

International Financial Management - Barclays



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Introduction

Financial management helps to address and capitalise on investment opportunities, manage international financial transactions and reduce currency risk. Business leaders and professionals well-versed in International Financial Management can better respond to market dynamics and make informed decisions. International Finance Corporation can improve the lives of individuals in developing countries through investing in private sector growth. The report will provide a brief discussion regarding the impact of financial management on the multinational corporation of Barclays. Barclays plc is a British multinational financial bank founded on 17 November 1690. The total number of employees in the organisation as of 2023 is around 81,000 (Barclays, 2023). The management is committed to helping customers and clients and operates with two divisions Barclays UK and Barclays International. The essay provides insight into dividend distribution policy, market hypothesis and method of appraising the project of Barclays.

1. Dividend distribution policy

The goal of the dividend distribution policy is to achieve the best possible balance between providing shareholders with adequate profits to support the company's growth and other demands and rewarding them with dividends. The main objective of this policy is to lay down a consistent framework to divide declarations to manage strong relations between shareholders (Lartey *et al*, 2021). The management of Barclays implemented a dividend distribution policy which aims to focus on reinvestment in the payout ratio policy which offers proportionate profit profits to the shareholder. According to the financial report of Barclays, it can be specified that the company consolidates dividend confirmation in the financial year for the shareholder; those are dividend shares directly into the bank as well as building society accounts. The report shows that the management pays are divided by 2.7% per share and the annual dividend is around 5.39% as of 2023 (Barclays, 2023). The management implemented automatic dividend reinvestment profit receipt automatically reinvestment instead of taking cash and manually buying additional shares as well. The company share also offers a prospective dividend which is 6.2% and the sales above 4% average for the FTSE 100 stocks (Barclays, 2023). Market hypothesis theory states share price and reflects all available information.

At present time Barclays one challenges based on its capital strength and sourcing loans. According to the financial report, the organisation has experienced challenging income as less implemented conditions for the customers and corporate businesses. The financial report of

Barclays observed that rise of 1 percent which measures the capital strength to 14% by the end of June from 13.1% in the first three months of the executive year before its effect on the ratio in the second half (Barclays, 2023). The organisation has faced unprecedented challenges based on the lockdown imposed due to the spread of COVID-19 and its uses by many companies towards forcing lenders to collapse to make provisions and result in a loss (Barnes and Newton, 2022). The company already booked a British pound 2.1 billion charge in April which is the biggest quarterly provision in a decade (Barclays, 2023). Additionally, new accounting standards of organisations also complicate banks if businesses and consumers are affected. The organisation has experienced high reliance on inherently and more volatile revenue in the weekly market average and high exposure to more confidence-sensitive versus funding, one of the biggest challenges for Barclays. The management has faced constraints of high industry while the social risk is related to regulatory risk integration exposure, and also higher compliance standards. The annual report shows that the organisation recently shut at least 180 of its branches from 2023 to 2024 which is more than a third of its UK network efficient market hypothesis theory helps to keep a balance between old stock prices and new stock prices.

2. Efficient market hypothesis theory

The notion of the efficient market hypothesis facilitates understanding how the market determines value depending on various stocks. This theory also offers significant strategies for investors to boost their investment returns despite taking on higher risks. Efficient market hypothesis theory allows individuals to feel comfortable while investing if they believe that they do not have inside knowledge or information to get better Returns (Barclays, 2023). The theory also helps to understand the financial market so that organisations can make a strategic plan on how to improve their business. It suggests financial markets which are more efficient and incorporate all required information into asset prices (Van Overbeke, 2022). The theory signifies that it is impossible for an organisation to regularly outperform in the market by employing approaches which include technical analysis or fundamental analysis. Barclay needs to implement the efficient market hypothesis theory which has incorporated stocks instantly along with all available information which is useful to evaluate their price hence no one might consistently outperform in the market without accepting the higher risk (Usendok et al., 2021). The theory states that businesses must be experienced in a perfect market and no other transactions cost, less cost information investors have a homogeneous expectation of their rationale and their financial market is more efficient for spreading business networks in every

area (Younas et al., 2023). The efficient market hypothesis theory useful for low-cost structure businesses is that they can increase profit by reducing prices and expanding market share.

According to the financial report of Barclays, it can be observed that the revenue of the organisation is around £7.922 billion as of 2023 (Barclays, 2023), which is an increase of 13.02%, as compared to the previous year. The revenue of Barclays mission executive to 12 months by the end of September 30, 2023 (Barclays, 2023). The net worth is around 31.304 billion and increased around 0.73% as compared to the previous year (Barclays, 2023). The annual revenue of Barclays as of 2022 was around £30.868 billion and it will increase by 2.31% as compared to 2021 (Barclays, 2023). By 2022, the Barclays Group would have gained approximately 18 billion British pounds and tried to exploit its market in regional as well as global platforms.

3. Barclay's methods of appraising projects

There are various types of methods of appraising a project such as economic analysis, financial analysis, market analysis, technical feasibility, credit score analysis and managerial competence analysis. Project appraising analysis is important for business; it helps to understand particular and specified as well as predicted results (Schutte et al., 2021). It also helps to acidify the desirability of the projects and also verify the hypothesis of a project. In the 21st century, some new concepts are included in project appraisal which as credit appraisal. It may include introductions based on credit appraisal loan appraisal, price in the loan eligibility, credit appraisal allowed the eligibility of loans and viability of borrowing. The process of loan appraisal ensures that the credit score is checked and which is matched thoroughly (Ahmed et al., 2021). The techniques related to credit appraisal are financial statement lending credit, scoring relationship landing assets, based lending and others.

Nowadays changes constantly happen around the world of Financial Technology apart from this new technology and ideas inform and improve the way banks do their business. The reason the management invests in invisible innovation is that its consumers and clients should have a smooth and practical financial services encounter. Believe in testing new ideas as well as collaborations with their financial service ecosystem and it helps to bring new products and services to the market. Additionally, it helps to unlock long-term growth opportunities based on the benefits of its stakeholders (Robins et al., 2021). The organisation makes investments in cutting-edge technology and it's empowering the banks to discover as well as engage more as well methods for business growth and success. The model helps to give cost-conscious support tweets to customers and blanks and tries to manage the business through innovation (Jones et

al., 2023). The management focused on the future portfolio of its infrastructure to develop a better experience for its customers and clients. Organisations try to disrupt markets through exploding new emerging technology such as artificial intelligence which helps to transform the way businesses operate and empower them to manage customers more effectively and efficiently.

4. Conclusion

On a concluding note, it can be stated that financial management helps Barclays to manage better performance and predict stock in the market. The management had gained remarkably based on its financial service and better customer experience. However, during the pandemic, the organisation has experienced unprecedented threats, in this regard, the organisation has developed a better recovery plan so that it can rebuild its position in the market and lead as a market influencer. Despite of this market recession and volatility create issues to sustain in the market. A distribution dividend policy helps organisations to manage strong with its shareholders so that they can ensure they have sufficient profit and give potential investment which helps to increase marginal profit for the overall success of a business. Moreover, it can marketer of Barclays give more effort and invest in market research and development processes which may help to address potential issues and develop a strategic plan that the overcome financial uncertainty management business in a global platform and spread its business to every possible area.

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