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A global survey of institutional investors commissioned by financial automation software leader BlackLine, Inc. reveals that 82 percent of global investors believe companies in their portfolio *often* resort to legal but 'creative' accounting tactics in order to attract or satisfy investors, causing investors to increase scrutiny over portfolio company financials.

BlackLine commissioned independent global research firm Censuswide to survey over 760 institutional investors across the world to establish their attitudes to financial risk, due diligence and reporting. The findings reveal the financial practices that raise red flags for investors, as well as the factors they rely on to make informed

Worryingly, 83 percent of investors surveyed also agreed on the likelihood of a global recession in the next 12 to 18 months, meaning businesses will need to work even harder to outstrip the competition. However, companies should think twice before trying to manipulate their figures; a quarter (25%) of investors singled out evidence of creative accounting as the factor that would make them *least* likely to invest in a company.

"In many ways the international business landscape is more complex, uncertain and challenging than it was a year ago. Companies are therefore under increasing pressure to perform and retain a competitive edge," said BlackLine CEO Therese Tucker. "However, businesses cannot afford to have the integrity of their financial data questioned at a time when investors are evidently becoming more stringent about unnecessary and unwarranted financial risks."

In fact, inaccurate reporting and poor financial controls raise alarm bells for a large number of global investors. Less than 1 percent of those surveyed say they will invest in a company with poor financial controls without taking some form of corrective action first, such as imposing changes on the company or its management team.

A third of investors (33%) say risk of internal financial fraud or financial non-compliance make them less likely to invest. Meanwhile, a quarter (25%) are put off by consistently late filings, with a slightly higher portion less likely to invest in companies that make adjustments post reporting (29%).

These red flags are encouraging investors to take a much closer look at the numbers, highlighting the importance of accurate and transparent financial data. When asked what the most important considerations were when deciding whether to invest, a company's financial growth forecasts (46%), access to real-time snapshots of company finances (42%) and key metrics within financial reports (46%) came out on top. This suggests that while investors are forward-looking, they also need a clear

first of three detailed whitepapers on the subject. More information on the research can be found here: https://www.blackline.com/resources/whitepapers/the-new-age-of-increased-investor-due-diligence

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