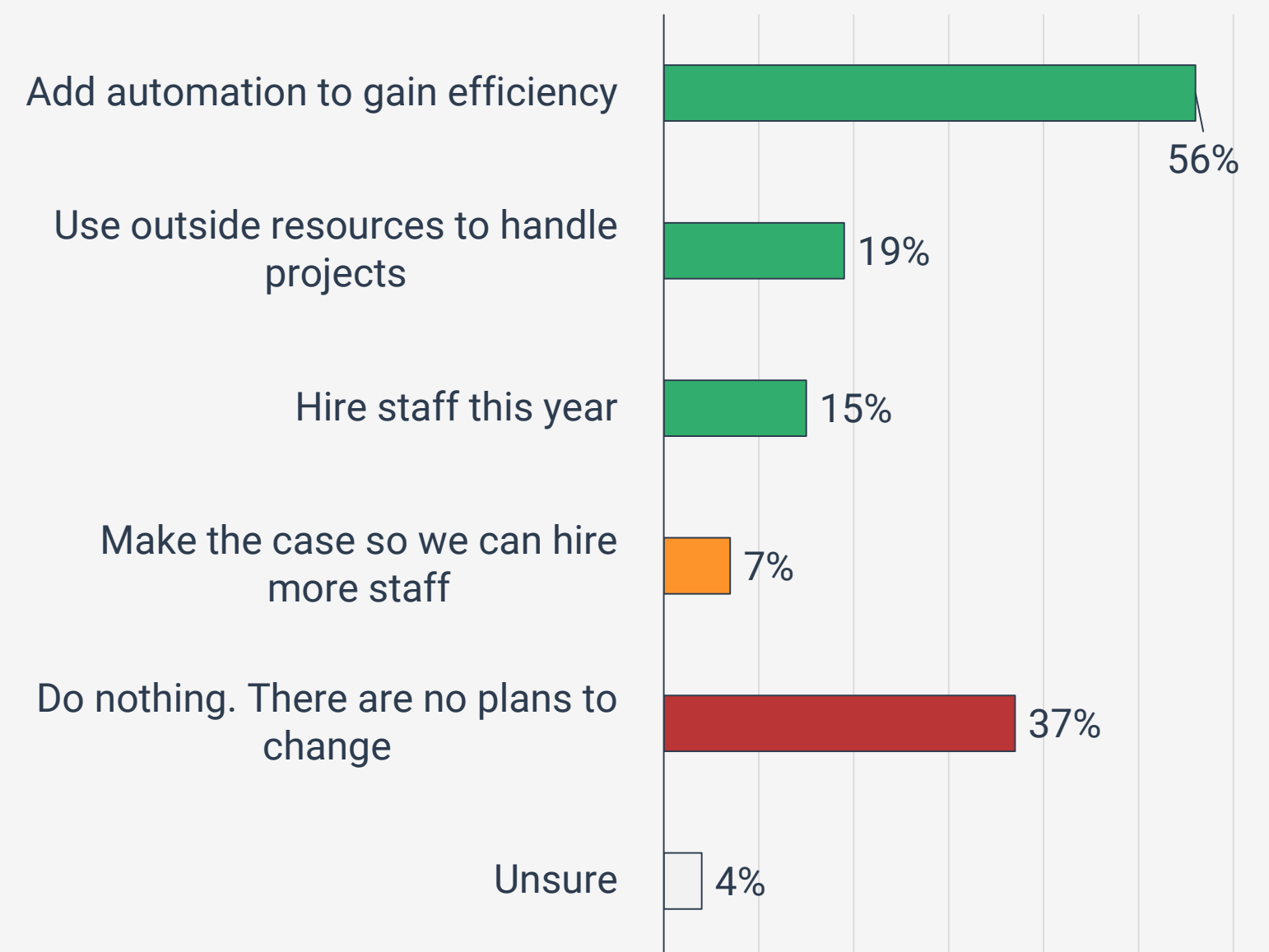
TECHNOLOGY & STAFFING

TREASURY STAFFING LEVELS

Are your treasury / finance staffing levels where they need to be now?



We are understaffed and plan to: (Select all that apply)



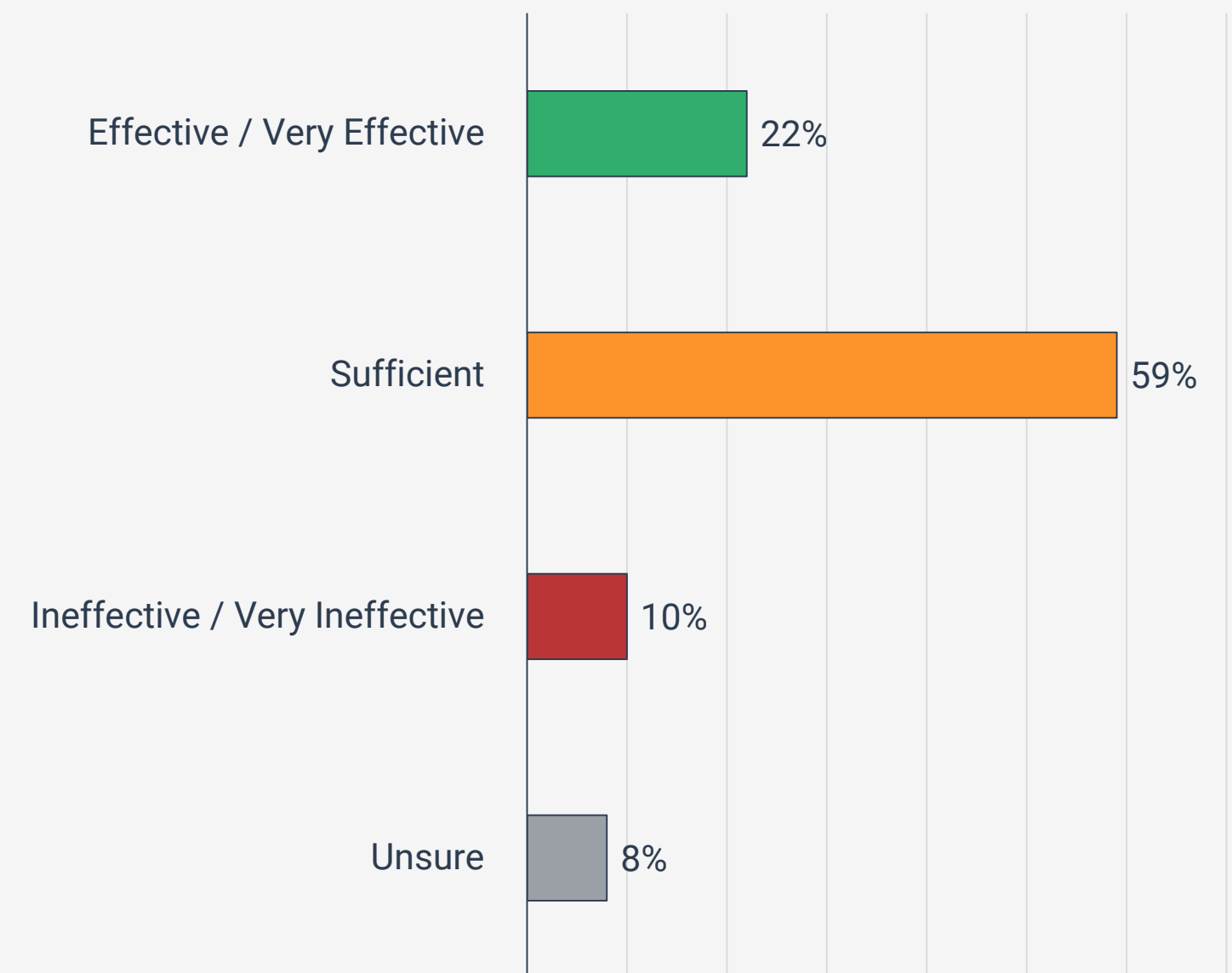
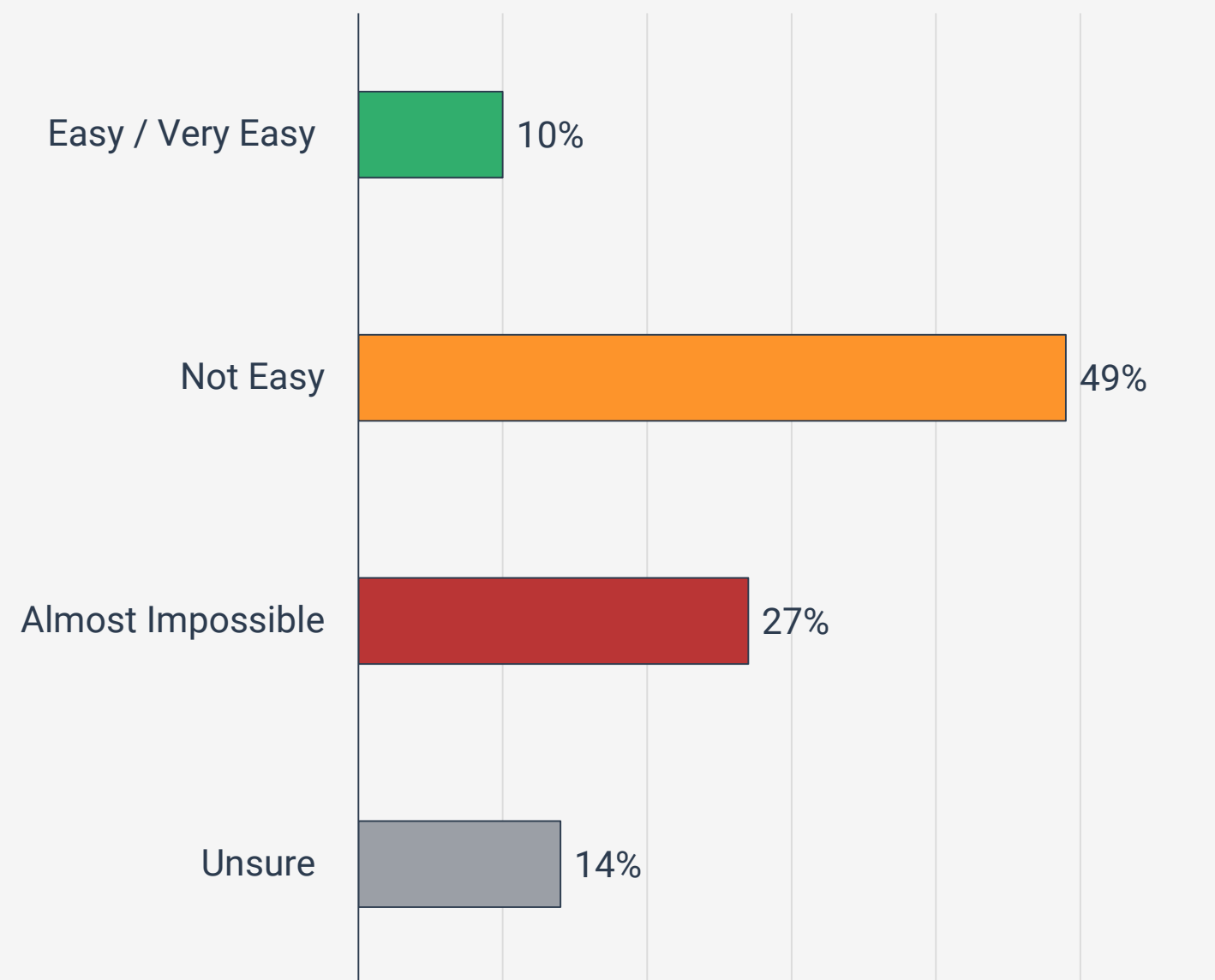
FINANCE & TREASURY TEAMS ARE SIGNIFICANTLY UNDERSTAFFED. Over half of practitioners indicated that their treasury and finance staffing levels were NOT where they needed to be; 55% listed their department as understaffed or significantly understaffed. With regards to this group, adding automation to gain efficiency is a top priority for alleviating the strain. However, over 1/3rd have no plans to change from their current state.

TECHNOLOGY & STAFFING

TECHNOLOGY FUNDING & INFRASTRUCTURE SUFFICIENCY

How easy is it for treasury / finance to secure funding for new technology solutions or additional staff?

How effective is your current financial technology infrastructure?



SECURING FUNDING IS DIFFICULT; TECH INFRASTRUCTURE IS ADEQUATE: Only 10% of practitioners indicate that securing funding for new technology or staffing is easy; 76% label it as not easy or almost impossible. The current state of institutions' tech infrastructures reflect this reality, with 59% labeling their technology as sufficient and 10% as ineffective. Despite limited tech, however, practitioners seem to be doing alright with managing operations.

TECHNOLOGY & STAFFING

TREASURY TECHNOLOGY USE & PLANNED SPEND



TECHNOLOGY USE REMAINS LOW

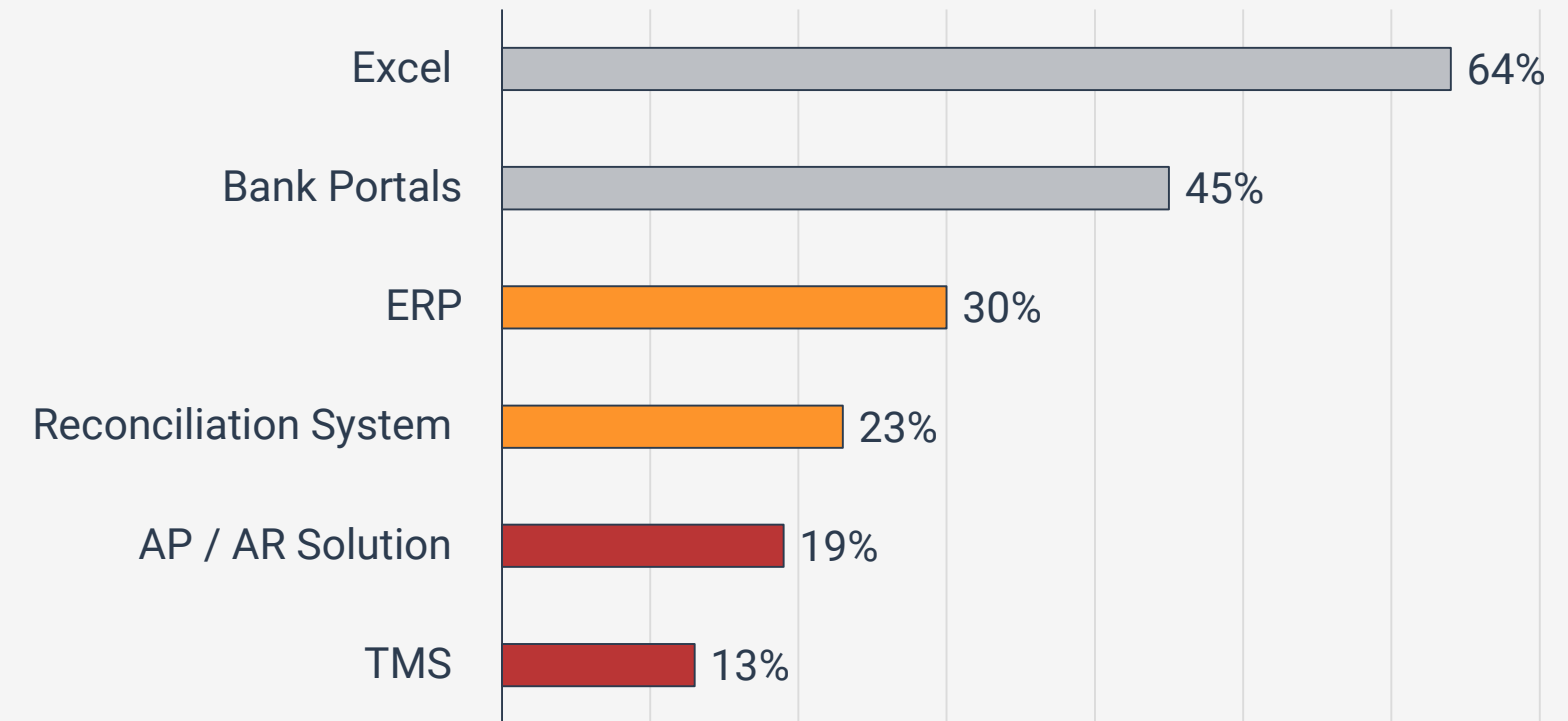
Excel remains the most frequently used tool by institutions for managing financial operations, followed by bank portals. The use of sophisticated solutions such as an ERP or TMS was very low.



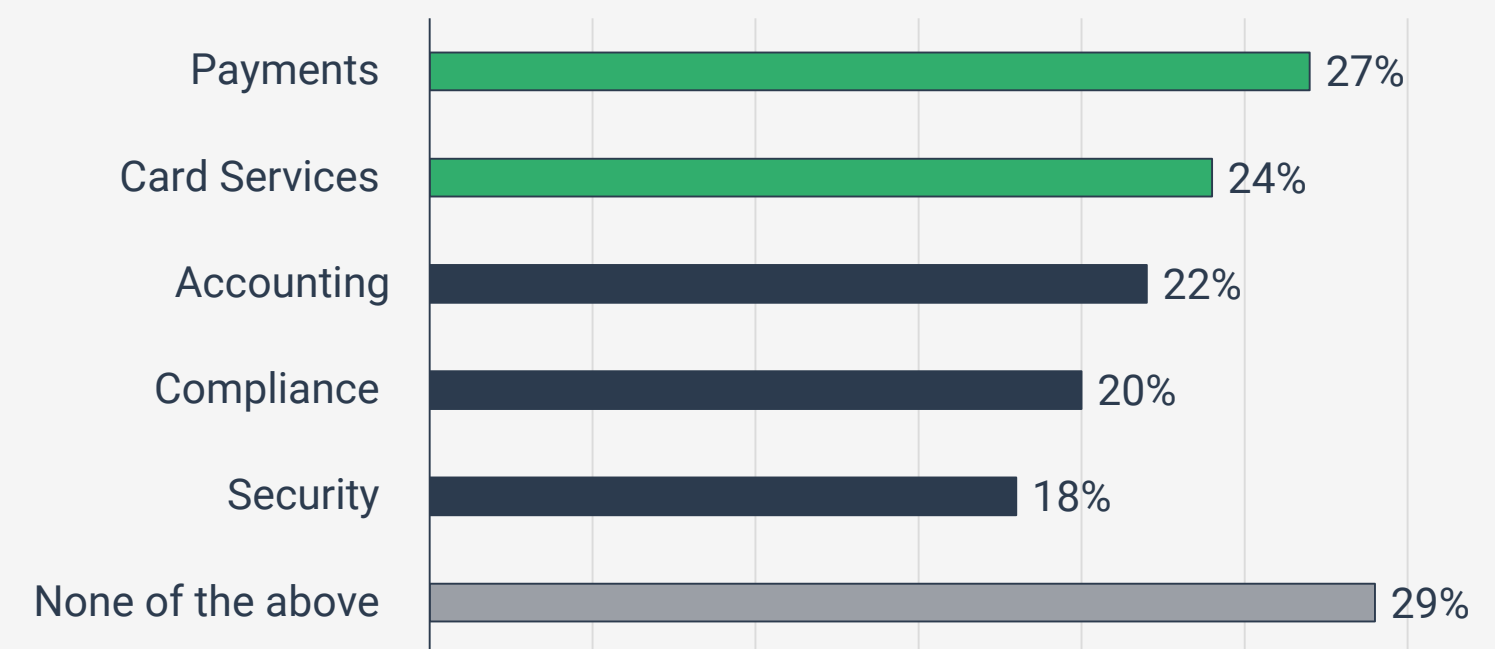
PLANNED SPEND FOCUSES ON PAYMENTS AUTOMATION & CARD SERVICES

Planned spend by institutions over the next year focuses primarily on payments automation and converting paper-based processes to electronic. Card services have shown to be a popular avenue for achieving this automation.

Which of the following systems do you use to manage your treasury & finance operations? (Select all that apply) *Top 5 Choices Shown



In what areas of technology do you plan to spend significantly over the next year? (Select all that apply) *Top 6 Choices Shown



TECHNOLOGY & STAFFING

NOTABLE POINTS



TREASURY & FINANCE REMAIN UNDERSTAFFED

- The majority of Higher Educations' treasury and finance departments remain understaffed.
- Although many of these institutions plan to add automation to alleviate the strain, over 1/3rd have no plan or strategy for changing this reality.



TECHNOLOGY & FINANCE BUDGETS ARE SLIM

- Over 3/4^{ths} of Higher Education treasury and finance departments indicate that it is not easy or almost impossible to secure funding for new technology or staffing.
- Despite this reality, practitioners seem to be fairing decently with their current tech infrastructure. This could be because their operations are less complex relative to many corporates.



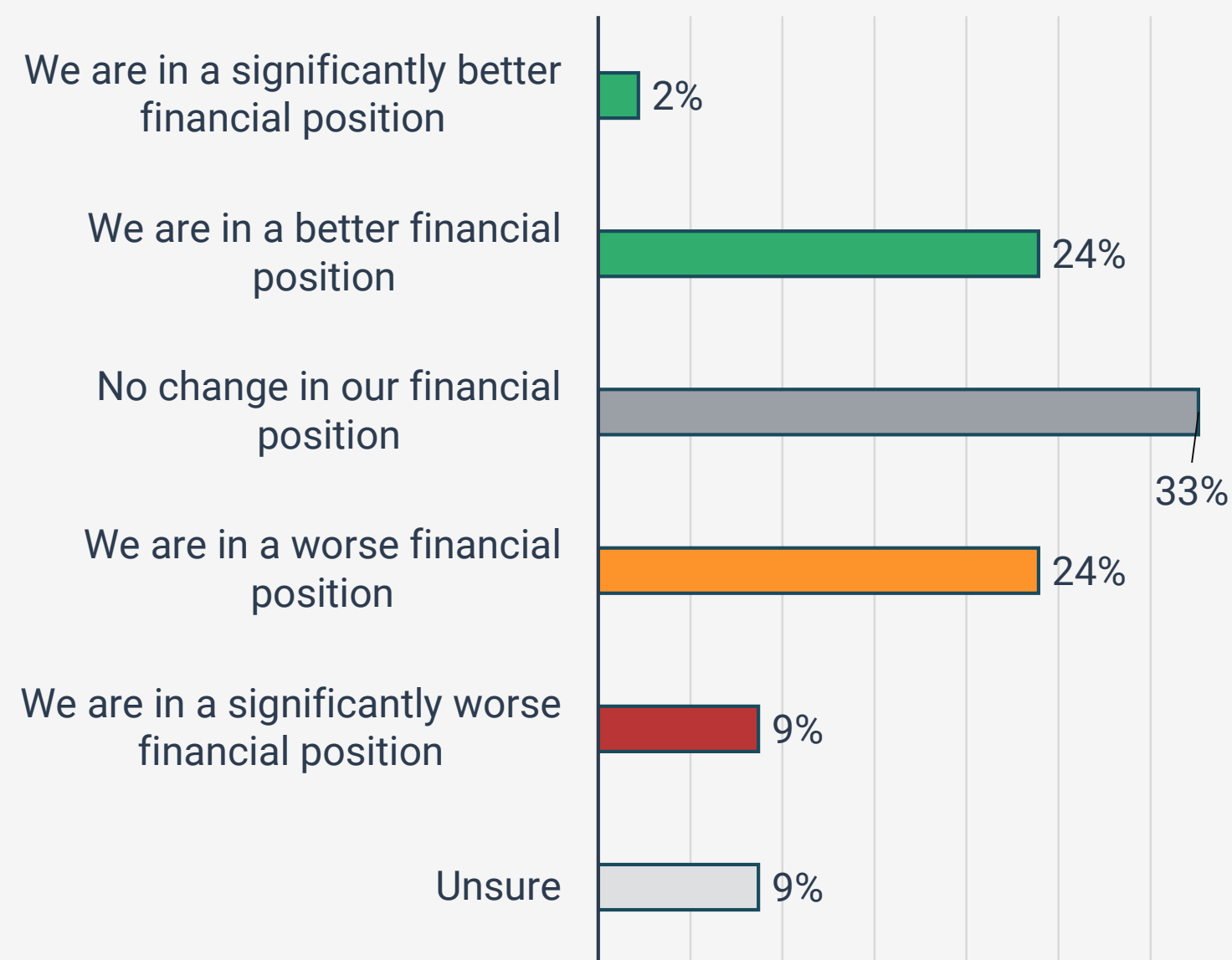
PLANNED SPEND IN 2019 CENTERS AROUND PAYMENTS AUTOMATION

- Data shows that many institutions are not using any sophisticated treasury or financial technology solutions, and rely primarily on Excel and bank portals.
- The most significant areas of planned technology spend for Higher Education in 2019 center around payments and card services.

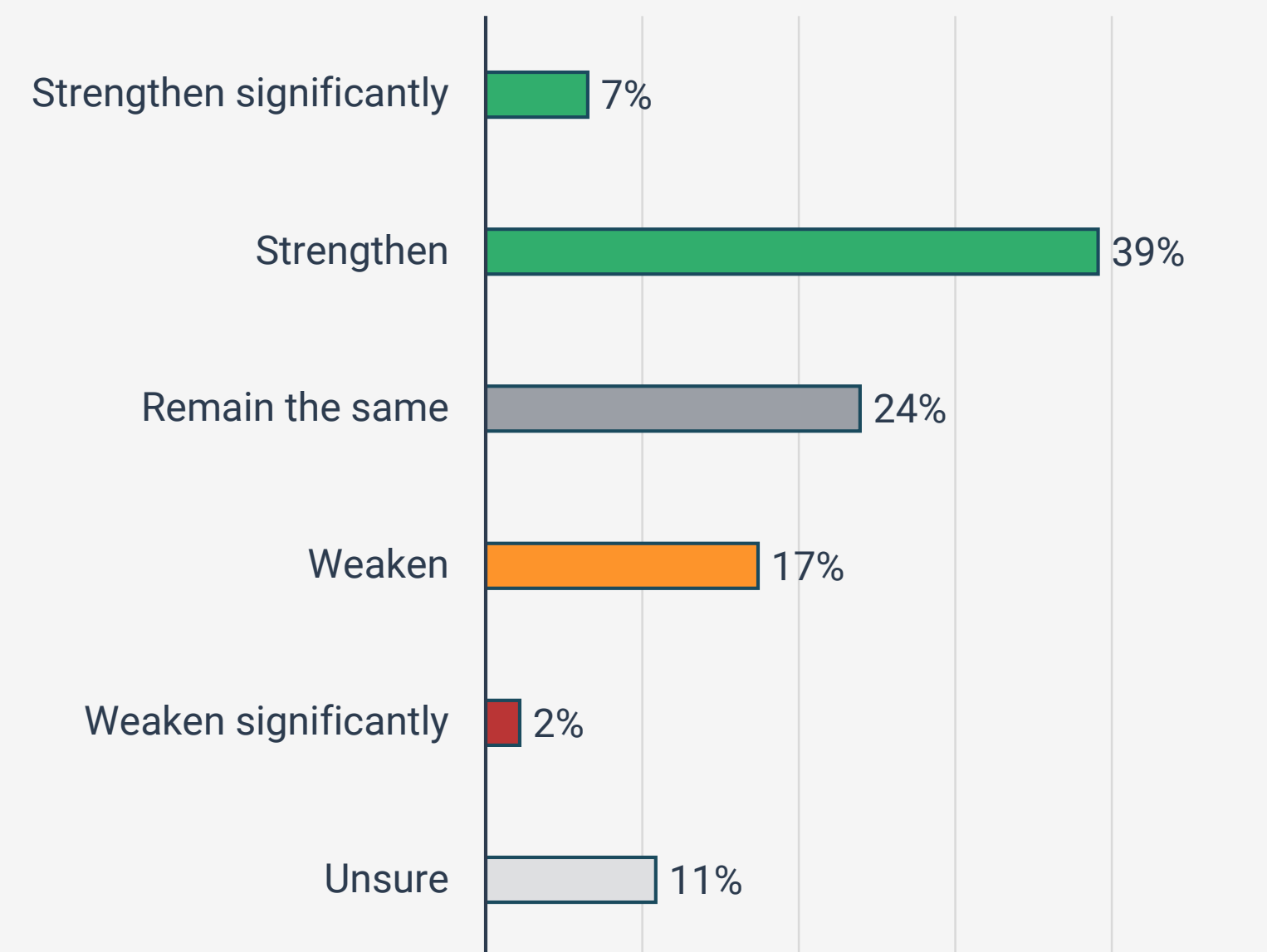
FINANCIAL OPERATIONS

FINANCIAL POSITIONS DAMPEN AS ENROLLMENT DROPS

How has the financial position of your institution shifted over the past year?



Looking out over the next 3-5 years, I expect our institution's financial position to:



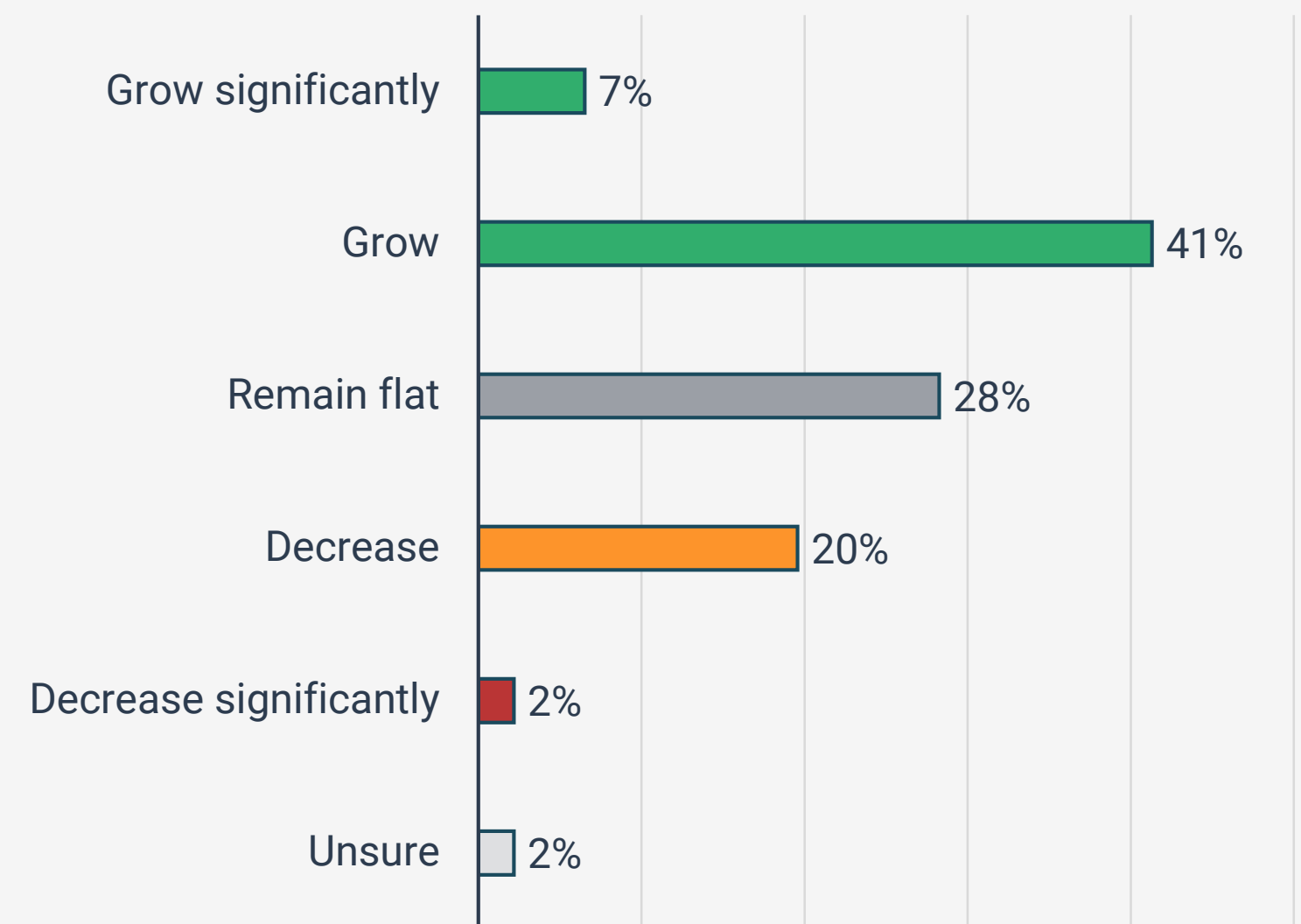
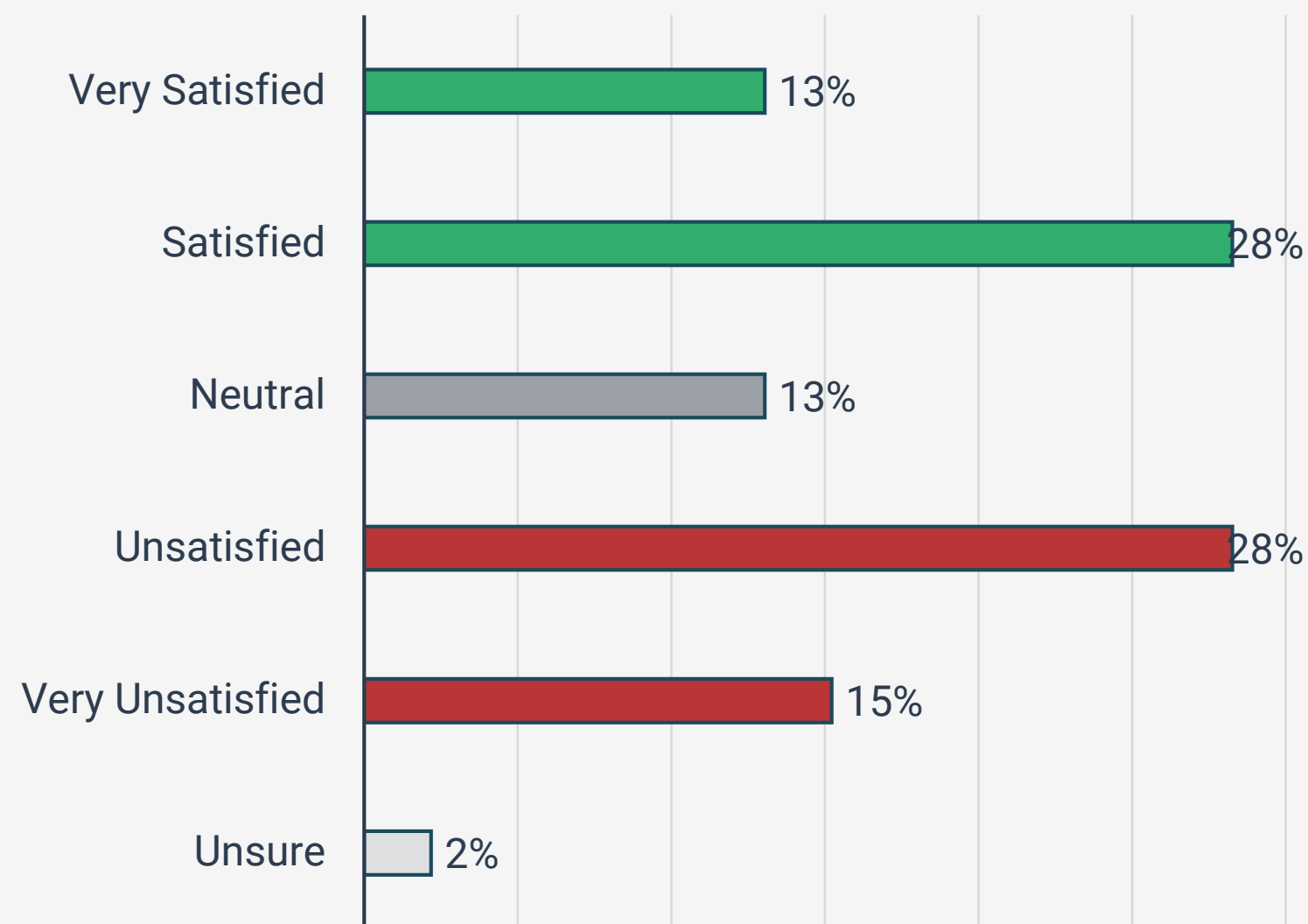
FINANCIAL POSITIONS HAVE WANED, BUT IMPROVEMENT IS ANTICIPATED: Similar to findings regarding student enrollment, more institutions indicated that their financial position has deteriorated in the past year compared to those whose positions have strengthened. However, over 2x more practitioners expect improvements to their financial position to occur over the next 3-5 years compared to those expecting further declines.

STUDENT ENROLLMENT & REGULATIONS

STUDENT ENROLLMENT CONCERNS

To the best of your knowledge, how satisfied is your institution with current enrollment / student retention levels given rising tuition?

Do you expect the current rates of enrollment / student retention to grow, remain flat, or decrease over the next 2-4 years?

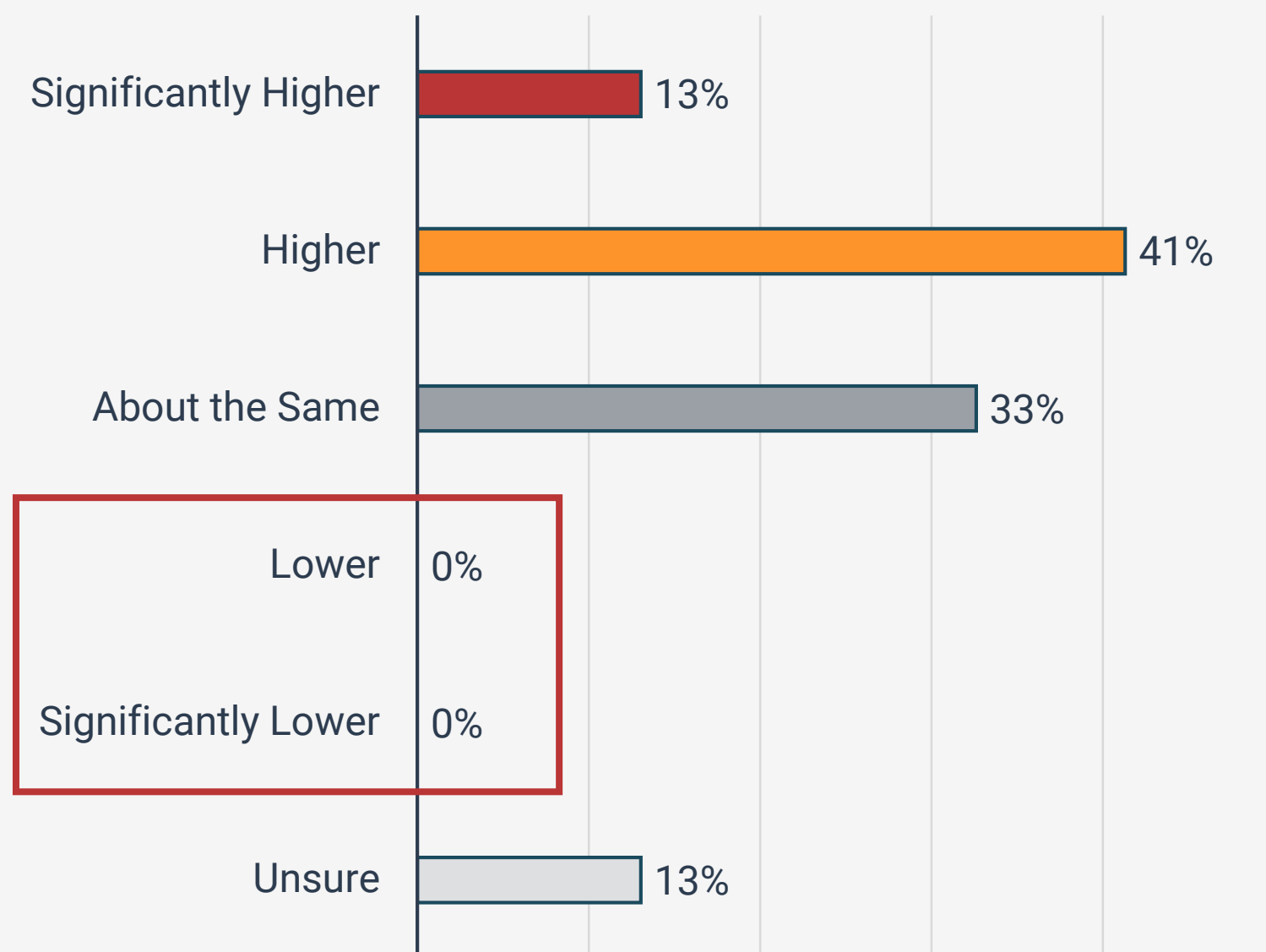


CURRENT ENROLLMENT LEVELS ARE DISAPPOINTING, BUT EXPECTED TO IMPROVE: As of 2019, more institutions are dissatisfied than satisfied with current levels of enrollment and student retention. However, the pendulum is expected to swing much more favorably over the next 2-4 years, with 48% of practitioners expecting rising enrollment vs. just 22% expecting further declines.

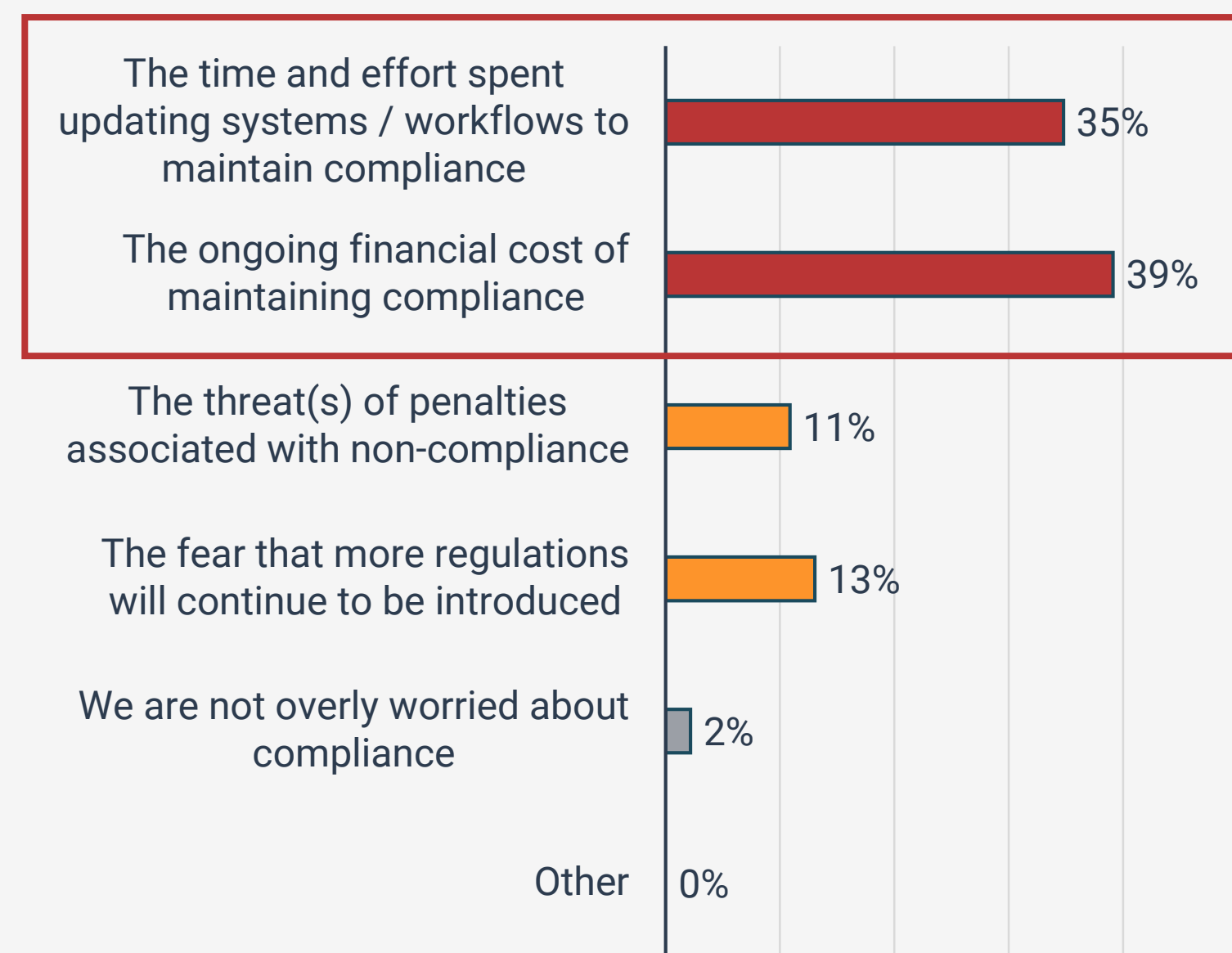
STUDENT ENROLLMENT & REGULATIONS

REGULATORY OUTLOOK & PERSPECTIVES

With regard to historical norms, the current level of regulatory oversight and compliance requirements impacting our institution is:



What is the most concerning aspect of the current regulatory environment?



REGULATIONS CONTINUE TO ADD SIGNIFICANT BURDEN: Not a single respondent to this study believed the current regulatory environment was less restrictive or burdensome than historical norms. The majority of institutions indicate that the time and effort spent updating workflows, coupled with the financial cost of maintaining compliance, are more concerning than any penalties associated with non-compliance.

STUDENT ENROLLMENT & REGULATIONS

TOP REGULATORY CONCERNS



CARD DATA IS OF PRIMARY CONCERN

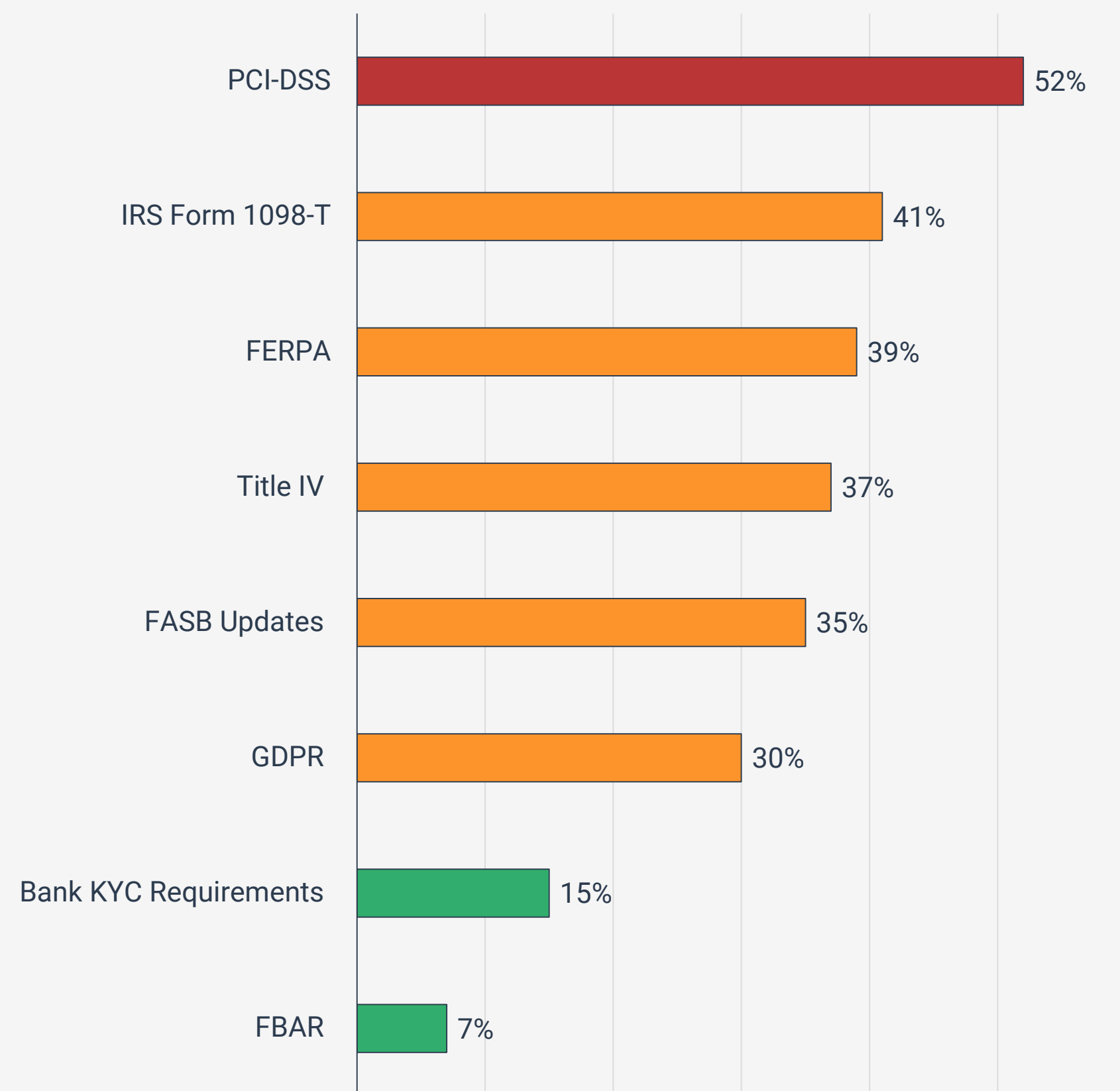
Given that the implementation of card services or enhancements to existing card programs are a primary focus for institutions, it makes sense that card-related regulations (i.e. PCI-DSS) would be a top concern.



KYC & FBAR ARE ANCILLARY

On the other hand, regulations that have proven to be top concerns for corporates (KYC and FBAR) are nowhere near the top of Higher Education's list; presumably due to significantly less overseas or international activity.

What, if any, regulatory concern(s) are top of mind for your institution?
(Select all that apply) **Not All Answer Options Displayed Below*



STUDENT ENROLLMENT & REGULATIONS

NOTABLE POINTS



STUDENT ENROLLMENT HAS BEEN DISAPPOINTING, BUT IS EXPECTED TO RISE

- In 2018, more institutions were dissatisfied than satisfied regarding levels of student enrollment and retention.
- Over the next 2-4 years, however, over 2x more practitioners expect student enrollment / retention to increase compared to those expecting a decrease.



FINANCIAL POSITIONS HAVE DECLINED, BUT IMPROVEMENT IS ANTICIPATED

- Mirroring developments regarding student enrollment, the financial positions of many institutions declined in 2018.
- Despite this decline, over 2x more practitioners expect their financial position to improve over the next 3-5 years compared to those expecting further declines.



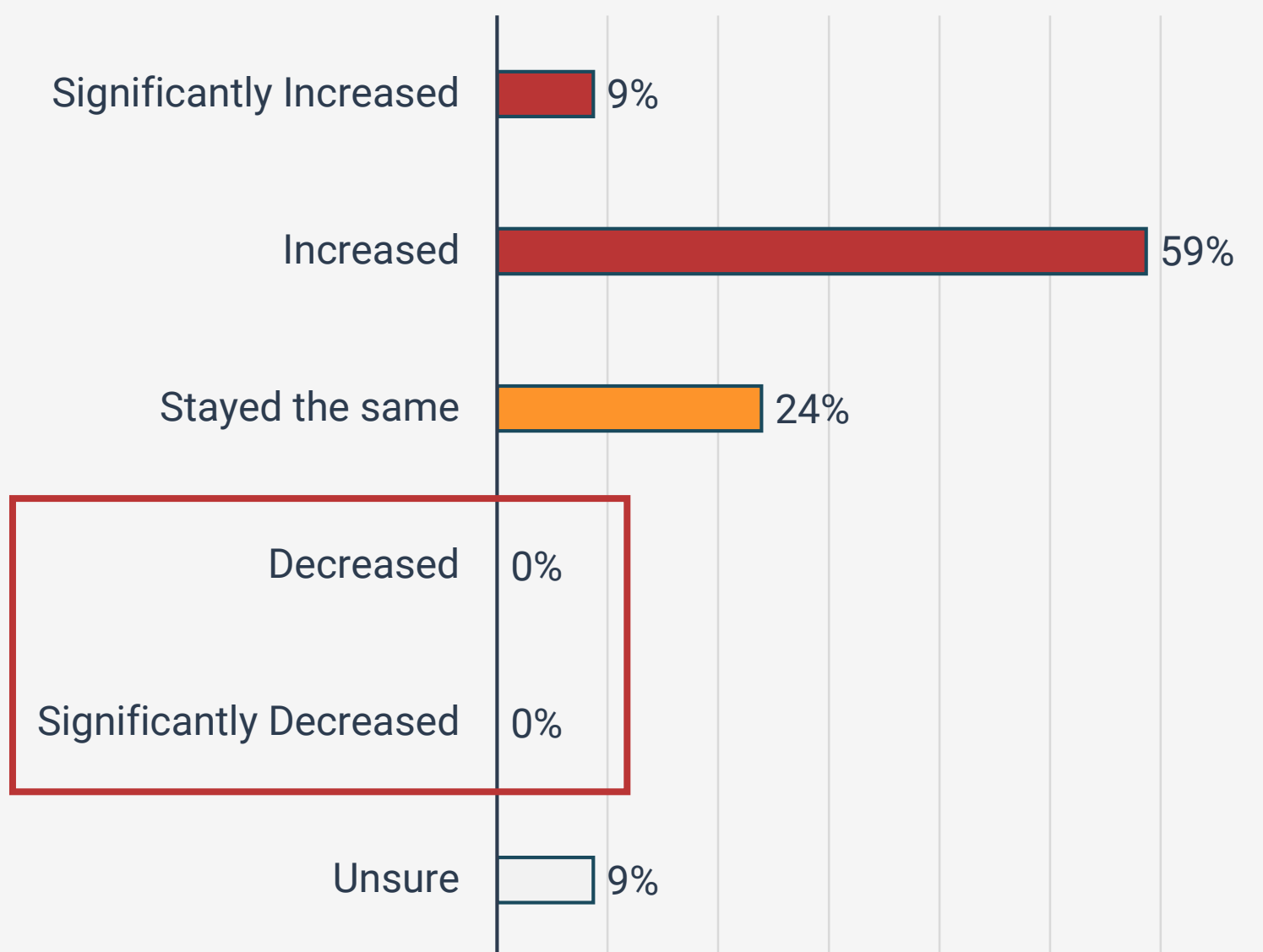
REGULATORY PRESSURE IS HIGH, FOCUS ON CARDS PUTS PCI-DSS IN SPOTLIGHT

- Not a single practitioner believed current levels of regulatory oversight were lower than historical norms. Over half believed they were higher.
- In light of heightened interest and investment surrounding card services, PCI-DSS has been labeled as the top regulatory concern for Higher Education.

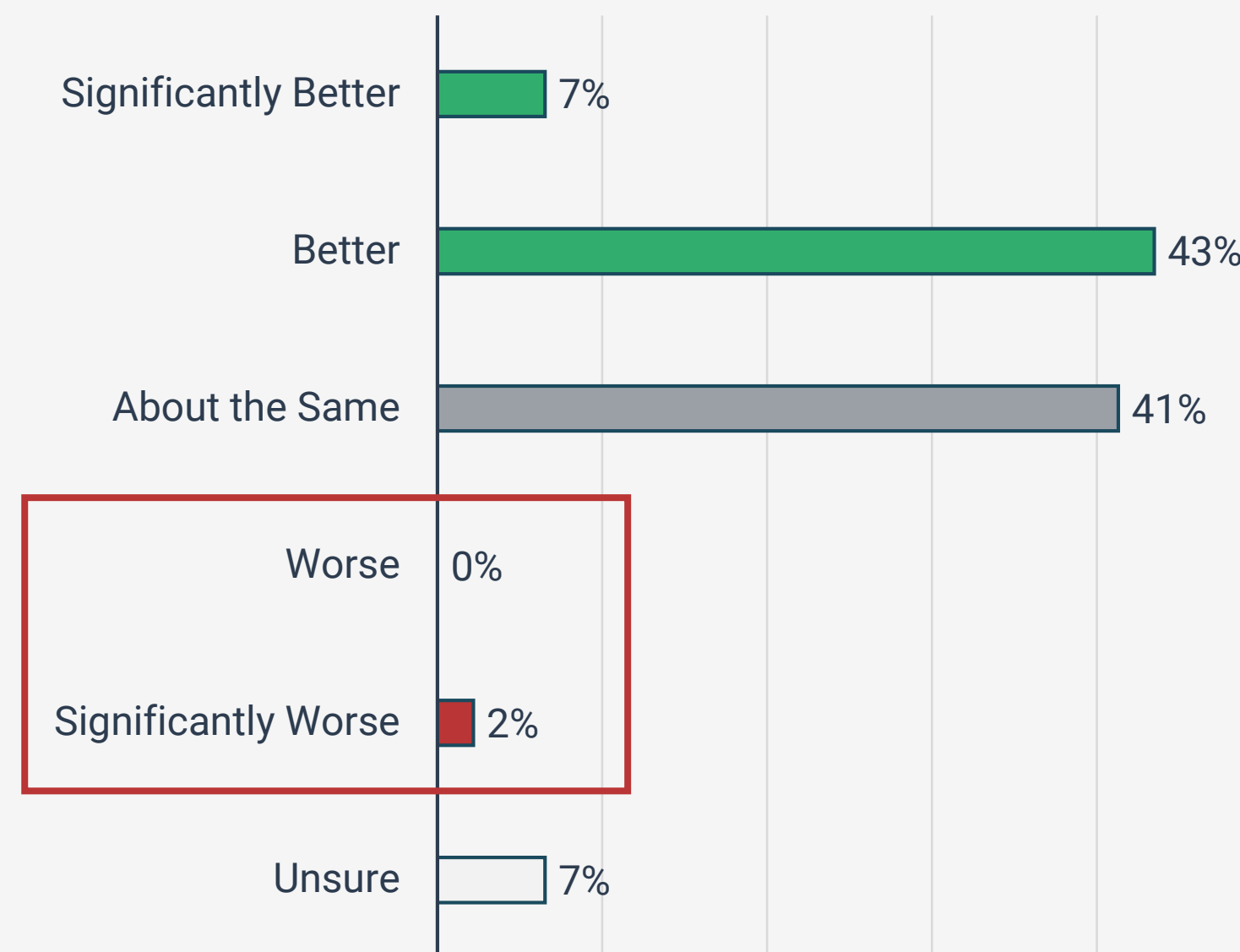
FRAUD & SECURITY

DESPITE GROWING THREAT, PRACTITIONERS REMAIN CONFIDENT

In the past year, I think that the threat-level of fraud has:



Considering the threat-level of fraud and our current security posture, we are in a ___ position as compared to last year:



SECURITY CONFIDENCE CONTINUES TO GROW: Across both corporate and Higher Education industries, treasury and finance practitioners consistently indicate increased confidence in their security. This confidence comes despite a growing threat from fraud. Whether or not this confidence coincides with success in actually preventing losses varies by institution.

FRAUD & SECURITY

FRAUD EXPERIENCES & LOSSES



MANY ATTEMPTS, MODERATE SUCCESS

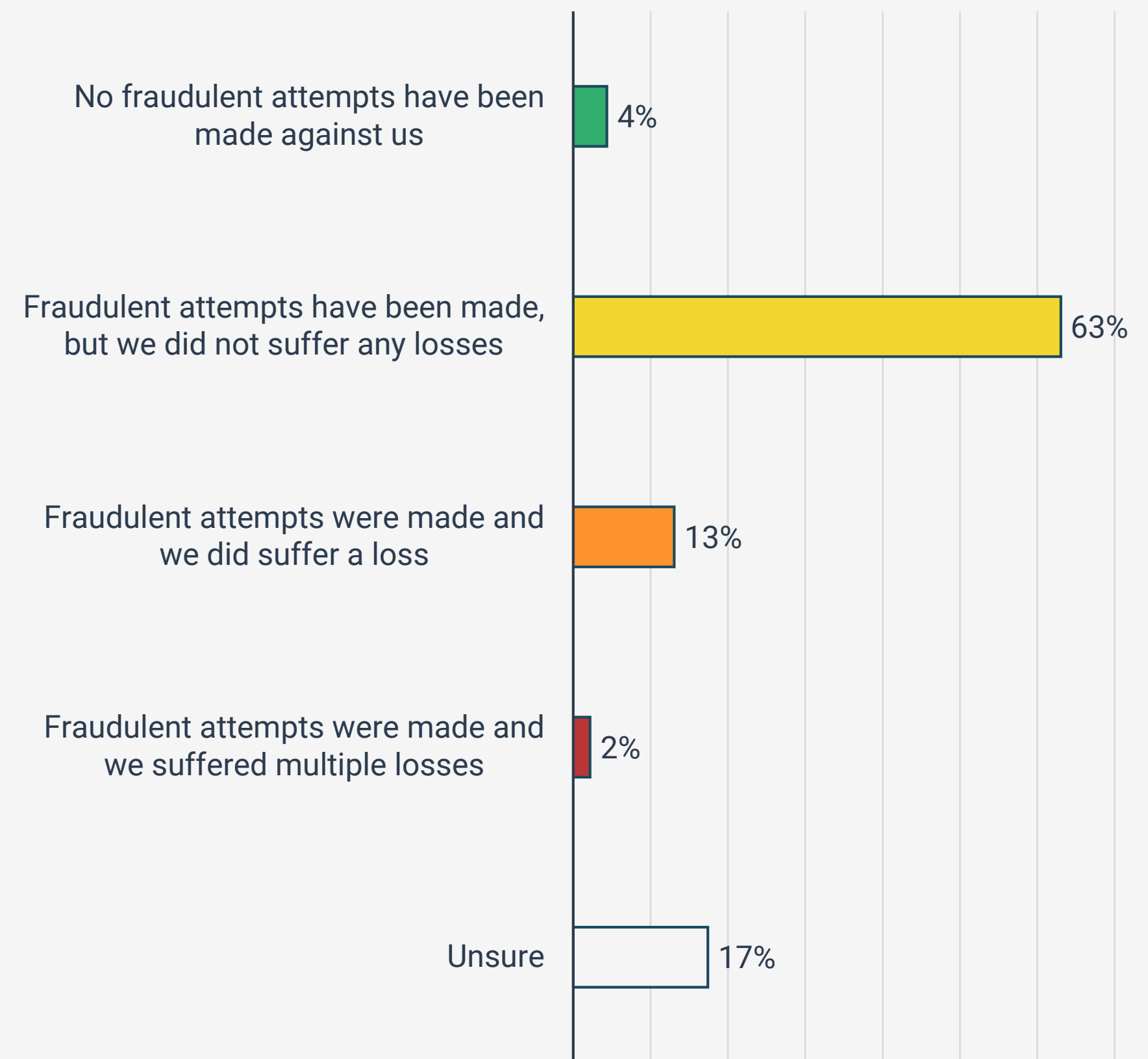
Over 3 in 4 institutions (78%) experienced fraudulent attacks in 2018. Of these institutions, nearly 1 in 5 suffered a loss. Only 2% of the total population suffered multiple losses.



THE THREAT-LEVEL REMAINS HIGH

Data shows that institutions continue to be targeted in high numbers by criminals, who have experienced moderate success. Practitioners are right in their assessment that the threat posed by fraud continues to increase.

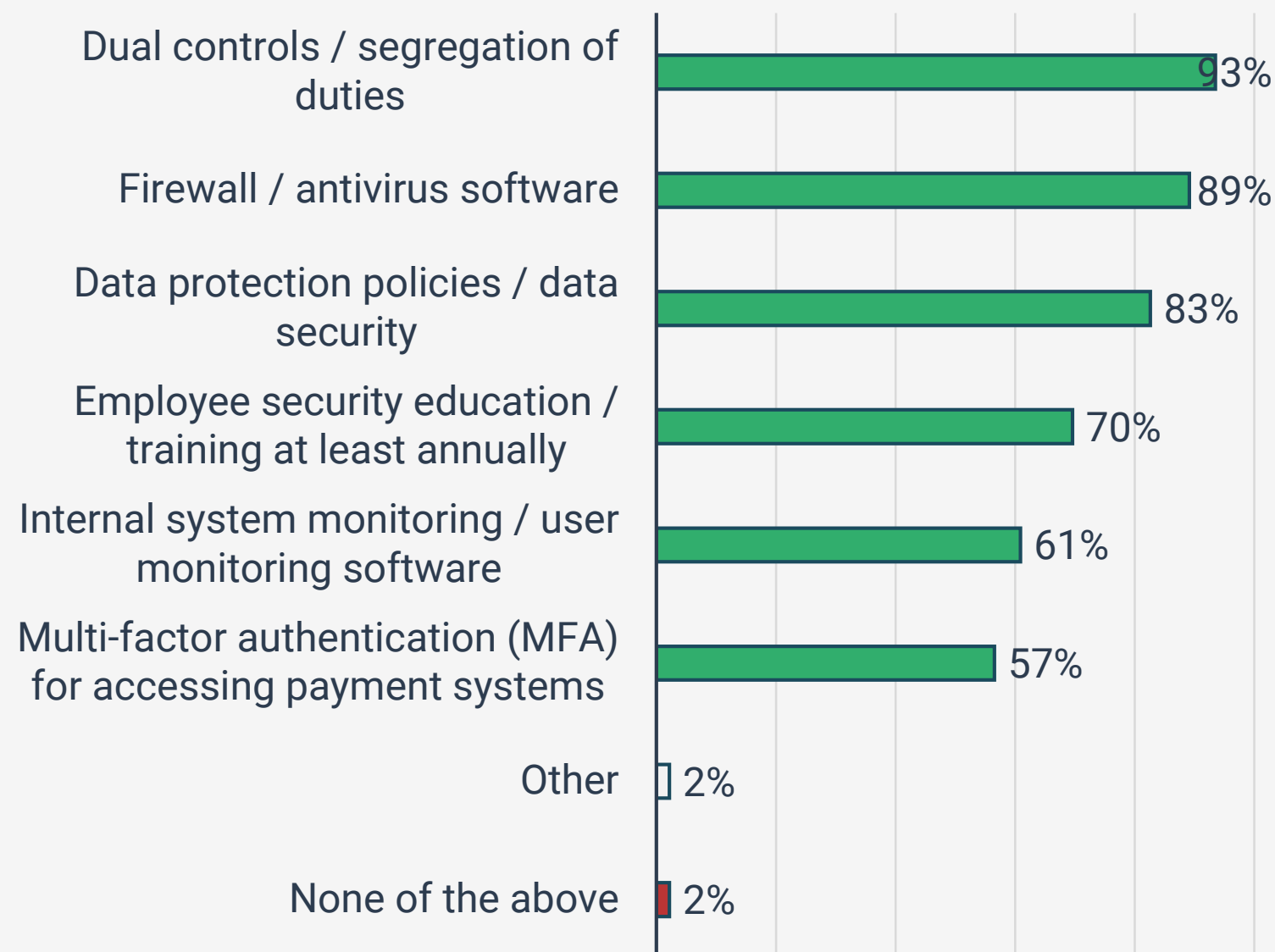
Please indicate your institution's experiences with fraud over the past year:



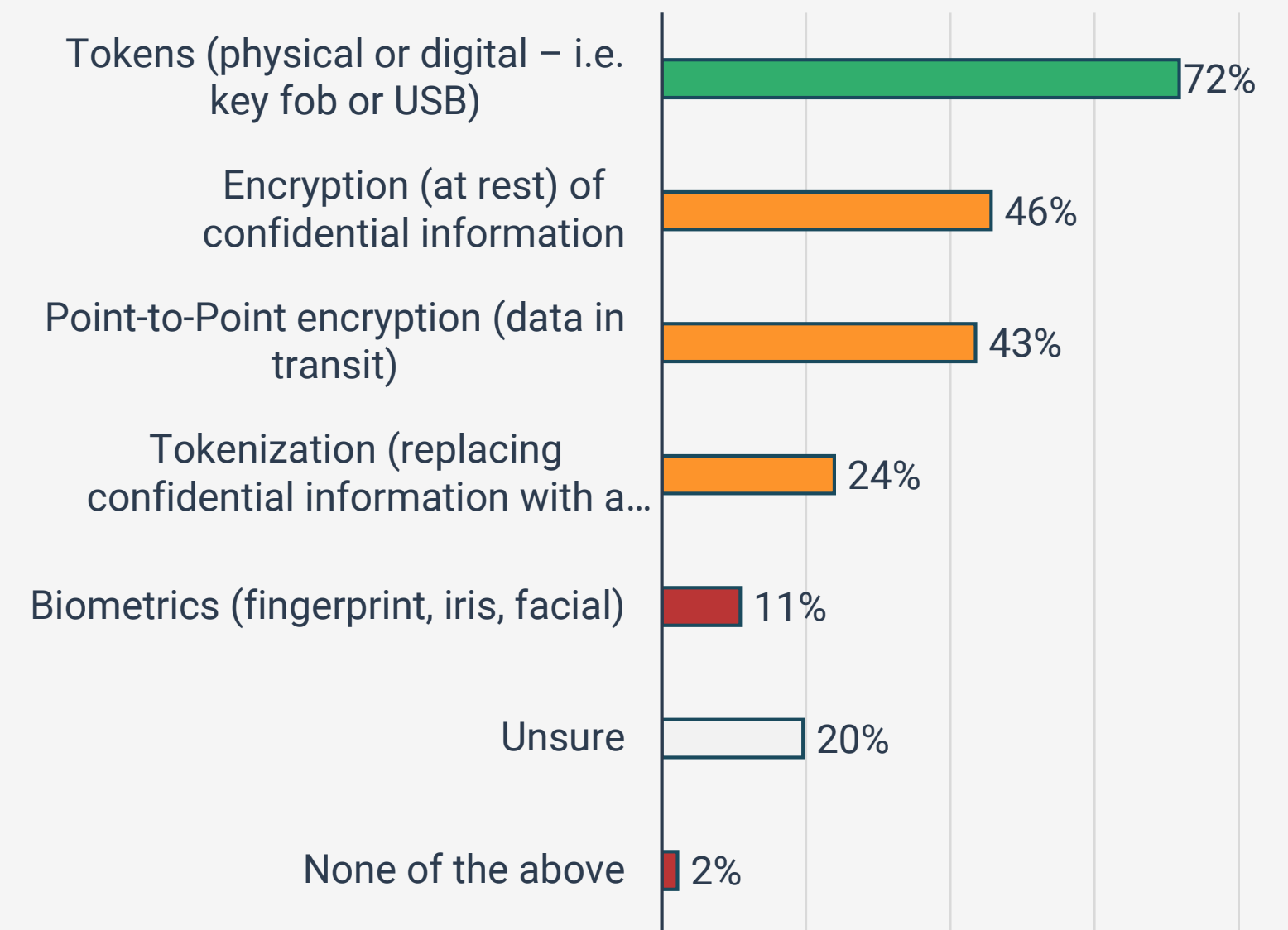
FRAUD & SECURITY

SECURITY CONTROLS, PRACTICES, & POLICIES

*What controls do you have in place to prevent fraud?
(Select all that apply)*



*Are you using any of the following access or security methods?
(Select all that apply)*



SECURITY COMPONENTS ARE ADEQUATE: Although the use of many emerging security technologies remains low, institutional adoption of core security components including dual controls, firewall / antivirus software, employee training, and multifactor authentication are promising. However, given that 1 in 5 institutions who experienced fraud suffered a loss in the past year, there is still room for improvement.

FRAUD & SECURITY

NOTABLE POINTS



FRAUD THREAT-LEVEL RISES ALONGSIDE INSTITUTIONAL CONFIDENCE IN SECURITY

- Similar to what has been highlighted along the corporate front, practitioners in Higher Education indicate increasing confidence in their security controls. This comes despite a rising threat posed by fraud.
- Confidence does not always coincide with success.



OVER 3 IN 4 INSTITUTIONS EXPERIENCED FRAUD ATTACKS IN 2018

- 78% of institutions experienced a fraud attack in 2018. ~20% of these firms suffered a loss. This makes for a moderate criminal success rate.
- There are clearly improvements needed for many institutions' defenses.



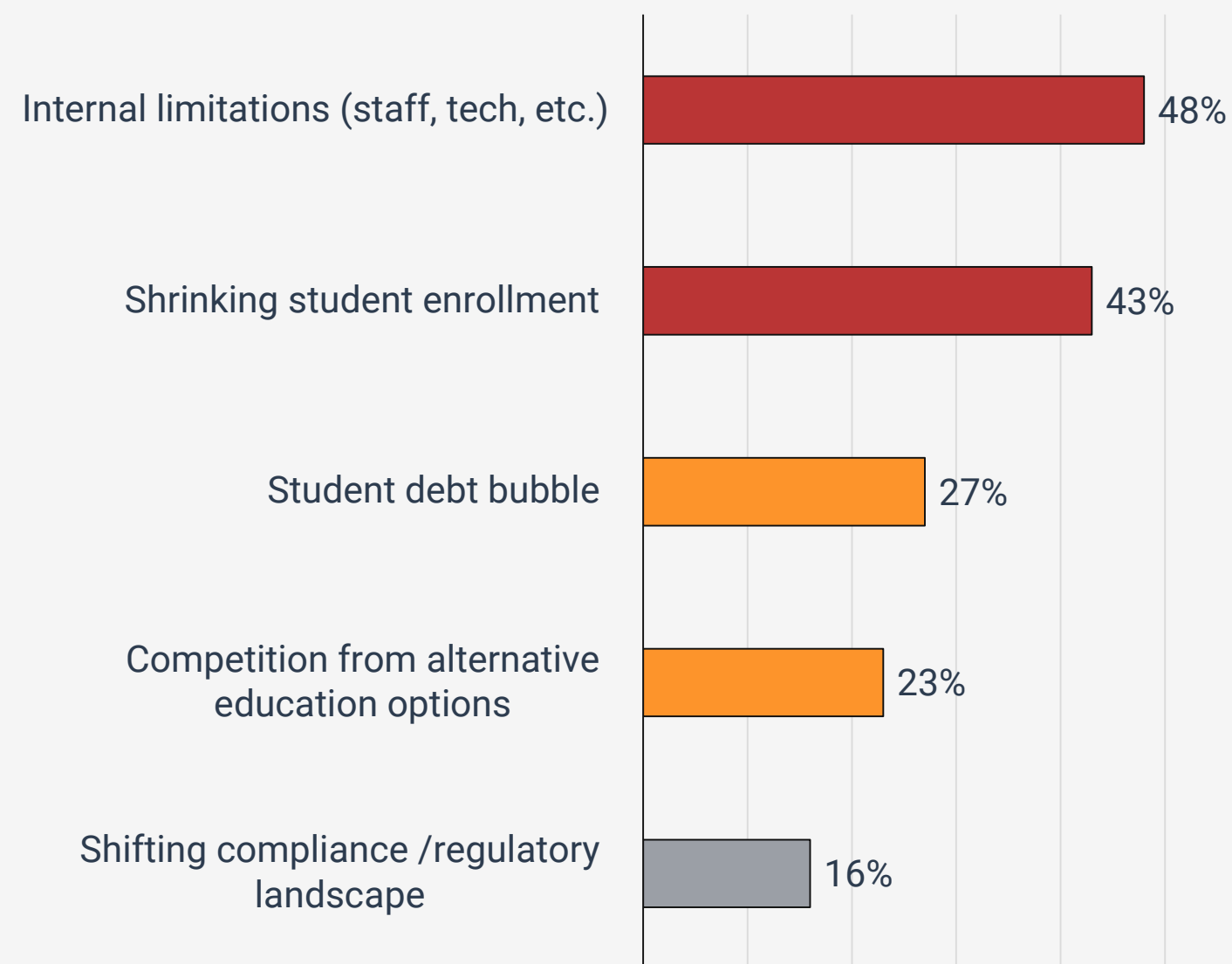
OVERALL, INSTITUTIONS HAVE DONE WELL TO IMPLEMENT CORE SECURITY TECHNIQUES

- Despite the successes experienced by criminals, many institutions have done well to implement core security components including dual controls, multifactor authentication, etc.
- While use of newer tech like biometrics & tokenization is limited, overall adoption of security practices is encouraging.

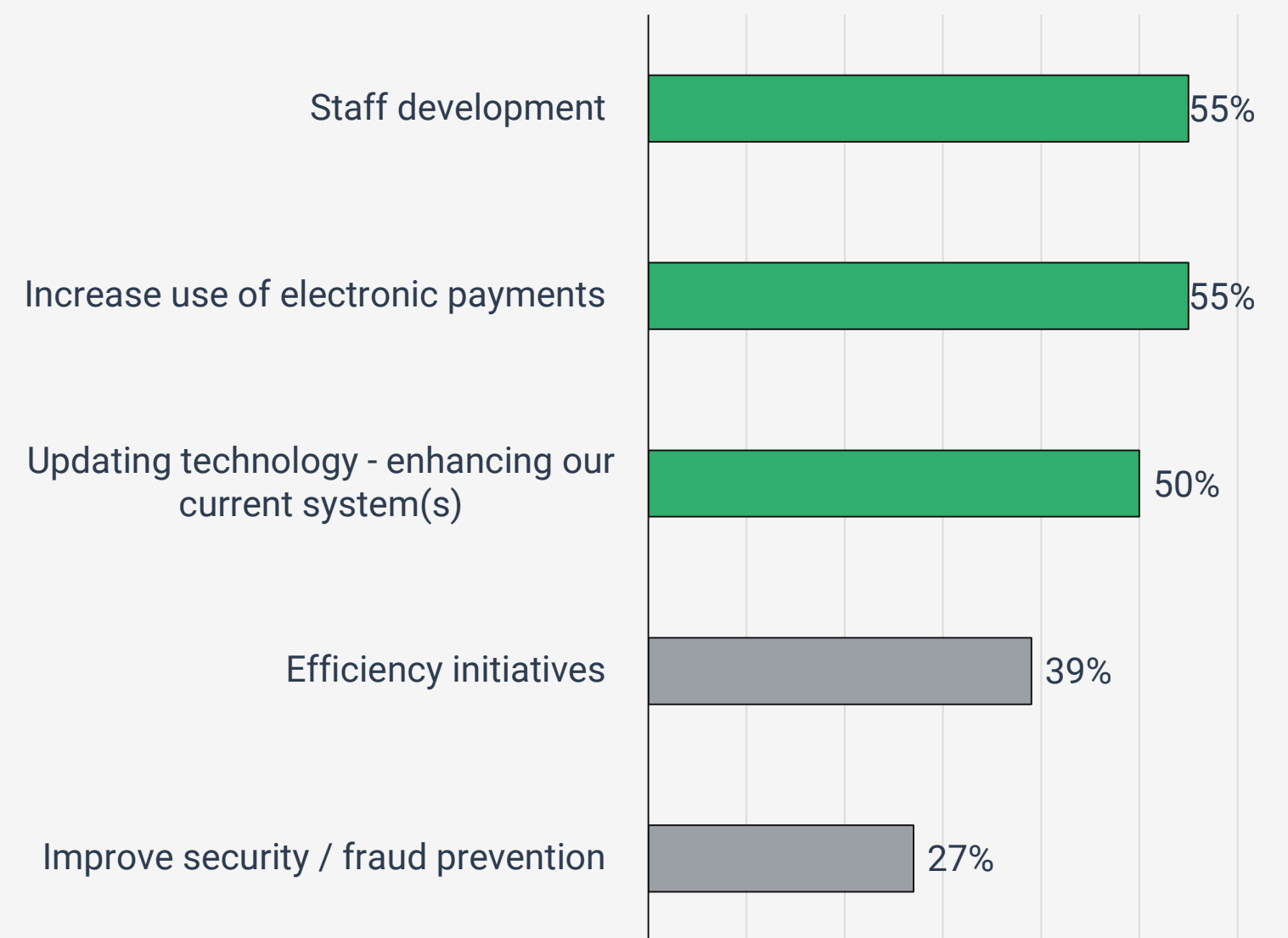
PRIORITIES & CONCERNS

WHAT WILL INSTITUTIONS BE FOCUSING ON IN THE YEARS TO COME?

Over the next 2-5 years, what two areas do you expect to have the largest impact on your institution? (Select two options)
***Top 5 Options Shown**



What are your top treasury / finance priorities for the next year? (Select all that apply) ***Top 5 Options Shown**



AS INTERNAL LIMITATIONS POSE MAJOR CHALLENGE; STAFF DEVELOPMENT & TECH AUTOMATION ARE PRIORITIZED: Nearly half of practitioners labeled internal limitations as having a large impact on their institution over the next 2-5 years; with this in mind, staff development and technology automation have been listed as the top treasury / finance priorities heading into 2019. However, data shows that for many institutions, securing funding for these initiatives will be difficult.

PUTTING IT ALL TOGETHER

WHAT ARE THE IMPLICATIONS OF THIS DATA FOR TREASURY HEADING INTO 2019?



HIGHER EDUCATION MUST GET BY WITH LIMITED BUDGETS

- Data shows that treasury personnel within higher education face significant limitations surrounding budget and staffing.
- As practitioners look to make enhancements to their treasury structure, navigating these funding limitations will be a major challenge.



SECURITY CONTROLS ARE STRONG, BUT NOT OPTIMAL

- Over 3 in 4 institutions experienced fraudulent attacks in 2018; of these firms, ~20% suffered a loss.
- While institutions have done well to implement many core security techniques and controls, more work is needed. Continue to evaluate your controls and make adjustments accordingly.



STUDENT DEBT & ENROLLMENT TAKE CENTER STAGE

- High levels of student debt and recent declines in student enrollment are both central concerns for Higher Education.
- Despite this, the majority of practitioners expect enrollment to increase over the next few years and expect the financial positions of their institutions to strengthen as well.



HEAVY FOCUS ON CARDS MAKES PCI-DSS A TOP CONCERN

- Institutions are increasingly looking to invest in payment automation initiatives, with card programs serving as an area of key focus.
- As a result of this heightened focus on cards, maintaining compliance with card regulations (i.e. PCI-DSS) has become a top priority.

LET'S CONNECT.

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS.

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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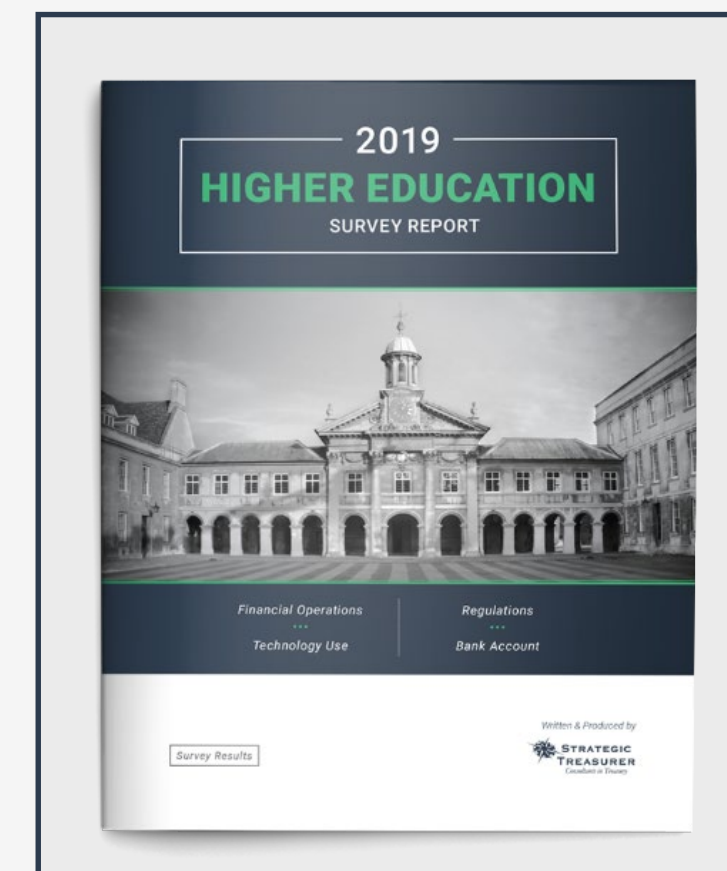
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Extended Results & Analysis: **2019 Higher Education Survey Report**



THANKS TO THOSE WHO COMPLETED THE SURVEY!

Treasury Ambassadors and **Respondents** to the 2019 Higher Education Survey will be provided with a comprehensive results report following the conclusion of this live event.

For financial institutions or other organizations that would like access to these results, contact Isaac Zaubi at Isaac.Zaubi@strategictreasurer.com