

Coffee Break: Treasury Management Performance – Mid Year Gut Check for the FS Industry

June 25, 2015

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The Power of Experience®



Welcome!



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What is the state of your TM Business for 2015? For the long term?



Are we on pace to meet our goals?

Are we valued appropriately within the bank?

Do we have long-term breakout strategies in place?

Are we missing anything in our short or long term strategies?





2015 Results So Far...



FY 2014 and Q1 2015 Treasury Management Revenues

Source: Bank Annual Reports and 10-Q's

BANK	FY 2013 to FY 2014	Q1 2014 to Q1 2015	Q4 2014 to Q1 2015
Bank of America Global Transaction Services	+ 3%	- 10%	- 10%
Citibank Treasury and Trade Services	+ 1%	- 2%	- 2%
Deutsche Bank Treasury Services	+ 2%	+ 11%	+ 9%
JP Morgan Treasury Services	+ 1%	- 2%	- 2%





What has driven growth in 2015?



Pricing



Asset Growth



Wallet Share



Vertical Focus



Global Expansion





Which Banks Emphasize Treasury Management?



Only a few banks among the 40 Global and North American Regional Banks we reviewed prominently Feature Treasury Management in their 2014 annual reports.

TM is Highlighted

- Comerica Bank
- Fifth Third Bank
- Royal Bank of Canada
- US Bank

Minor Reference to TM

- Bank of America
- Bank of Montreal
- Deutsche Bank
- Citizens Bank
- HSBC
- JPM Chase
- Citibank
- SunTrust
- TD Bank
- Wells Fargo

No TM Reference

- Agricultural Bank of China
- Bank of China
- Bank of New York Mellon
- Barclays
- BB&T
- BNP Paribas
- Key Bank
- M&T





What are Banks Saying about Treasury Management?



“...delivering excellence in its core flow products, specifically in Trade Finance and Payments and Cash Management “ – HSBC

“ Technology and integration played important roles within the Treasury Management Services area of the Business Bank in 2014. **We introduced a suite of new integrated solutions to help our customers be more successful in managing their payables, receivables and cash flow...** “ – Comerica

“Having achieved significant cost savings as well as revenue growth, our focus in 2015 will be to leverage our leading market position in Canada and our offshore capabilities in Luxembourg and Ireland to increase sales revenue. “ – Royal Bank of Canada

“Results showed our strong levels of treasury management sales, and **we believe this business is growing at a rate more than double the industry.** One of our treasury management solutions was awarded a patent in 2014 and also was featured in a *Wall Street Journal* article as a best practice in cash management.” – Fifth Third Bank

“Treasury Management clients now can perform key functions on the go with our **new app, Mobile SinglePoint® for iPhone and iPad.**” – US Bank

“**We have made investments to upgrade our Treasury Solutions systems and products while also strengthening the leadership team to better meet client needs and diversify the revenue base into other noninterest income areas.**” - Citizens





The Value of the Treasury Management Business



Profitable

Transaction activities generate profitable balances and capital markets activity

Strong Scale Dynamics

Shared processing capabilities across multiple businesses and technologies produce high operating leverage

Stable

Revenue is diversified, predictable and fee-based; deposits can be stable, especially when encumbered by services

Capital Efficient

Investment in this business produces a strong return on capital resulting from the bank acting as an agent, not a principal

Significant Growth Potential

Banks currently capture only a small fraction of what corporations spend to manage working capital

Leverageable Competencies

Large payments processors can invest in and leverage core competencies, such as expertise in a functional value chain, i.e. Accounts Payable





What are Treasury Management Units Working On?



Compliance and Cost Mitigation

- LCR compliance
- Basel III readiness
- Account opening processes / KYC
- Cost benchmarking
- System upgrades or replacements

Evolutionary Strategies and Short-Term Revenue Lifts

- Deposit strategies & training
- 1-3 year price increases
- Vertical segment focus
- Sales effectiveness review
- Product enhancements and opportunistic innovation

Breakout Strategies

- Emerging payments
- Long-term strategic pricing
- Behavioral analytics
- Expanded ecosystem integration





Call To Action



Evaluate your business

- 2015 targets and goals
- Obstacles to growth
- Potential gaps in short-term strategies
- Break-out strategies

Make your decisions

- Opportunities still available for 2015
- New investments to request
- Evaluate or introduce long-term strategies

Talk to Treasury Strategies

- Intimate knowledge of the TM business and its growth levers
- Cutting edge of industry trends, e.g. emerging payments, Treasury 3.0®
- 30+ years experience working directly with Banks *and* Corporates
- We bring the science alongside the art





Treasury Strategies

Financial Services Practice



Our strategic advice and pragmatic solutions improve bottom line performance. Clients benefit from our 360° view of the treasury market, deep relationships, and proprietary analytic frameworks that transform data into strategic insights.



Clients

- Global Banks
- Regional Banks
- Solution Providers
- Associations
- Regulators

Solutions

- Business Strategy
- Revenue Enhancement
- Deposit & Sweep Pricing
- Sales Training & Effectiveness
- Product Opportunity & Gap Analysis
- Operational Efficiency
- Risk Management & Compliance
- Competitive Assessment & Positioning
- Vendor Selection & RFP Management
- Market Analysis





About Treasury Strategies, Inc.



Who We Are

Treasury Strategies, Inc. is the leading treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions.

What We Do

Corporations

We help you maximize worldwide treasury performance and navigate regulatory and payment system changes through a focus on best practices, technology, liquidity and controls.

Treasury Technology

We provide guidance through every step of the technology process – which includes creating a roadmap, selection, implementation and optimization. Our expert approach will uncover opportunities to optimize the value of your treasury through fully integrated technology solutions.

Financial Services

Our experience, analytic approach and benchmarks provide unique consulting solutions to help you strengthen and grow your business.

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