

From Multi-banks to One

Streamlining international banking relationships

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Long-distance relationships

As if the existing pressure due to the increasing volume of trading relationships spanning multiple companies in various countries was not reason enough, the recession and credit crisis have forced corporate customers to focus on optimizing their banking relationships to improve profitability and reduce costs.

More than 40% of corporates have trade links with eight or more countries/regions; many of them trade with hundreds or even thousands of individual suppliers. They are being pressured to cut the total cost of financial operations from the current levels of around 5% of revenues to as low as 2%. To deal with these challenges, corporates are consolidating their treasury functions and bank relationships.

While this is a good start, treasury consolidation is not the panacea to all the problems corporate treasurers face. The next step starts with the treasurer's most important partner: the bank.

Your bank has been working hard for you; now make it work smart too.

Corporates have always looked to their financial partners to solve their treasury problems. Banks are required to be both the solution providers and consultants for all their global treasury challenges. The success of a treasury organization depends heavily on how it can effectively use its financial partners. A three-prong strategy can help corporates optimize their banking relationships.

Corporates need to consolidate their multi-bank relations and deal with a single bank that caters comprehensively to all their needs. This brings in reduced cost and decreased complexity in managing manifold accounts and relationships, offsetting fees against global cash balance maintained

with the bank, single global statement that reflects the entire corporate-bank relationship and better negotiation power to avail relationship-based pricing that considers the corporate's total volumes, revenues, channel usage across regions and business lines.

One bank means one operating window. Already several banks around the world are aligning their operations around customer needs, which have led to the emergence of a new business line termed "Global Transaction Banking (GTB)." GTB brings products from cash management, payments, trade finance, commercial lending and investments into a single business line. This gives the corporate a single banking window to satisfy their entire wholesale banking needs.

Integrated offerings

For corporates, a benefit from the single operating window is integrated offerings. This includes multiple banking products from different product lines that suit specific corporate needs. One exciting opportunity can be found in liquidity management, which includes products like cash pooling, corporate loans and funds transfer from cash management, commercial lending and payments product lines respectively. These bundled products bring much more value to the corporate than individual products. In fact, corporates should now be seeking

solutions rather than products from banks. For instance, a collection solution that incorporates multiple and converging payment streams can bring in more value to the treasurer than a simple lockbox.

By insisting on integrated offerings, a single window to deal with, and by being resolute on getting the value of multiple touch-points you have with the bank, within the framework of your relationship, corporates can significantly reduce the complexity in operations and pave the way for a whole new world of banking experience. For banks, all this means more wallet share of the corporate entity. Corporates, who have insisted on this convergence strategy and banks that have provided the same are already seeing huge success even in 'troubled times'. ▲



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