



ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

Northern Ohio

38th Annual Idea Exchange

Do You Have The Right Banks? Capabilities, Service, and Price

September 16, 2019



What is important to you?

Credit

Capabilities

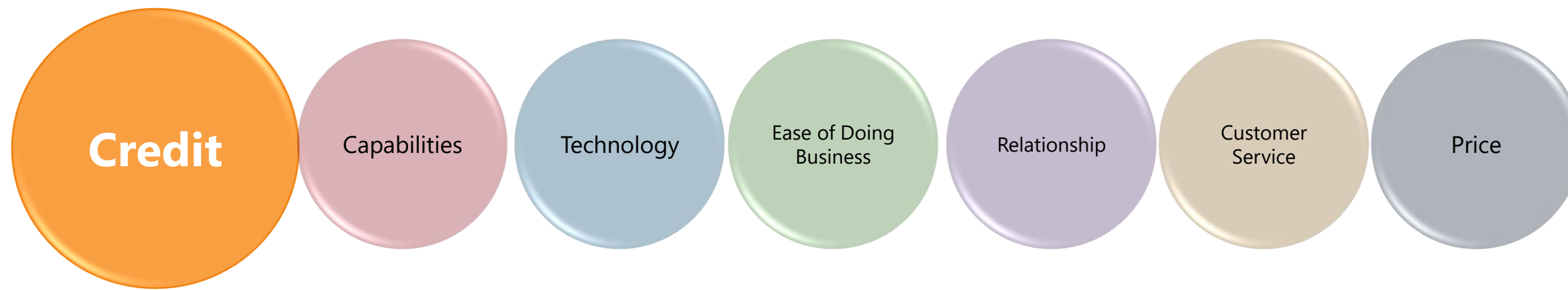
Technology

**Ease of
Doing
Business**

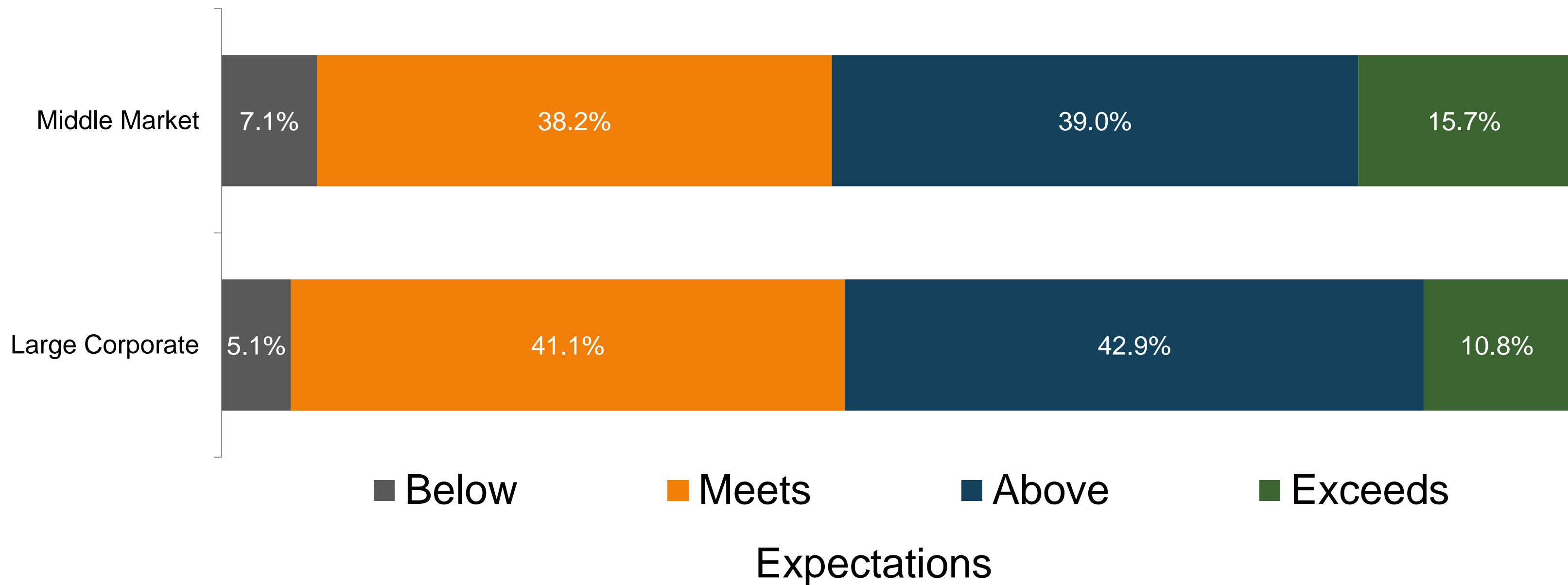
Relationship

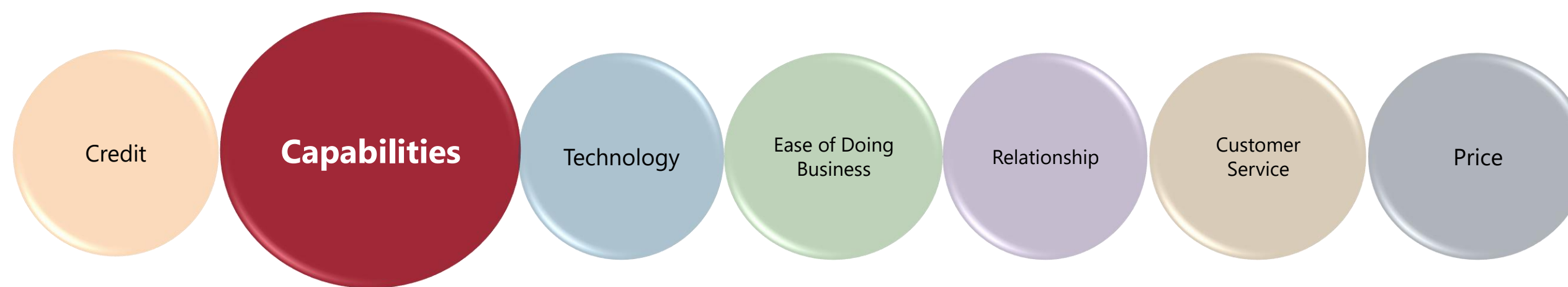
**Customer
Service**

Price



Satisfaction With The Last Credit Renewal-Terms and Process

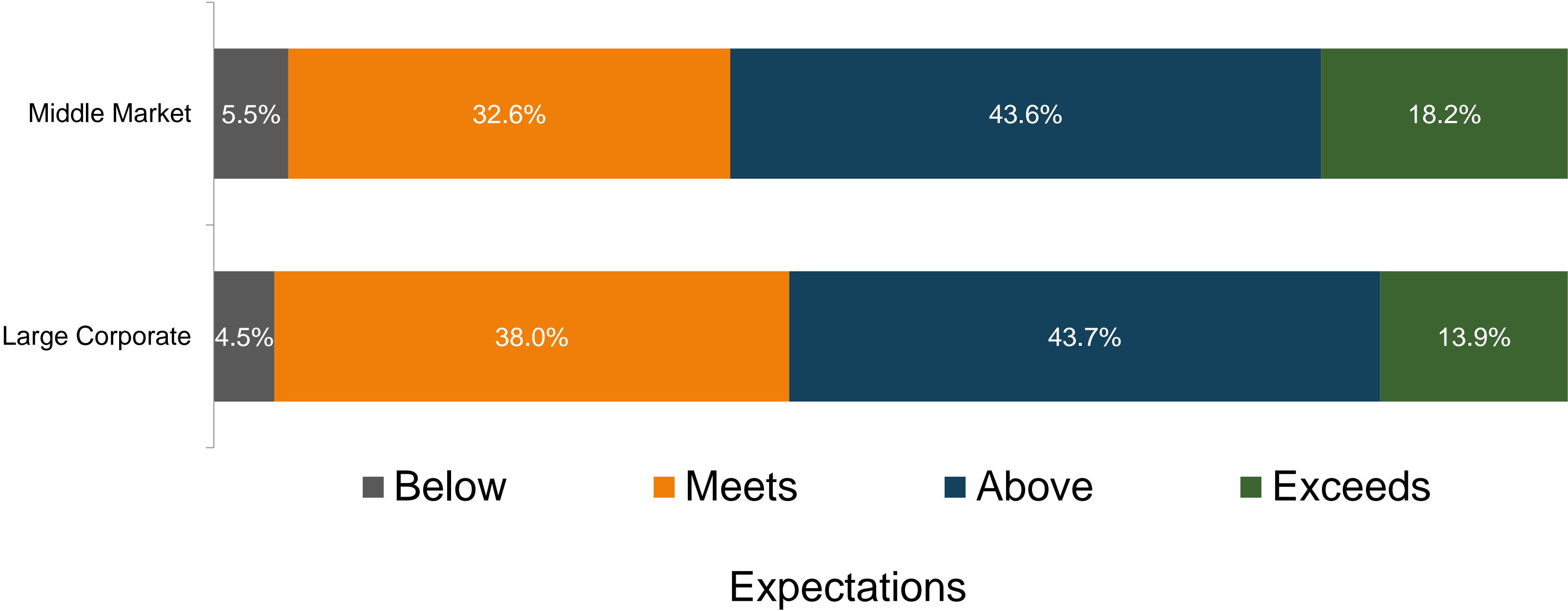




2019: Not All Banks Are Equal

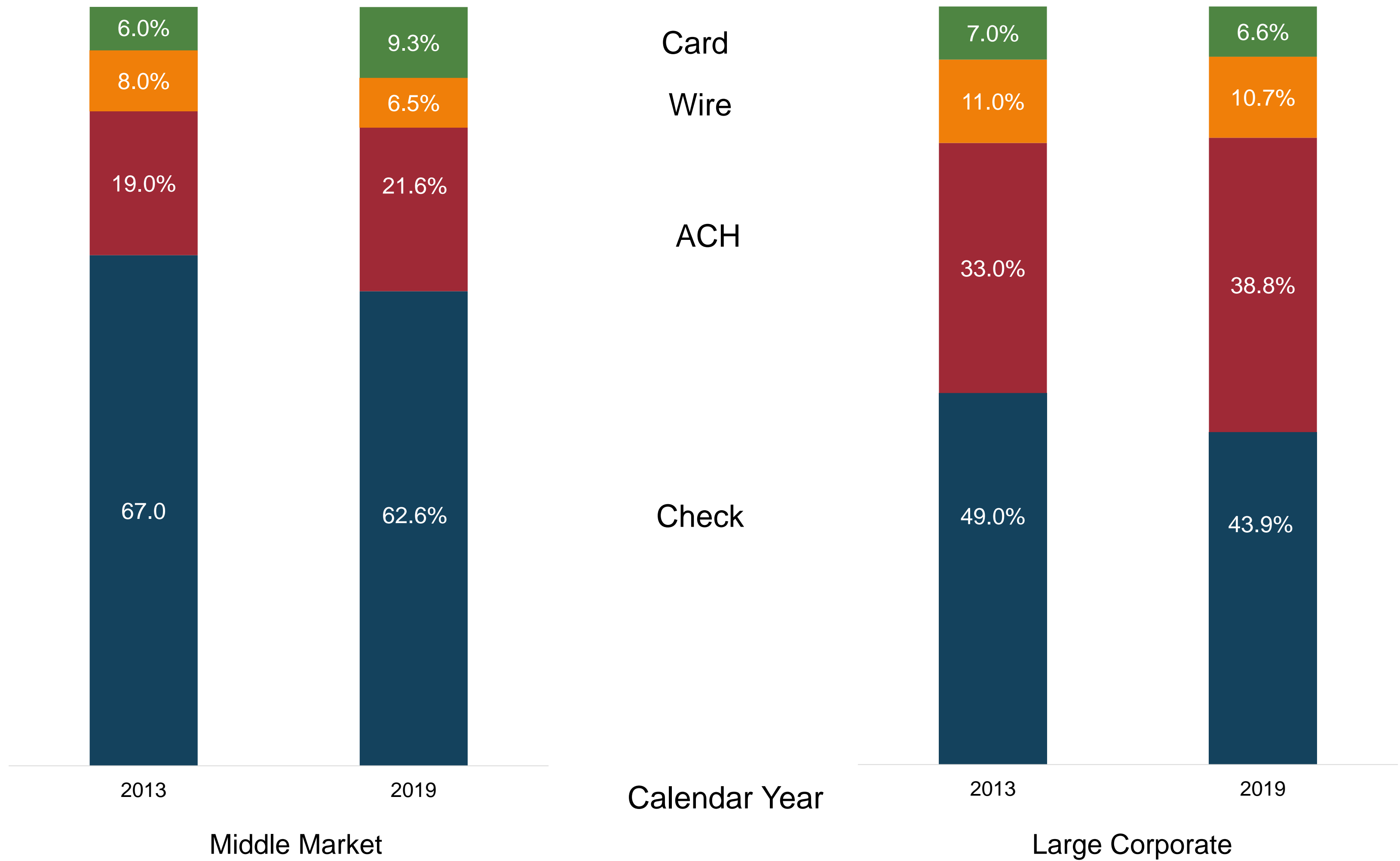
- Integrated Receivables with Open Invoice File Matching-All sources including ACH/email/PDF
- Real Time Payments for Receivables-C2B and B2B
- Integrated/Consolidated Payables-All methods including: RTP, commercial card, Zelle, and push to card
- Real Time Payments for Payables-B2C and B2B
- Bank Electronic Invoice Management, Approval, and Archive System
- Use of API's
- Swift GPI

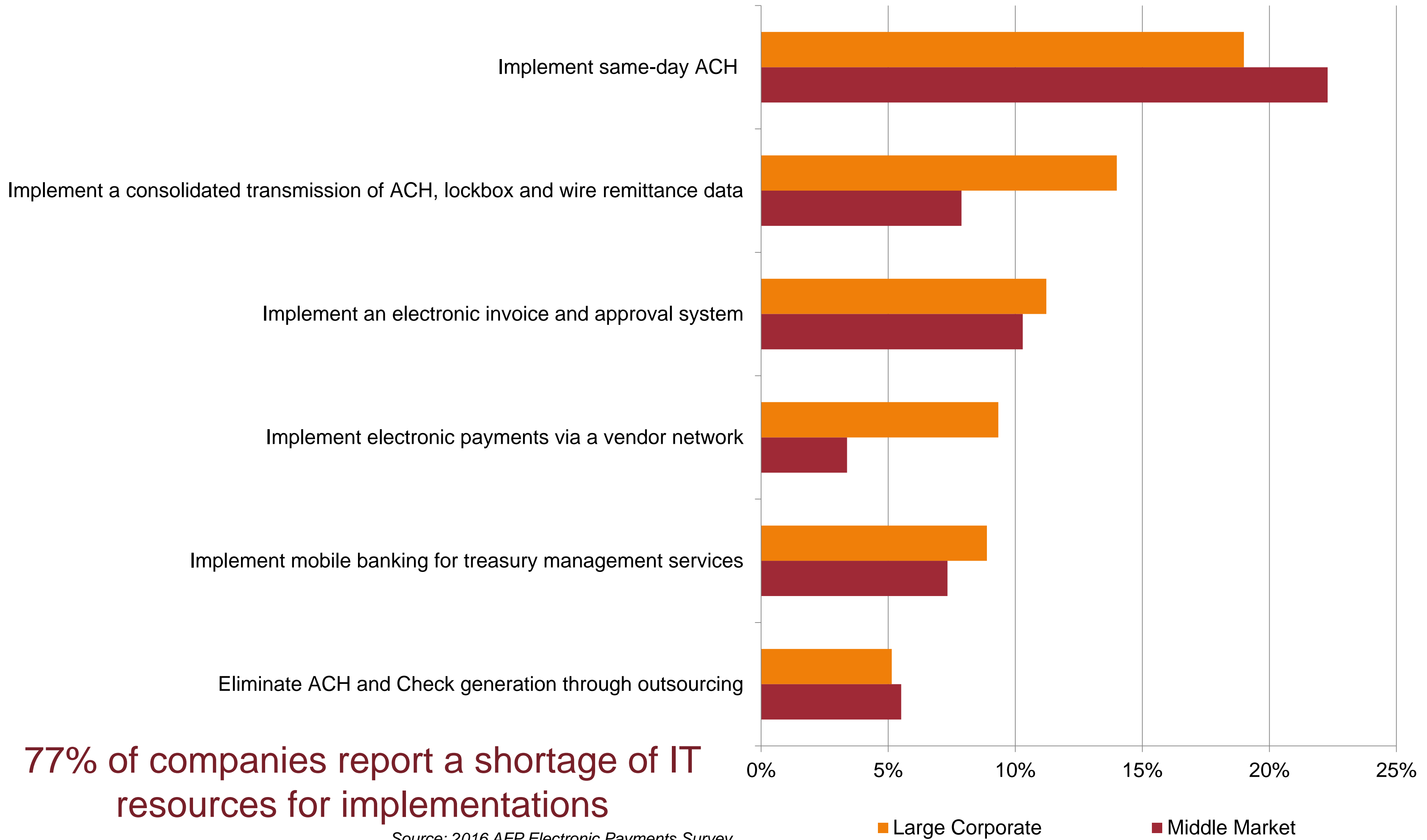
Core Product Satisfaction



Source: Treasury Management Monitor™

Percentage of Payment Transactions Made BY Corporations



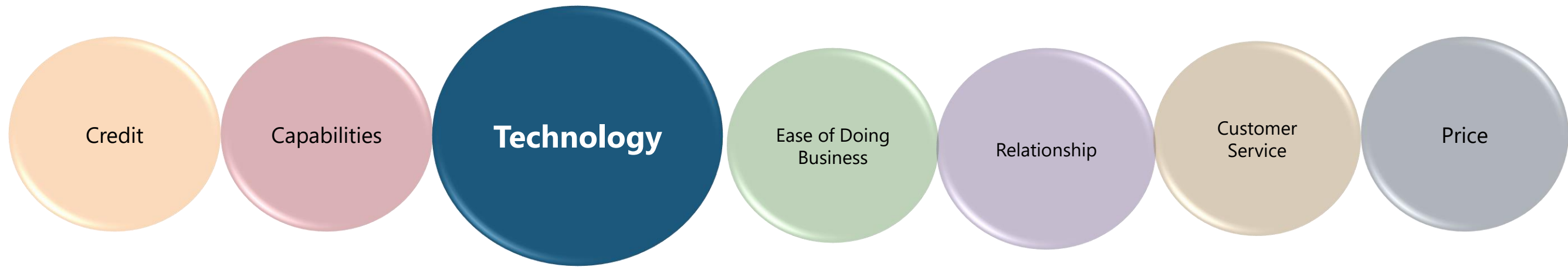


77% of companies report a shortage of IT resources for implementations

Source: 2016 AFP Electronic Payments Survey

Percent Rated 4 or 5 (Scale 1 to 5 with 5 = Likely)

Source: Treasury Management Monitor™



Real Time Payments

Interested in RTP Payments

69.0%
Large Corporate

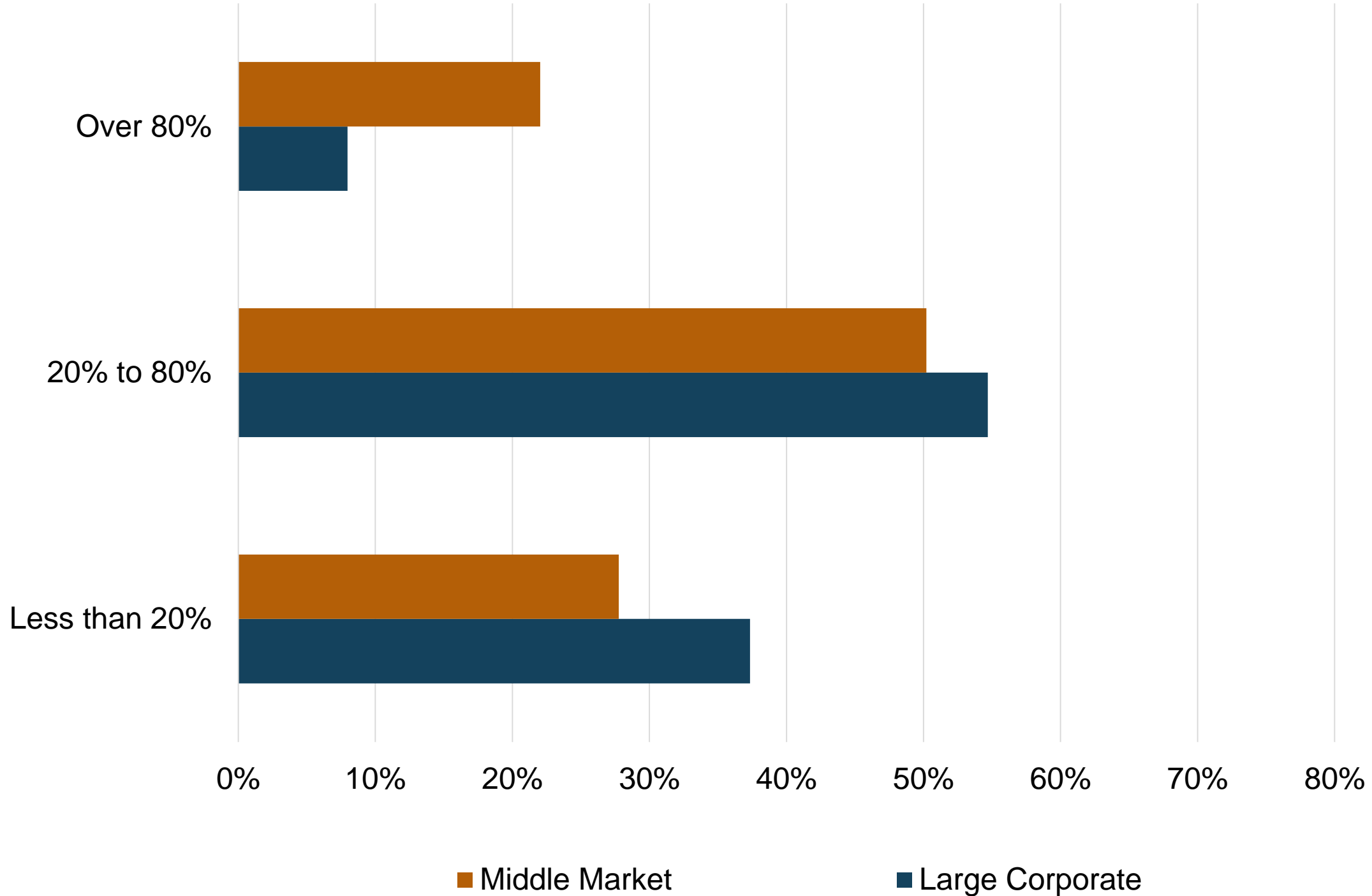
66.1%
Middle Market

Envision RTP Replacing Some Wire Transfers

85.7%
Large Corporate

83.0%
Middle Market

Percentage of Wires Which Might Convert to RTP



Source: Treasury Management Monitor™

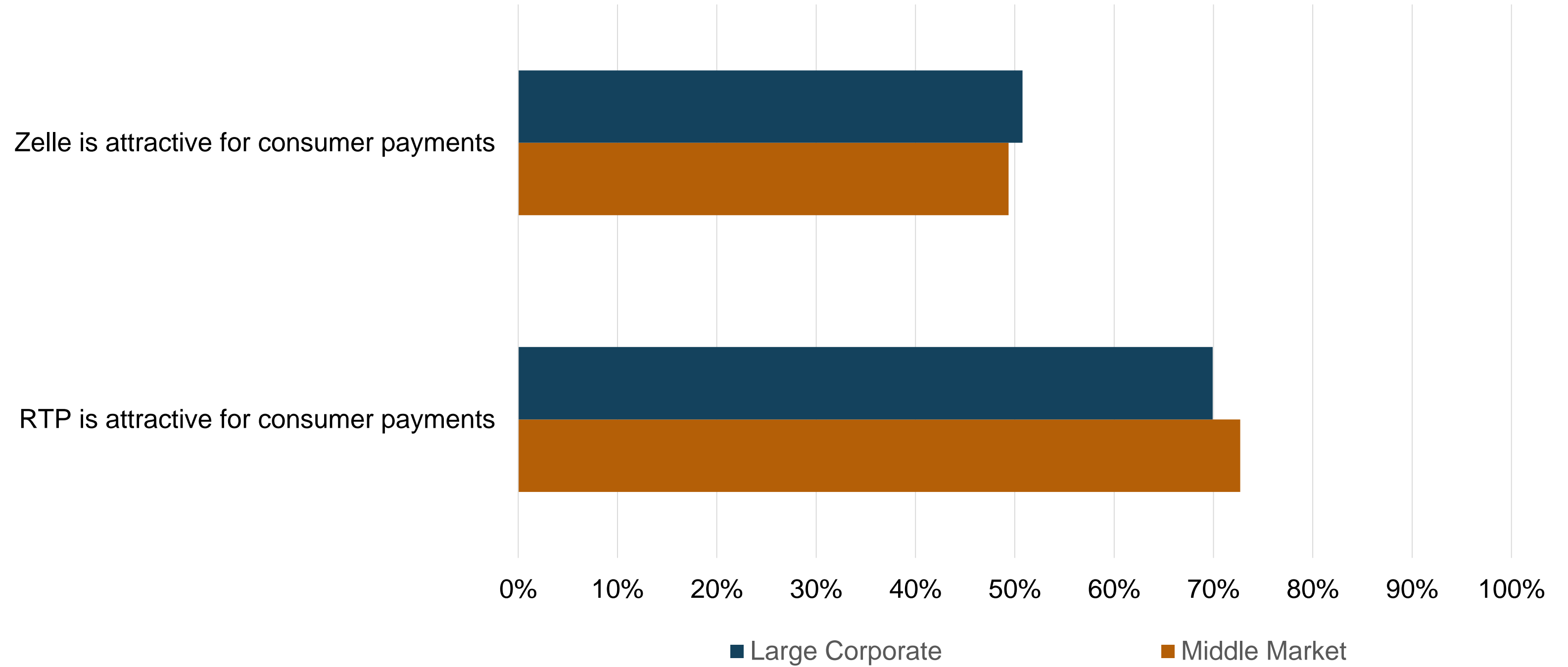
Corporates Currently Making Consumer Payments

40.8%

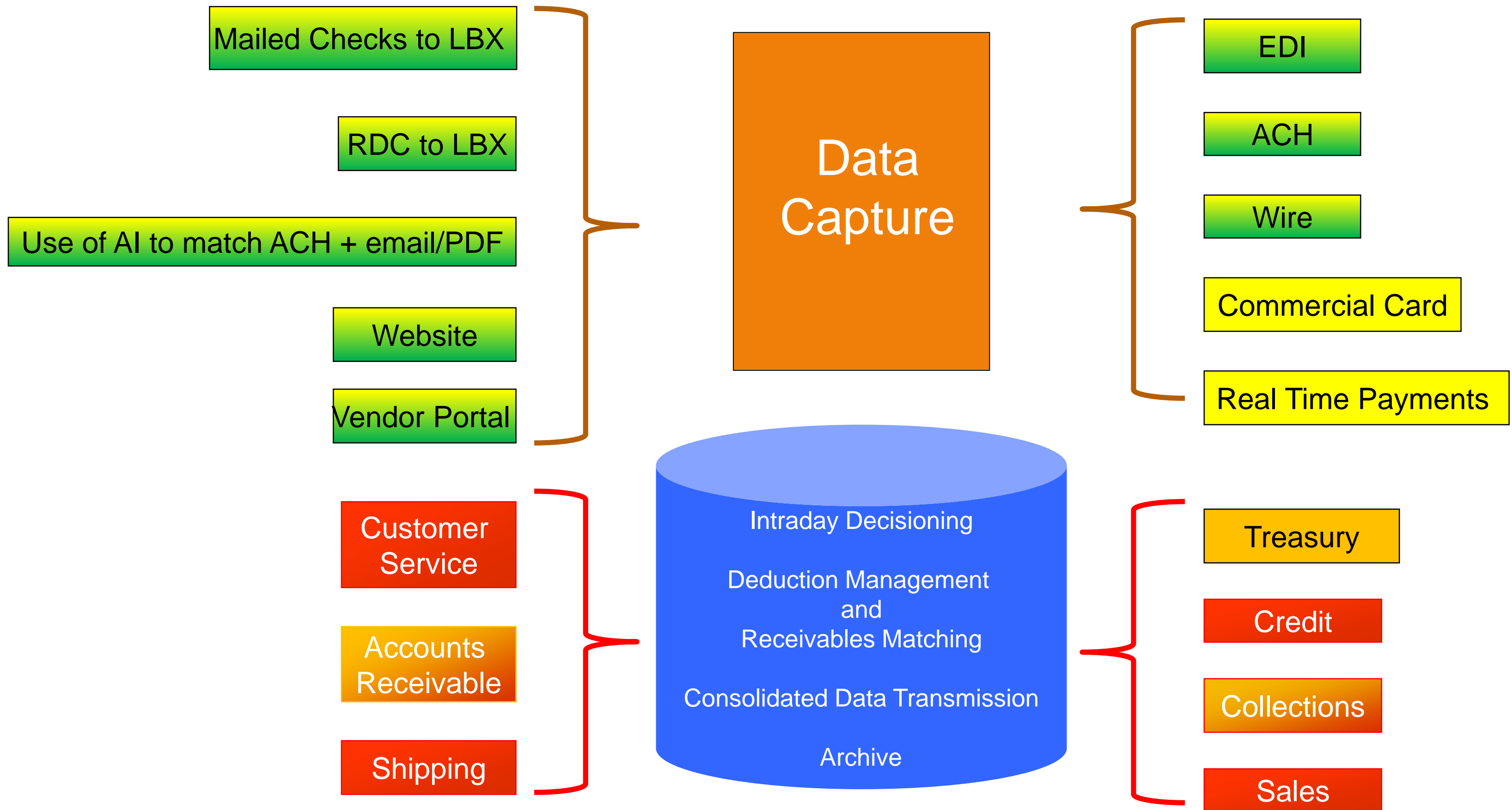
Large Corporate

38.8%

Middle Market

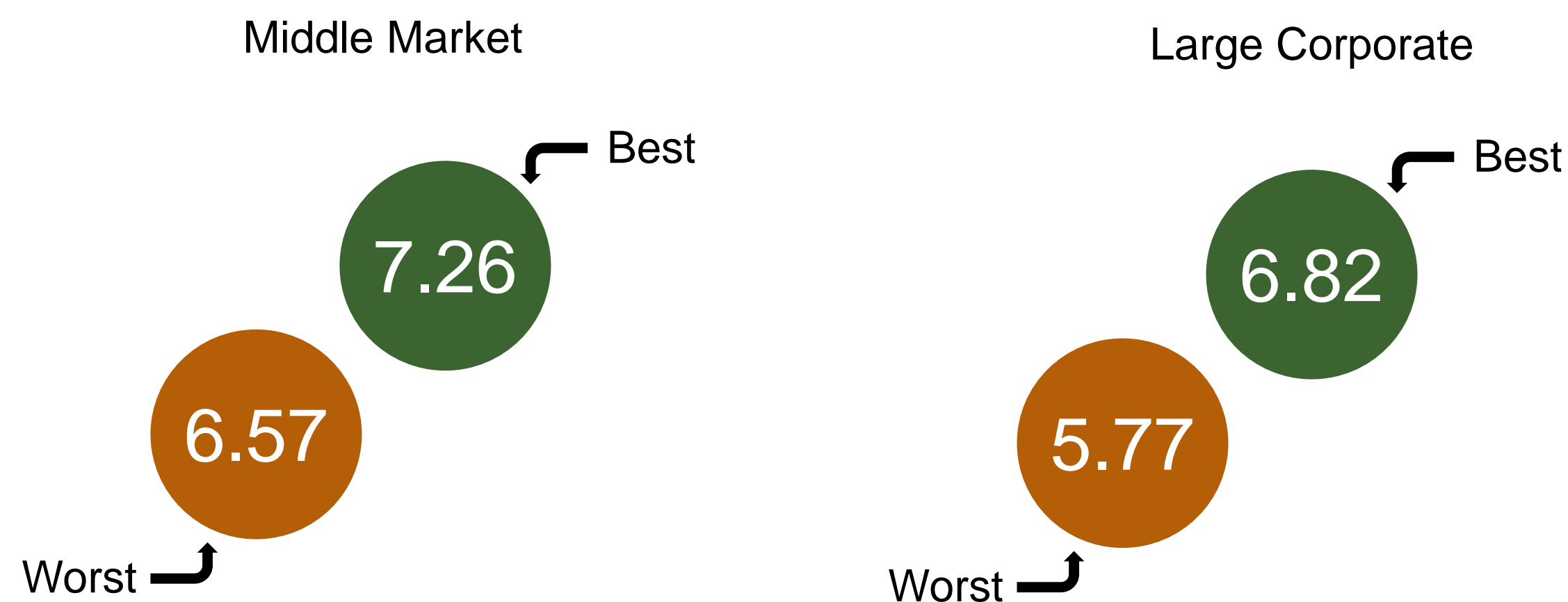


Consolidation of All Remittance Data



Remittance Information Processing Delays Matter Impact On Customer Service, Collections, Shipping, Sales, and DSO

Cash Application From Lockbox Data Transmission



Postal Survey™ Nationwide Mailings Wholesale Lockbox

CITY	TRANSIT HOURS
Boston, MA	40.9
Atlanta, GA	41.0
Saint Louis, MO	41.6
Baltimore, MD	43.1
Pasadena, CA	43.8
Chicago, IL	44.8
Charlotte, NC	46.2
Pittsburgh, PA	48.1
Memphis, TN	48.9
Dallas, TX	49.3
Philadelphia, PA	49.4
Detroit, MI	49.8
Los Angeles, CA	51.8
Minneapolis, MN	52.7

Source: Treasury Management Monitor™ and Spring 2019 Postal Survey™

Currently Using Integrated Payables

32.6%

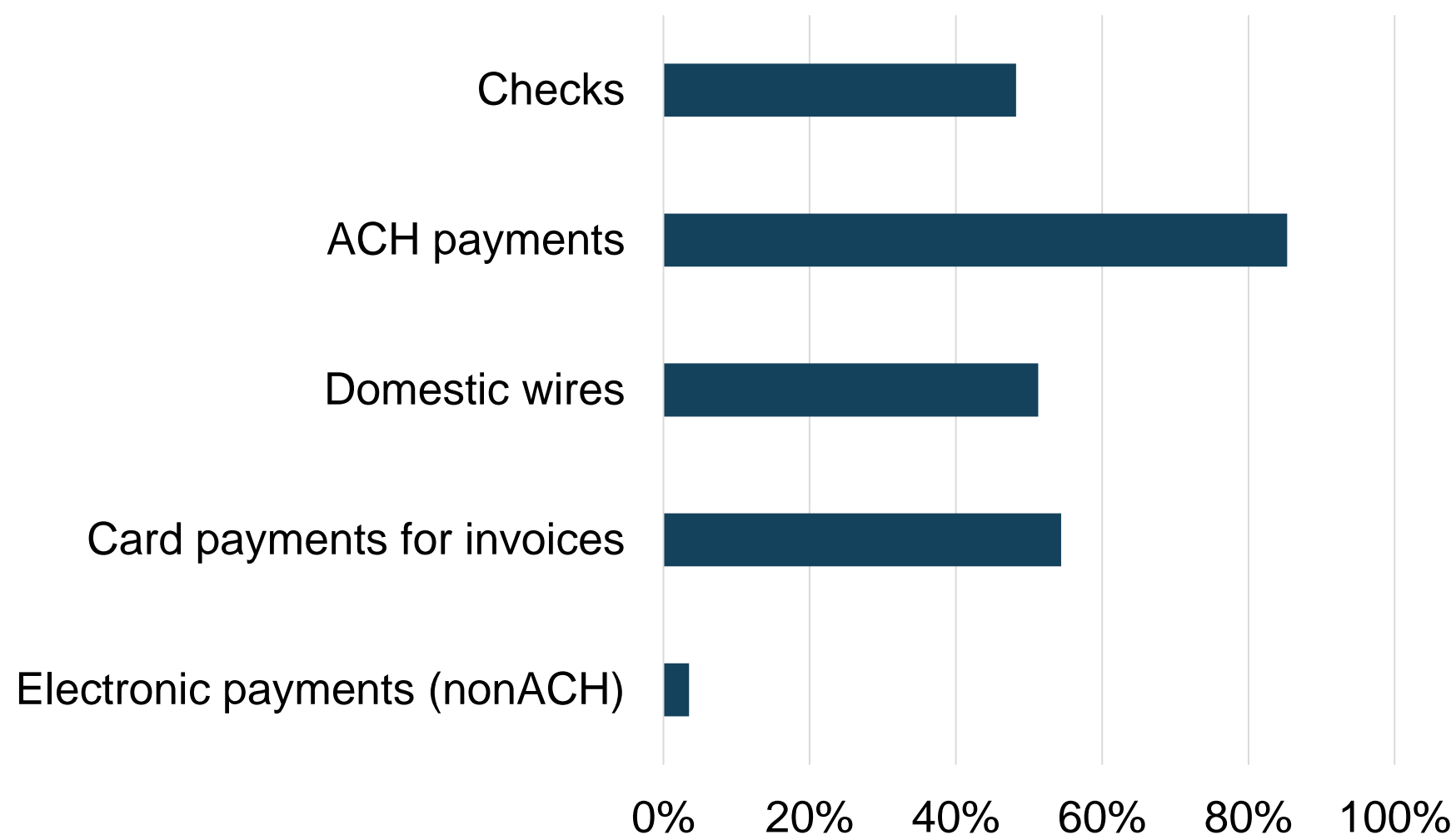
Large Corporate

11.3%

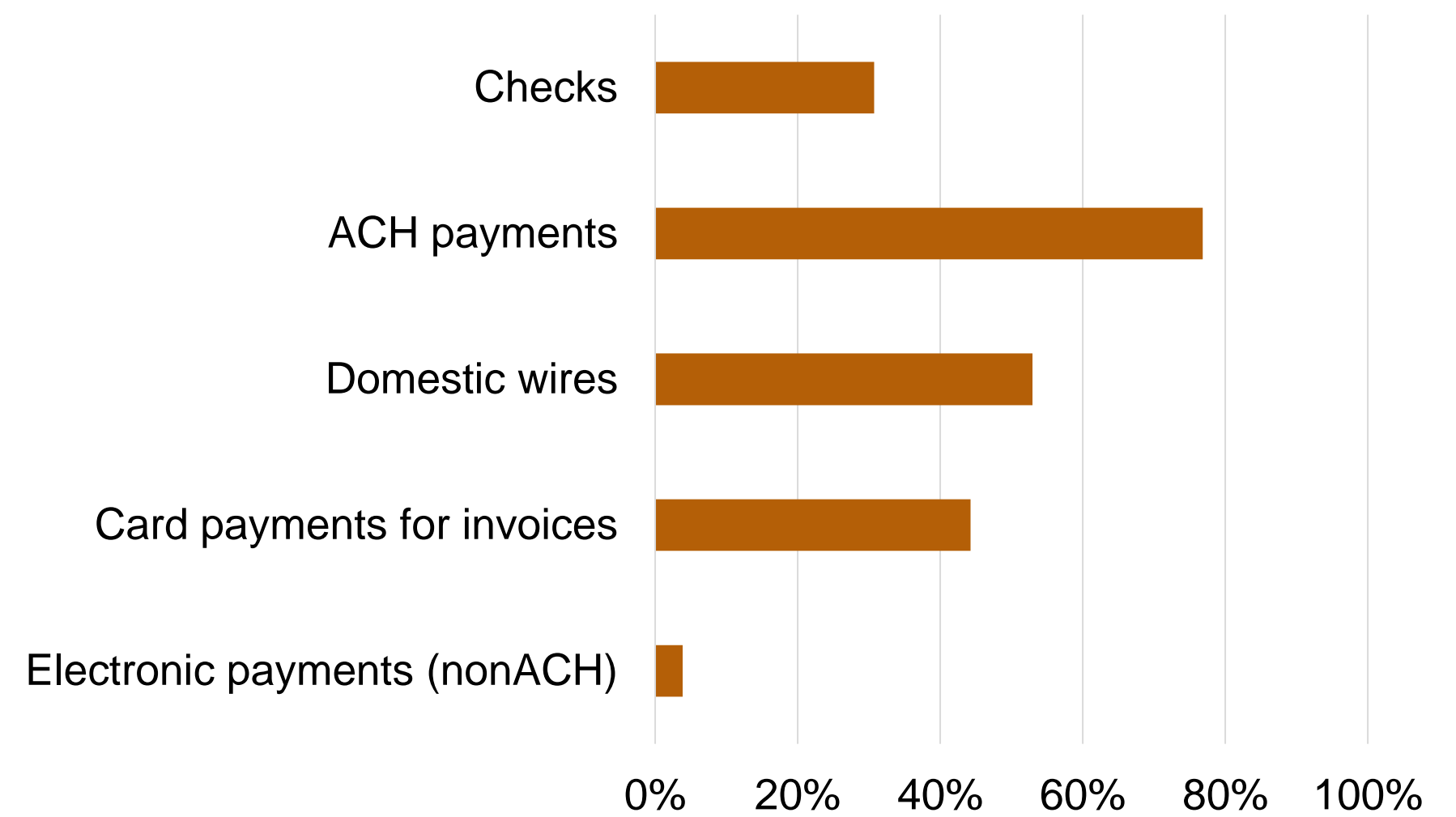
Middle Market

Percent of Companies Issuing Payment Types Using Integrated Payables

Large Corporate



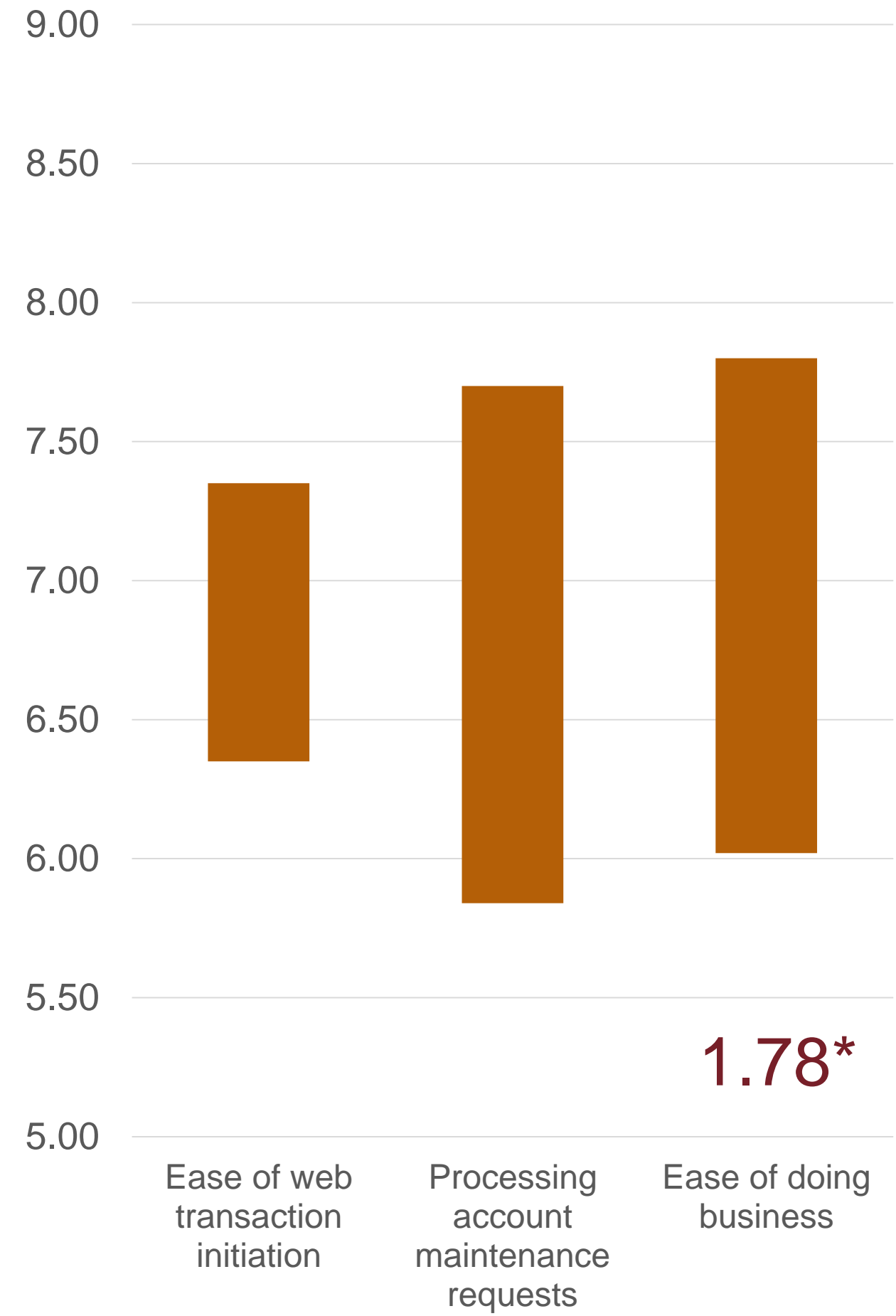
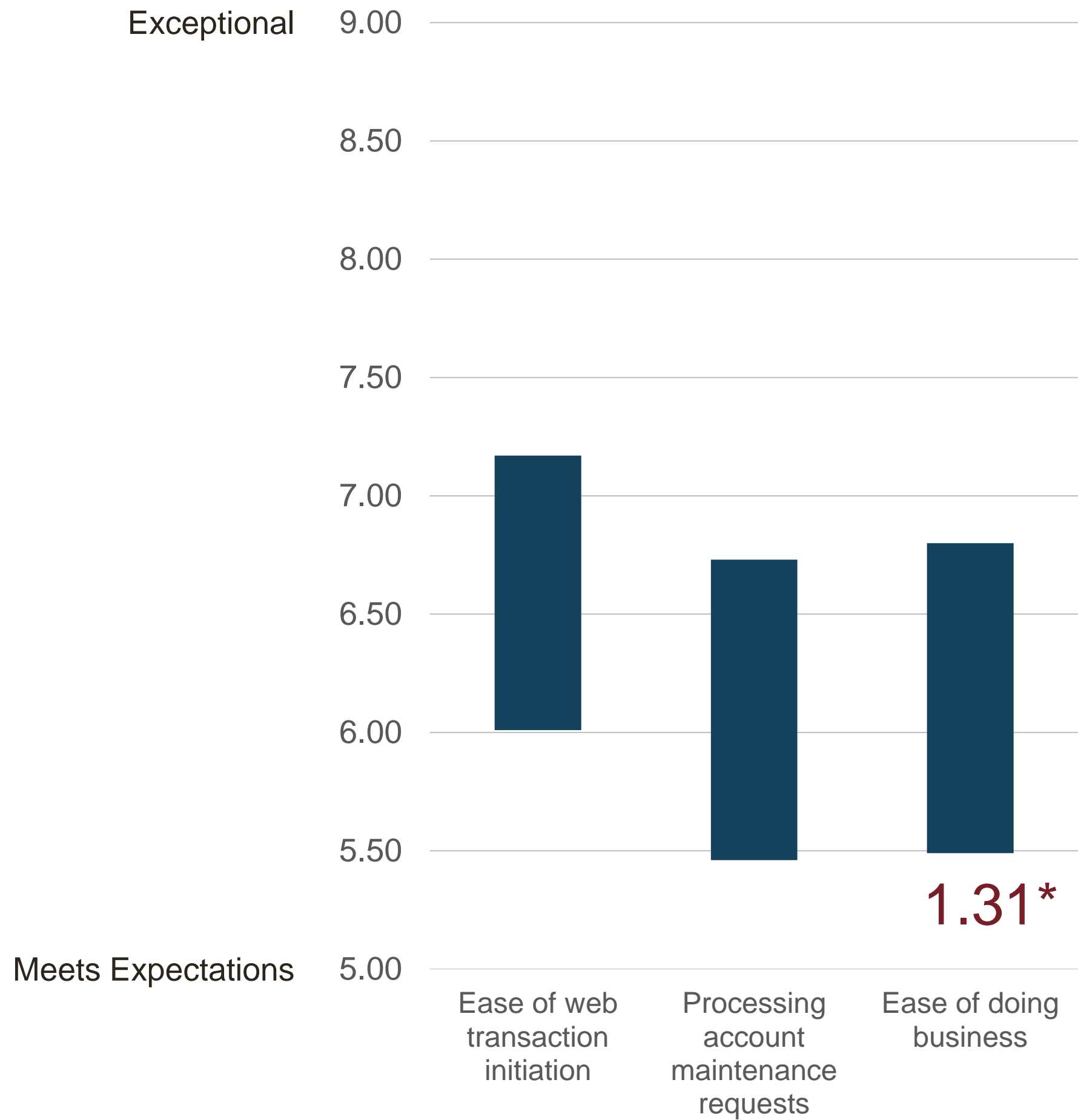
Middle Market





Large Corporate

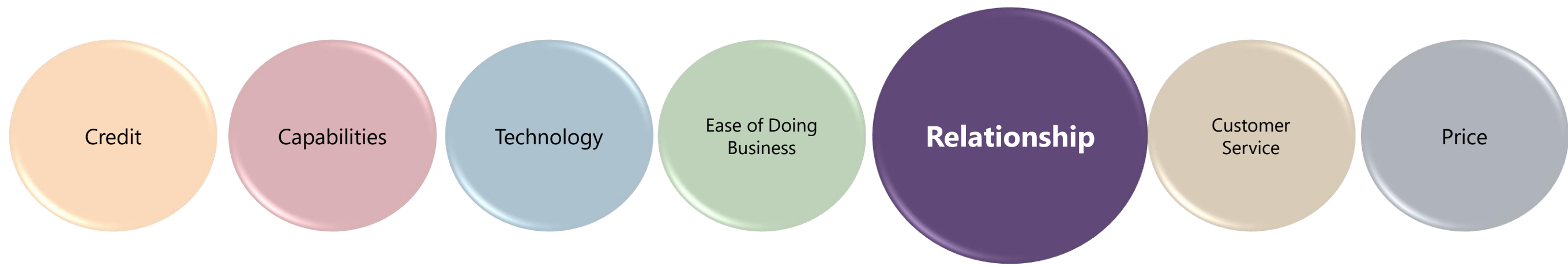
Middle Market



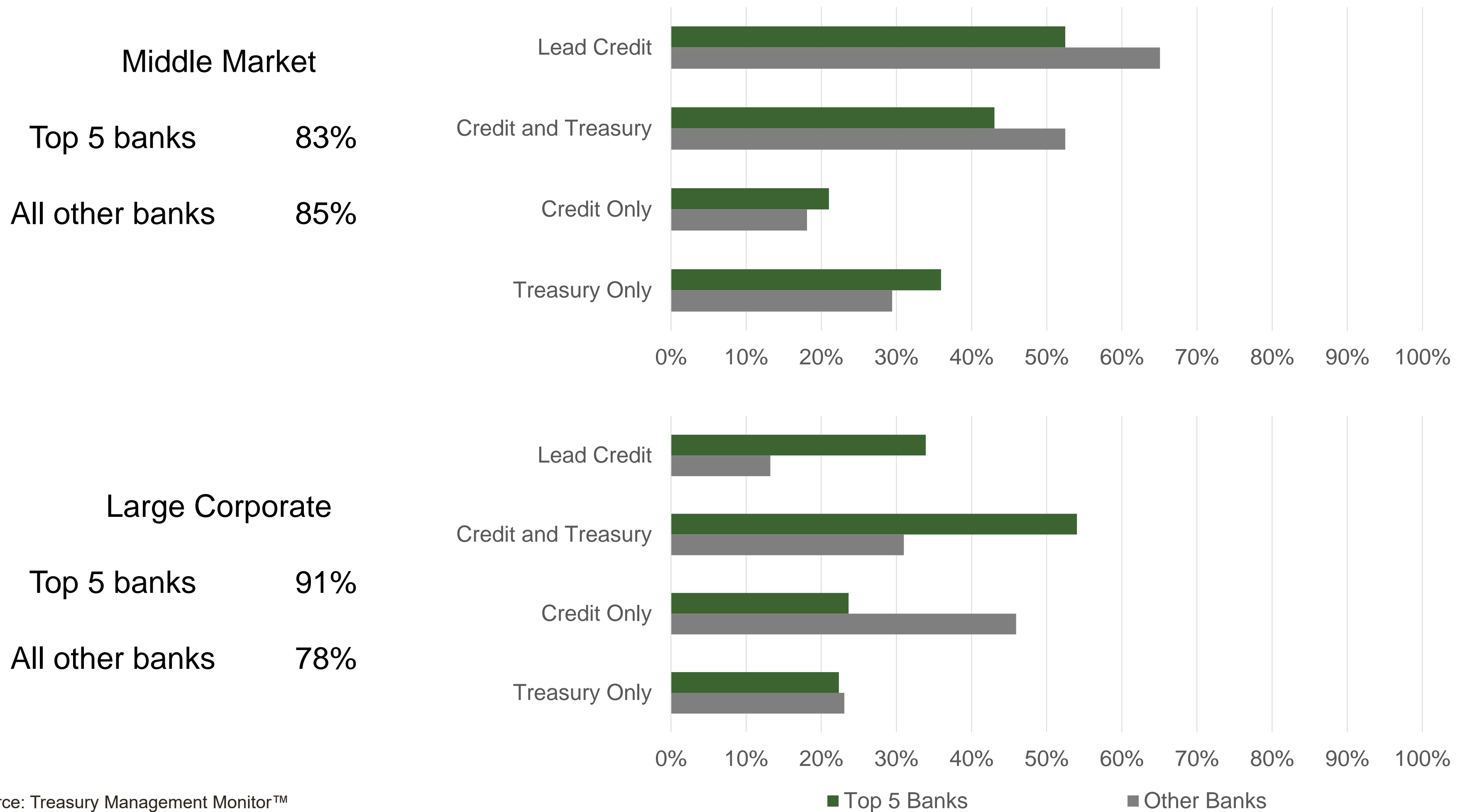
Source: Treasury Management Monitor™

Scale 1 to 9 with 5 = Meets Expectations, 9 = Exceptional

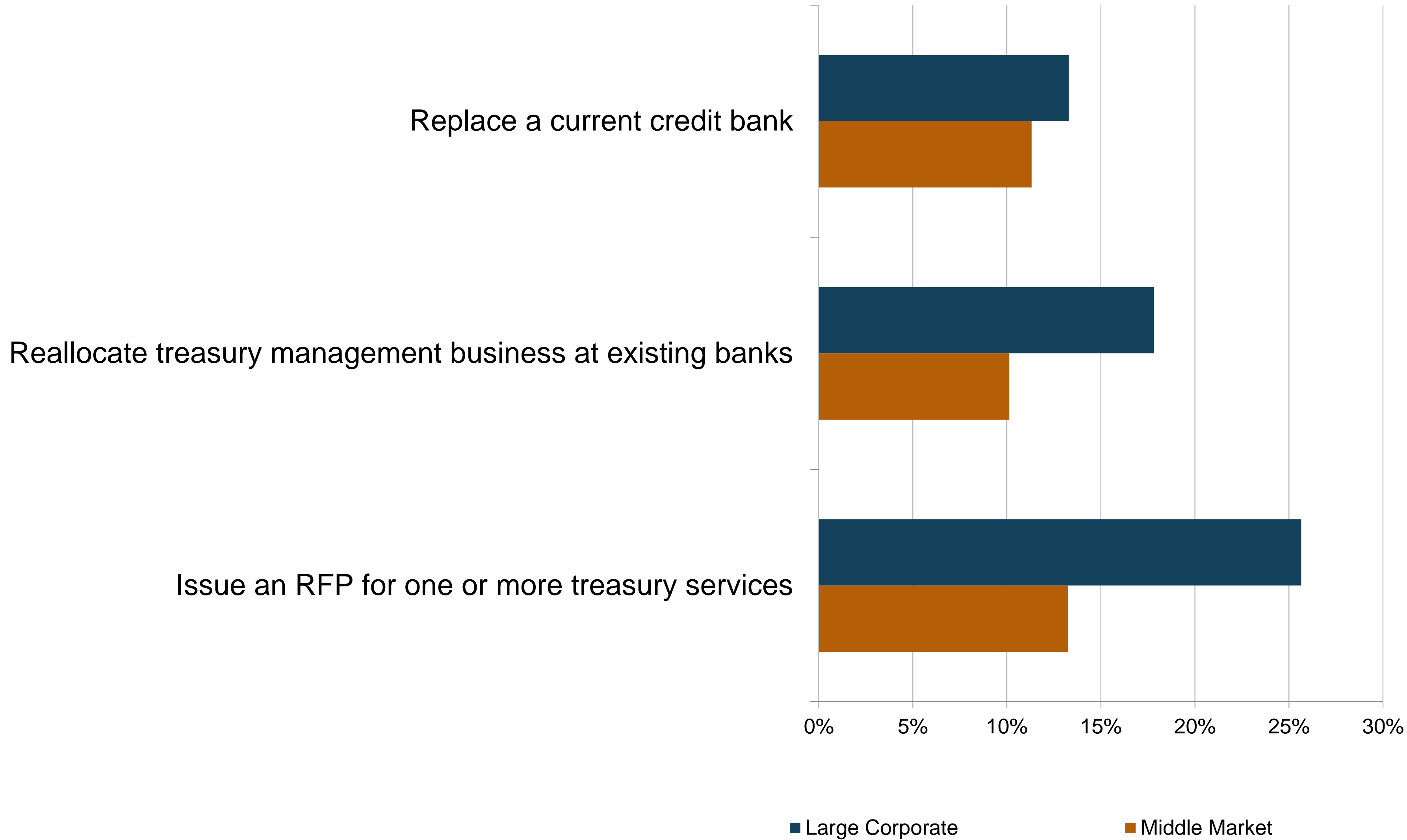
*Variance between best bank and worst



Which of Your Banks Would You Recommend To A Treasury Colleague?

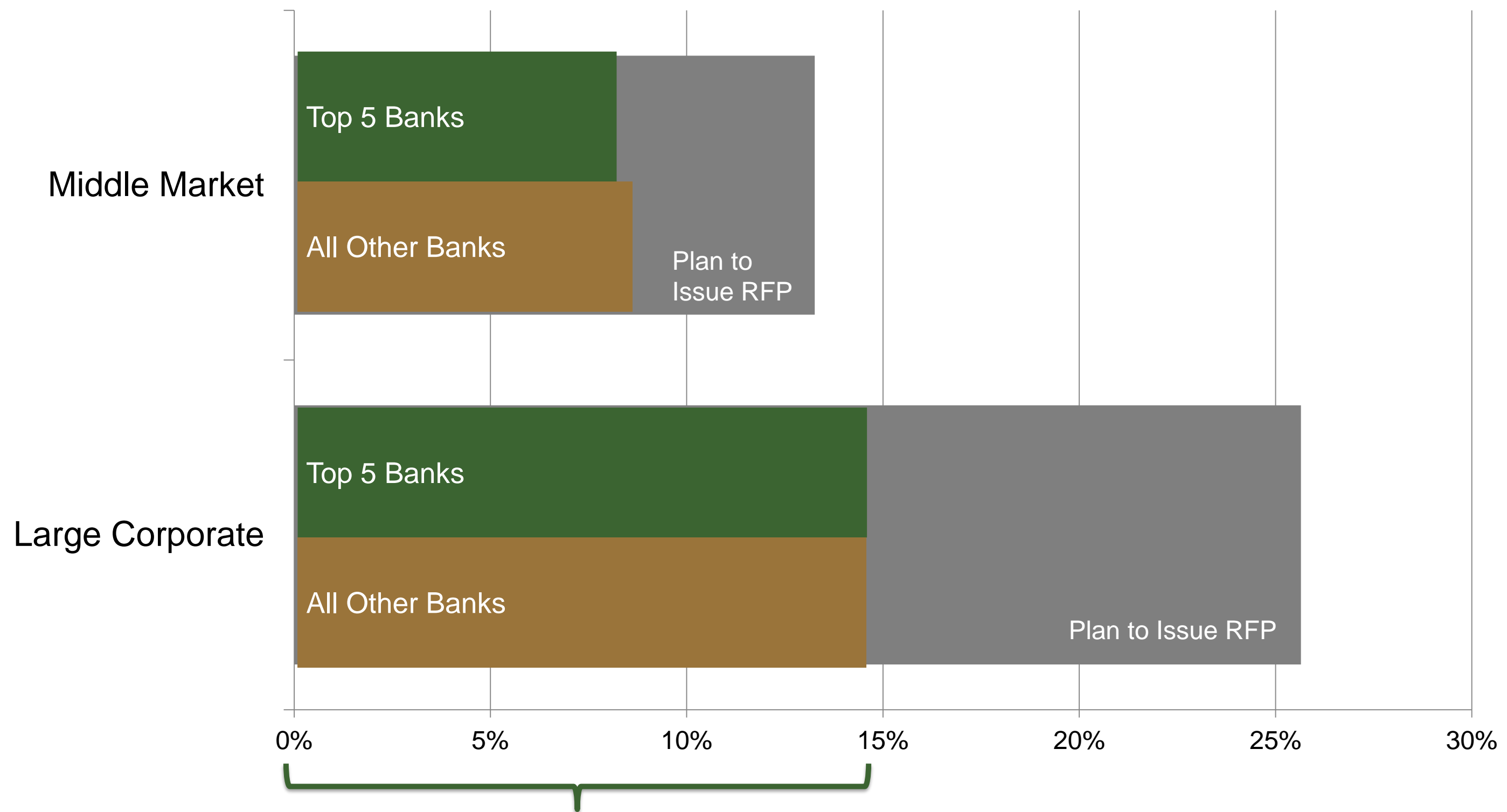


Source: Treasury Management Monitor™



Source: Treasury Management Monitor™

Probability of Doing Business With a New Bank



Chance of changing bank in the next 12 months

Percent Rated 4 or 5 (Scale 1 to 5 with 5 = Likely)

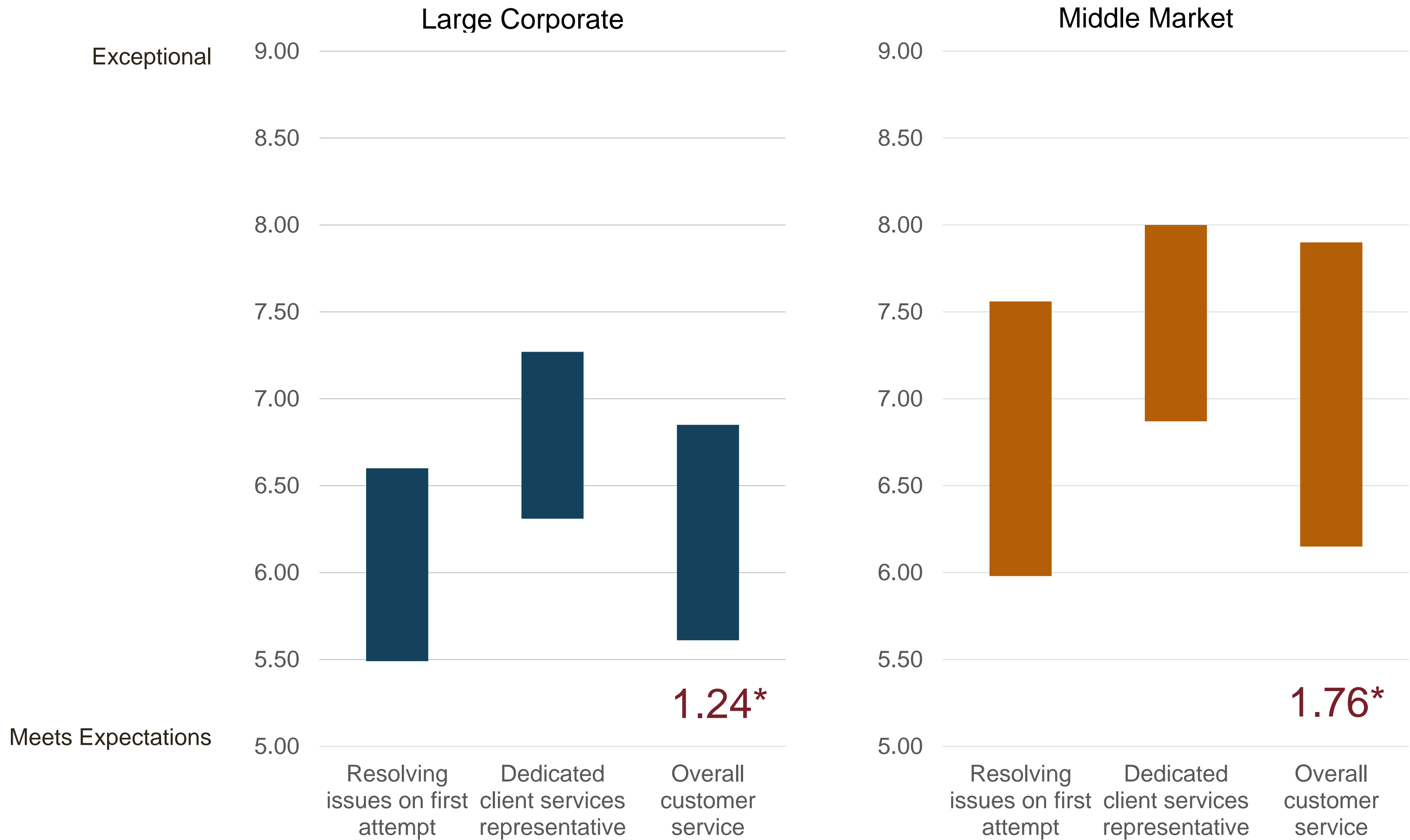
Source: Treasury Management Monitor™

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Are You a Customer Service “Settler”?



Source: Treasury Management Monitor™

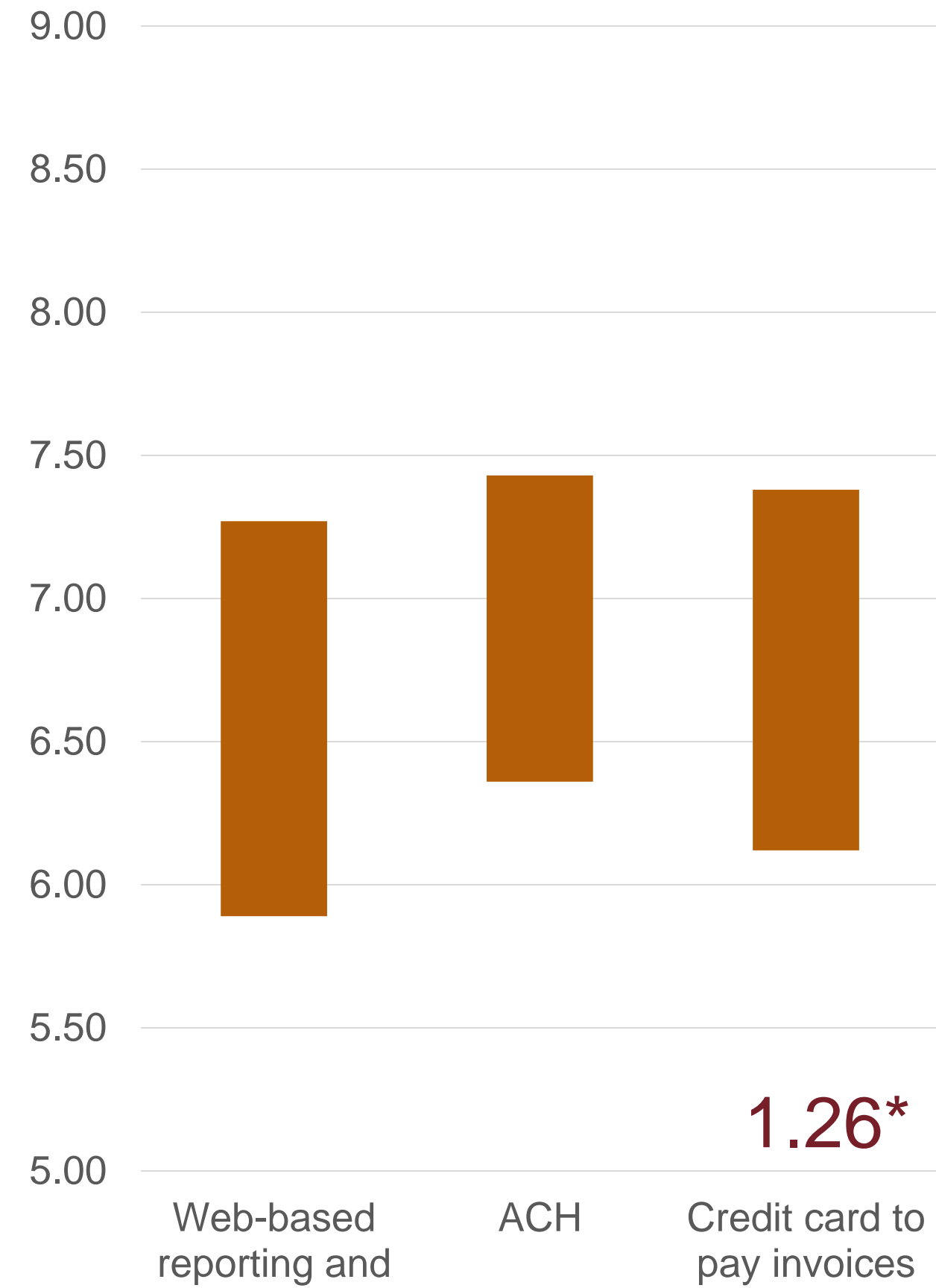
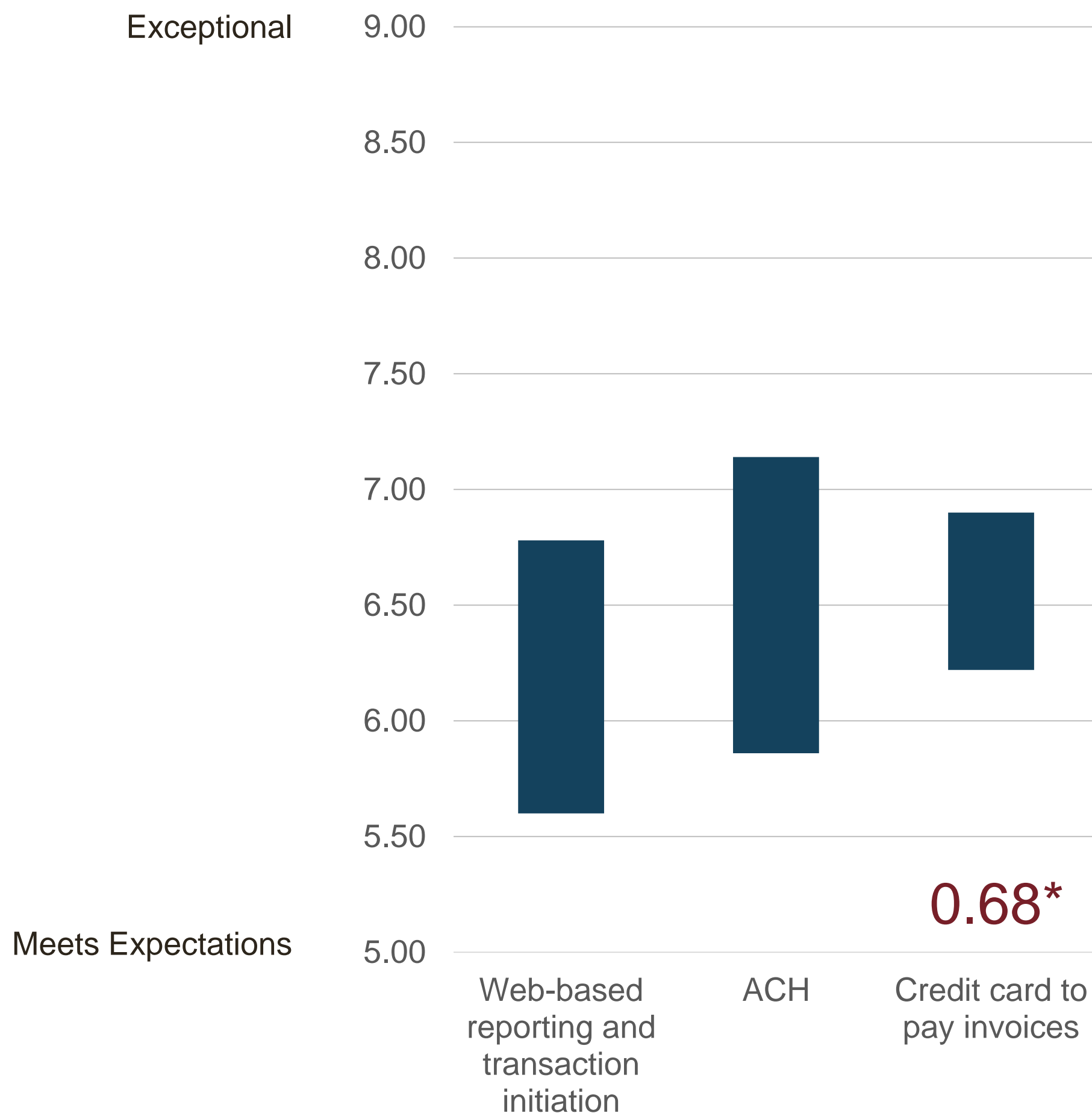
Scale 1 to 9 with 5 = Meets Expectations, 9 = Exceptional

*Variance between best bank and worst

Got Technical Support?

Large Corporate

Middle Market

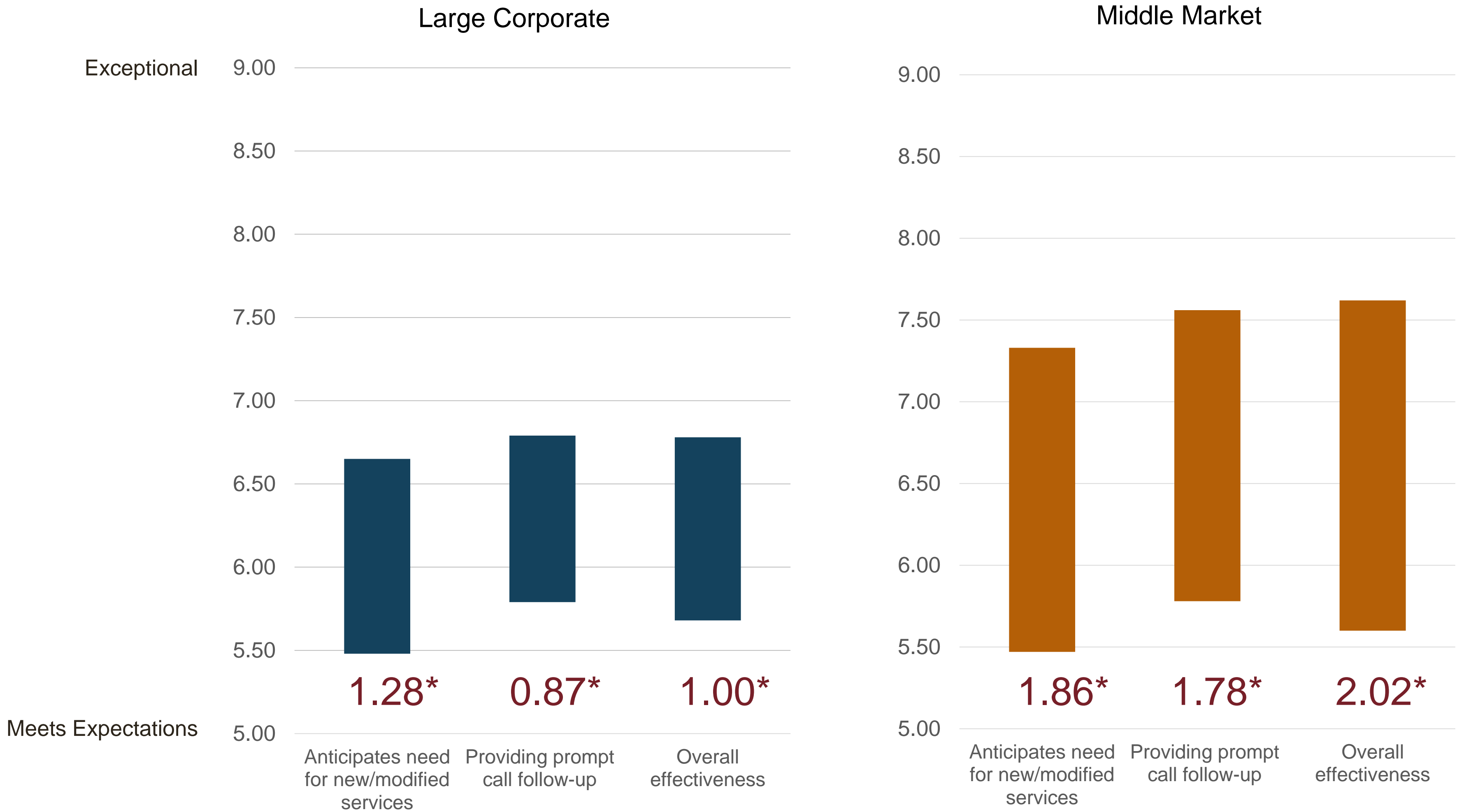


Source: Treasury Management Monitor™

Scale 1 to 9 with 5 = Meets Expectations, 9 = Exceptional

*Variance between best bank and worst

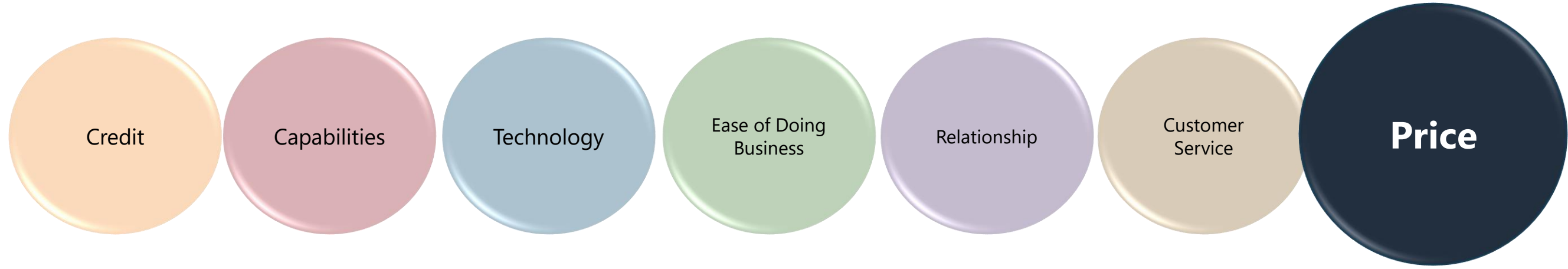
How Attentive Is Your Treasury Management Relationship Manager?



Source: Treasury Management Monitor™

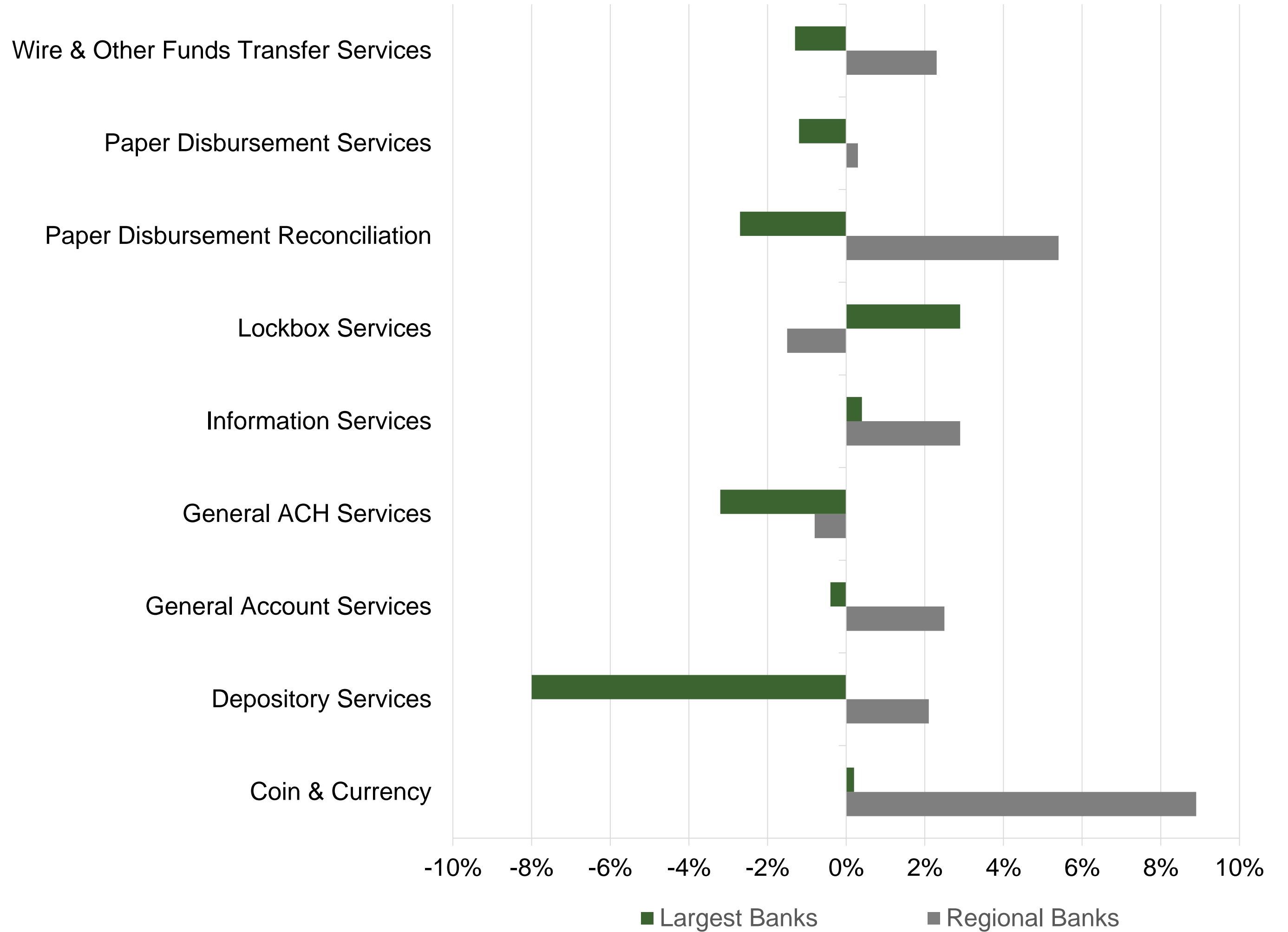
Scale 1 to 9 with 5 = Meets Expectations, 9 = Exceptional

*Variance between best bank and worst



Common Statement Analysis

*Same bank
Same company
2018 vs. 2019*



Source: 2019 Bank Price Study

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ACH Item Originated
 Expected Prices By Volume
 Tier 1 Banks

	Lowest Volume 15	Highest Volume 80,700
50 th percentile	\$0.15	\$0.06
90 th percentile	\$0.23	\$0.14

Same Day ACH Credit Originated
 Expected Prices by Volume
 Tier 1 Banks

	Lowest Volume 1	Highest Volume 675
50 th Percentile	\$0.64	\$0.32
90 th Percentile	\$1.27	\$0.95

Volume drives service line item price

Wholesale Lockbox Item-Complete Processing

Expected Prices By Volume

Tier 1 Banks

	Lowest Volume 75	Highest Volume 11,360
50 th percentile	\$0.45	\$0.34
90 th percentile	\$0.57	\$0.46

Wholesale Lockbox Item-Complete Processing

Expected Prices by Volume

Tier 2 Banks

	Lowest Volume 40	Highest Volume 9,250
50 th Percentile	\$0.53	\$0.36
90 th Percentile	\$0.76	\$0.58

Price does vary between bank tiers

Sample Benchmarking Report Summary

Overall Price Percentile using Tier 1 bank pricing.



Total Monthly Fees: \$25,293 95% of which is included in this analysis.

Size of Relationship: Bank's 2nd Quartile

Product Family	Family Subtotal	Influence on Overall Price Percentile	Family Price Percentile
General Account Services	\$1,170	5.5%	86
Depository Services	\$41	0.7%	18
Paper Disbursement Services	\$3,668	16.2%	72
Paper Disbursement Reconciliation Services	\$3,595	13.0%	66
General ACH Services	\$4,820	22.0%	100
Wire & Other Funds Transfer Services	\$1,941	4.1%	58
Information Services	\$8,793	38.5%	94
Total Analyzed Fees	\$24,028		99

Sample Benchmarking Report-Service Level Detail Report With Bank Service Line Mappings

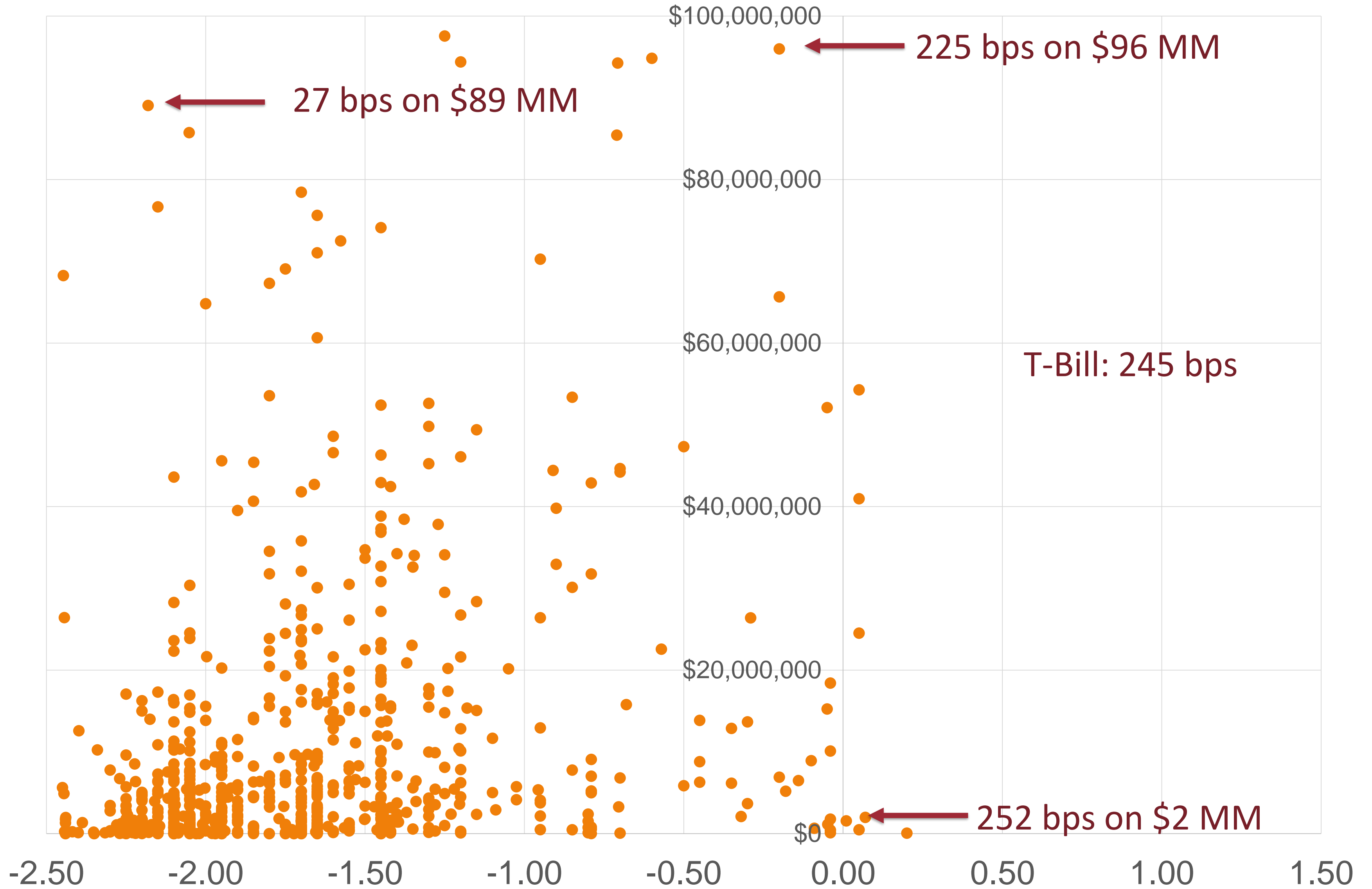
General ACH Services / Percentile 100

ACH Maintenance (Percentile 99 / Overall Influence 5.25%)			
<i>ACH MONTHLY MAINTENANCE</i>	13	100.0000	1,300.00
ACH Item Originated (Percentile 41 / Overall Influence 0.79%)			
<i>ACH OFF US CREDITS</i>	383	0.1200	45.96
<i>ACH ON US CREDITS</i>	29	0.0800	2.32
ACH Originated Addenda Records (Percentile 93 / Overall Influence 2.22%)			
<i>ACH ORIGINATED ADDENDA</i>	7,078	0.0500	353.90
ACH Item Received (Percentile 32 / Overall Influence 0.19%)			
<i>ACH CREDIT RECEIVED ITEM</i>	6	0.1200	0.72
<i>ACH DEBIT RECEIVED ITEM</i>	91	0.1200	10.92
ACH Notification of Change (Percentile 20 / Overall Influence 0.04%)			
<i>ACH NOTIF OF CHANGE (NOC)</i>	1	2.0000	2.00
ACH Debit Block Maintenance (Percentile 96 / Overall Influence 0.38%)			
<i>ACH BLOCKS AUTH MAINTENANCE</i>	2	30.0000	60.00
ACH Filter or Block Update (Percentile 22 / Overall Influence 0.12%)			
<i>ACH BLOCKS AUTH INSTRUCTIONS</i>	2	2.0000	4.00
ACH File Processing or Transmission (Percentile 95 / Overall Influence 6.79%)			
<i>ACH INPUT-BATCH</i>	62	20.0000	1,240.00
EDI Monthly Maintenance-Origination (Percentile 98 / Overall Influence 8.26%)			
<i>PAYMENTS MAINT</i>	3	600.0000	1,800.00
			4,819.82

Potential Savings

Service Description	Volume	Unit Price	Service Charge	Price At 50% Percentile	Service Charge At 50% Percentile	Difference
ACH Maintenance	13	\$100.00	\$1,300.00	\$37.00	\$481.00	\$819.00
ACH File	62	\$20.00	\$1,240.00	\$9.00	\$558.00	\$682.00
EDI Maintenance-Receipt	3	\$600.00	\$1,800.00	\$120.00	\$360.00	\$1,440.00
Previous Day Account Balance	45	\$75.00	\$3,375.00	\$30.00	\$1,350.00	\$2,025.00
Previous Day Transaction	8,880	\$0.18	\$1,598.40	\$0.096	\$852.48	\$745.92
Intraday Account Balance	22	\$75.00	\$1,650.00	\$33.00	\$726.00	\$924.00
Intraday Item	1,516	\$0.30	\$454.80	\$0.134	\$203.14	\$251.66
Intraday Item	5,023	\$0.20	\$1,004.60	\$0.134	\$673.08	\$331.52
Total						\$7,219.10

ECR Spread (under) over 90-day T-bill



Source: 2019 Bank Price Study-January 2019

Monitor Account Analysis Fees

- Minimalist: benchmark prices annually using January account analysis statement
- Proactive: use bank relationship management software monthly to track
 - Contracted price variances
 - Inactive accounts
 - Closed accounts
 - Redundant services
 - Volume reasonability
 - Charges for discontinued services

Structural Review of Treasury Management Relationships

- Re-engineer your A/R and A/P processes. Get ready for faster information/payment flows
- Ensure that you optimize your account structure and treasury management system
- Identify accounts and services no longer needed
- Identify new applications to save you time, FTE's, and lower overall costs
- Renegotiate your ECR
- Perform annual provider comparisons-capabilities, service, price

Why Manage Your Bank Partnerships for the Long-Term?

- Treasury services are becoming more technologically complex
- Continuing scarcity of corporate I.T. resources for treasury implementations
- Banks are increasingly integrated with client ERP and TMS systems
- Increased use of API's
- Not all new technology solutions are offered by every bank

Transparency, price, and quality are key to each long-term relationship

Do You Have The Right Banks?



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