

Payments and Cash Management

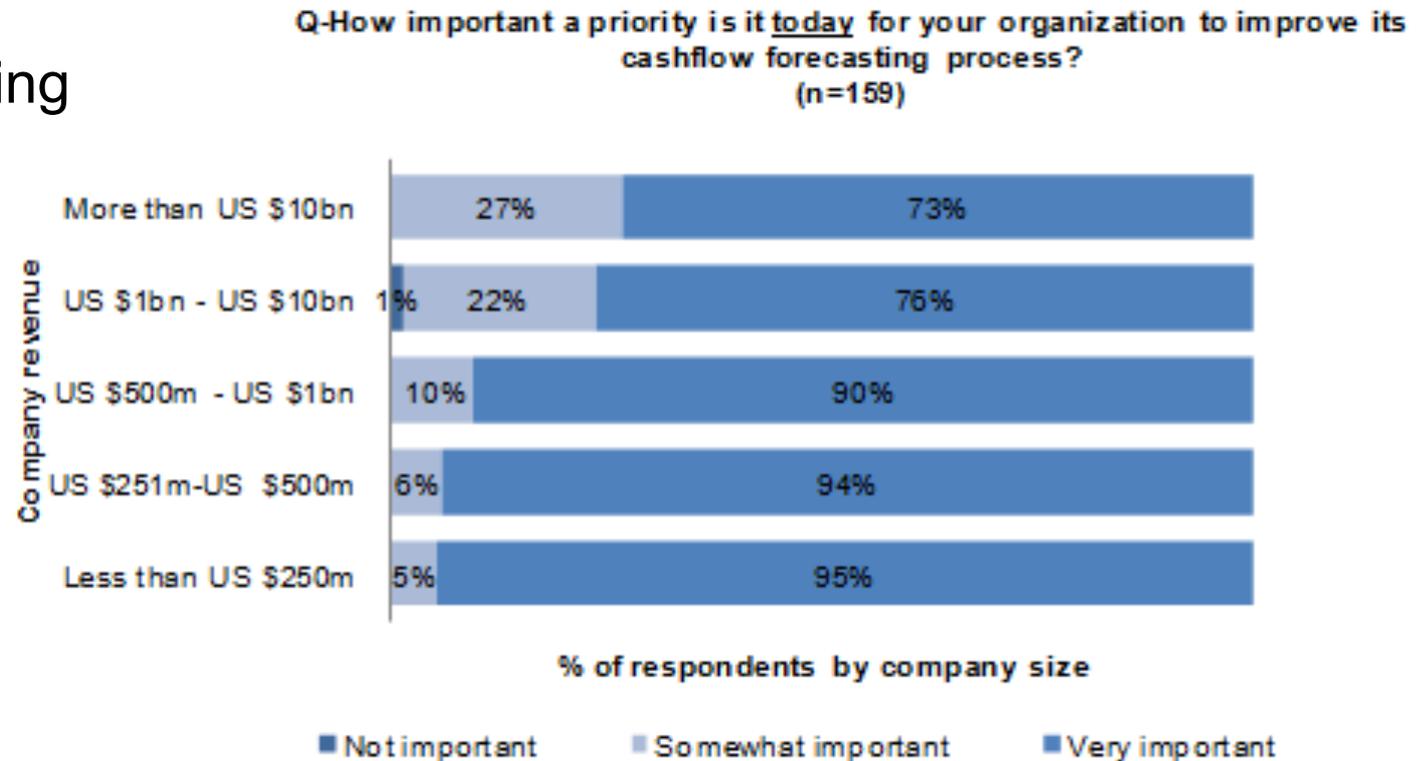
SPIN – Naples June 2013 – Round Table

Davide Girompini – Global Leader Payments and Transaction Services



Moving beyond simply transactions

- Logistics and trade facilitation
- Improvements in payments visibility and tracking
- New products
- Cash forecasting



Source: Aite Group 2012 survey of corporate treasurers

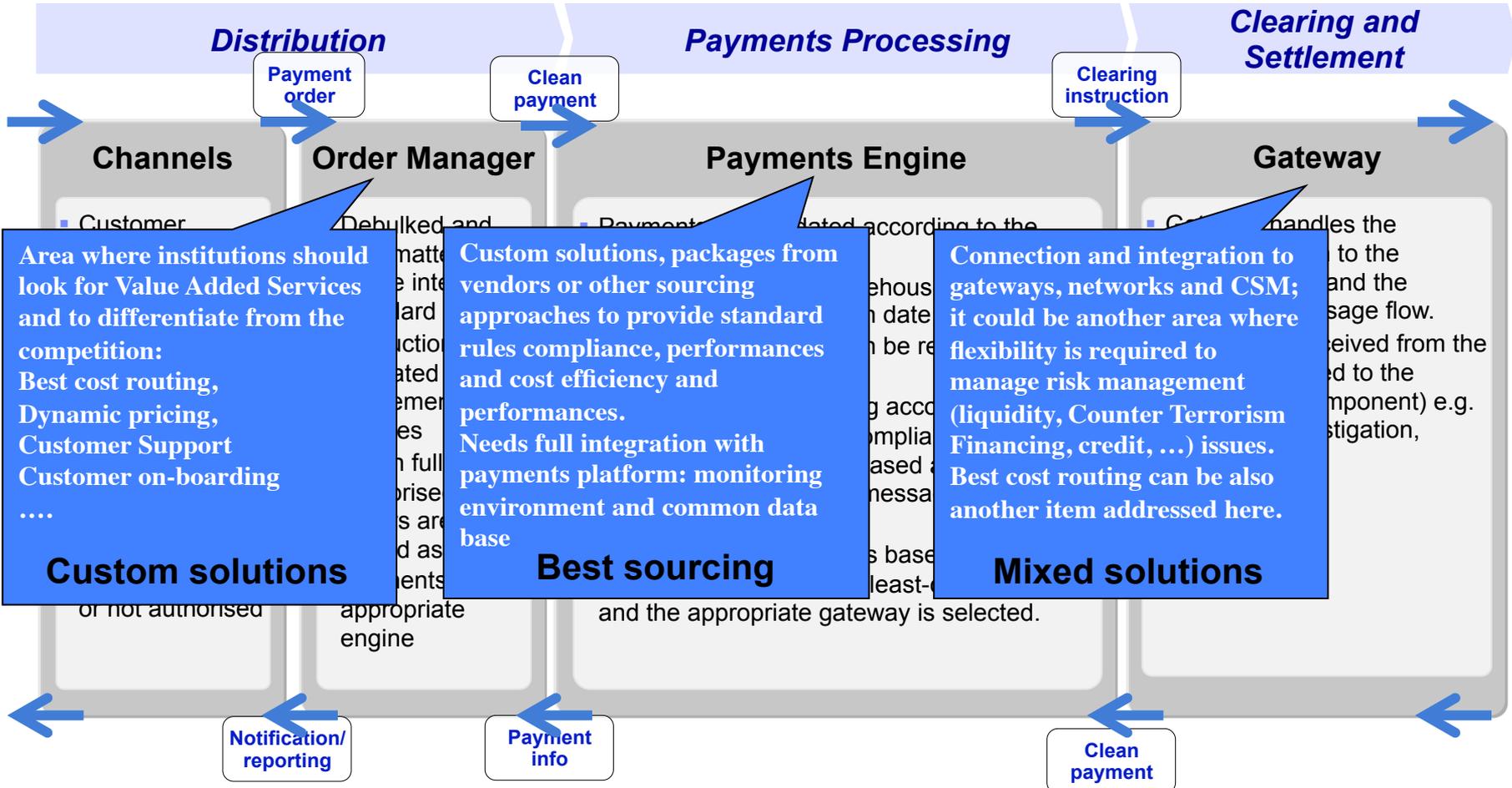
IBM Point of View: What corporate customers want from their Banks

- Corporate Customers consider an efficient and timely payments processing service as a given and it cannot be the only differentiating component
- Easy and quick on boarding for new services; flexible management of formats and communication channels
- Proactive and near-real-time transactions status information and reporting
- Reconciliation services between financial transactions: payments, trade finance, electronic invoices
- Support, data and solutions to improve predictive forecasting in cash management to anticipate liquidity exposure and needs
- Corporate Customers are asking the Banking Industry to act as a marketplace for full Supply Chain Finance services

What Banks can and should do to leverage their position

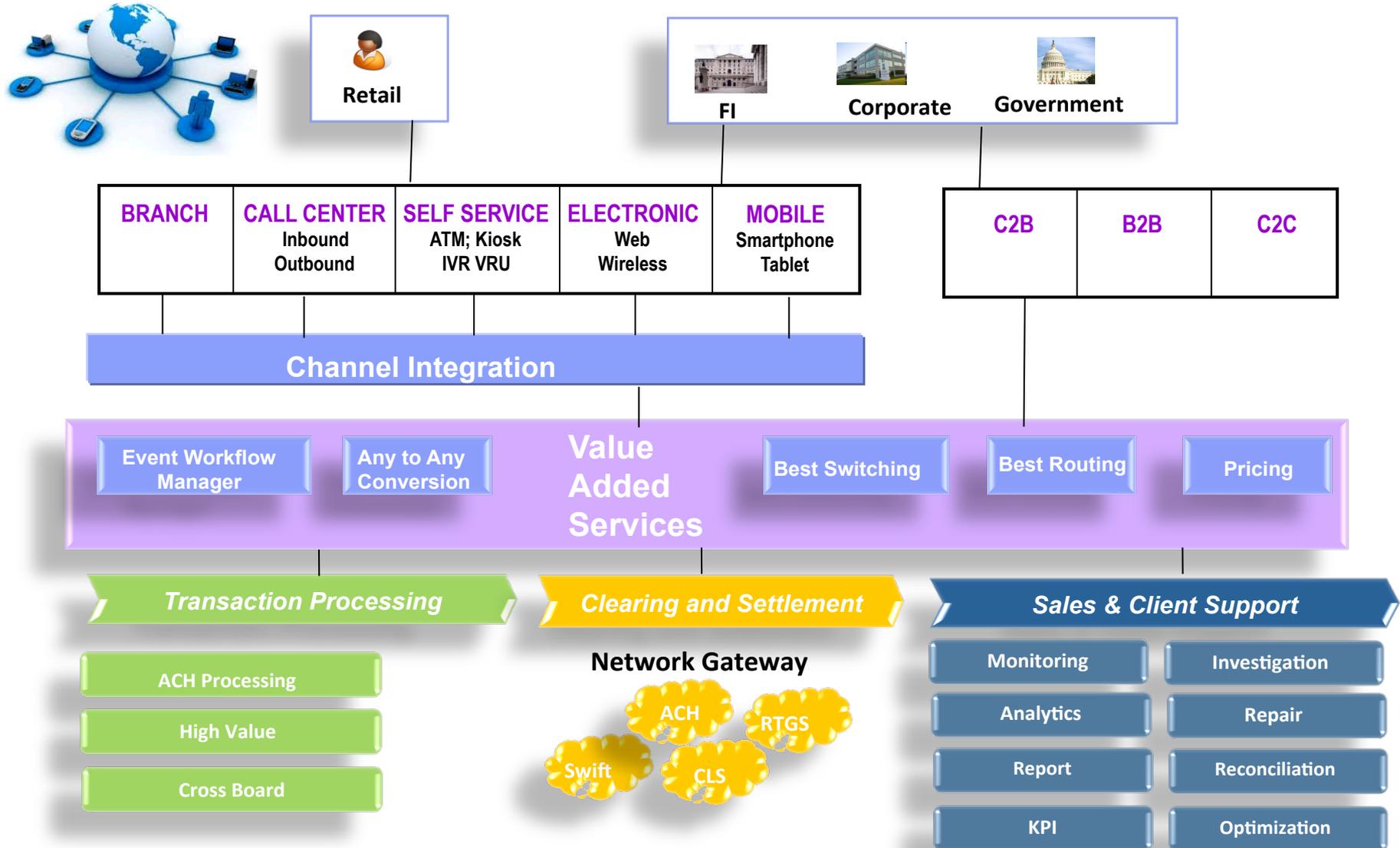
- Look for cost reductions in non differentiating tasks thru cooperation and alternative delivery models; to increase budget for added value services
- Leverage their hidden and secret weapon: data. Not only transaction data but also trading, lending and invoicing data to increase transaction transparency and provide liquidity dashboards to corporate (SME in particular)
- The liquidity dashboarding service could have also a very positive impact considering the capital requirement imposed by Basel III
- Build pricing engine and bundled products to increase cross-selling and Customer retention. Move from products to services
- Invest in Supply Chain Finance as the key initiative to secure the Customer loyalty and to increase revenue and profits

Different areas of the value chain require different approaches and solutions to effectively address specific needs and issues



Separation of the payments processing into channels, order management, payments engine and gateway components will realize a loosely coupled payments architecture and maximize flexibility and time to market.

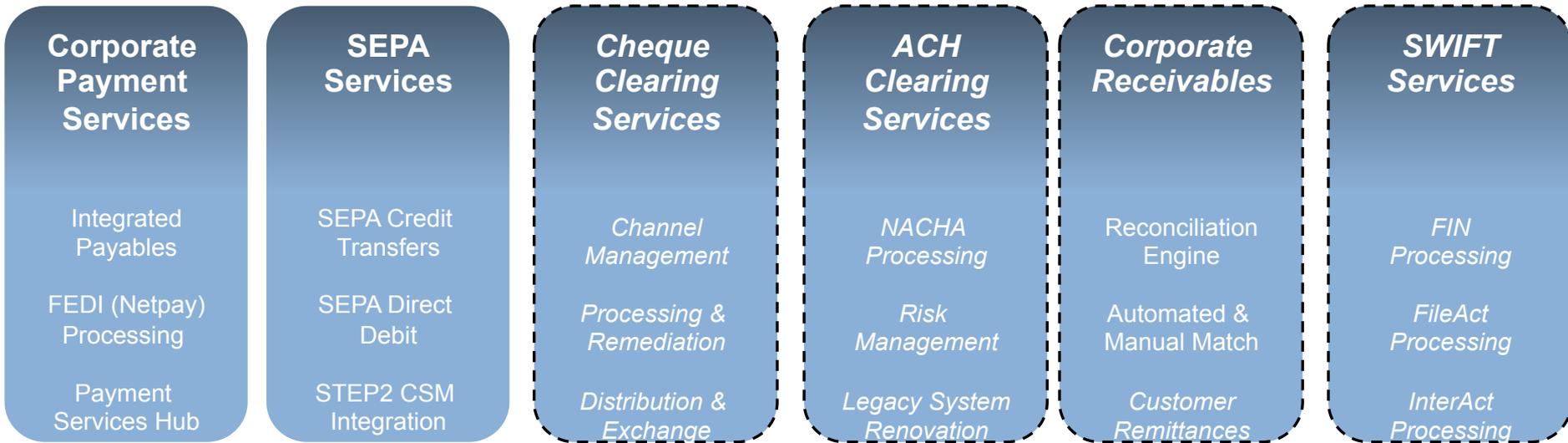
Integration Layers as key element to provide valuable services allowing for a greater freedom in processing models



IBM solution and services to address Payments and Transaction Banking present and future issues

- Rich and advanced **integration and orchestration layer** to streamline transaction processing
- **Reference processes** for SEPA payments and for Corporate flows onboarding
- Advanced analytics to improve **liquidity forecasting** for large Corporate and SMEs
- **Cloud** and alternative delivery models to increase cost efficiency in payments
- Supporting **testing and conversion services** to help migrating Corporate and SMEs to **SEPA**

IBM Financial Transaction Manager is providing next generation integration platform and solution pillars for a complete and advanced transaction hub



Financial Transaction Management v2.0 Base



Corporate Treasurer: growing role and relevance



6. Altered customer needs and buying behaviors

Observations

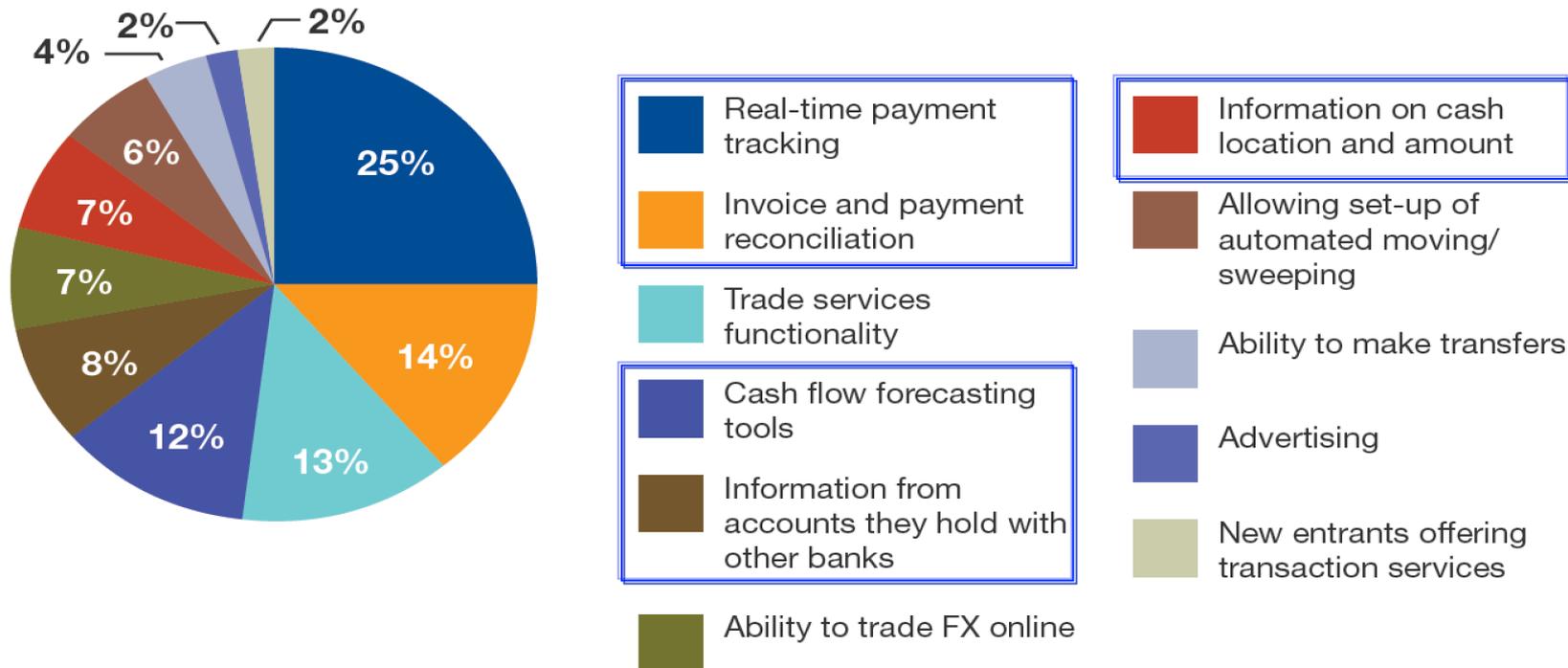
- Role of treasury is more visible, more strategic and broader than in the past
- Treasurer is increasingly involved or responsible for a broader set of responsibilities - including working capital management, enterprise risk, M&A, pension, credit, etc.
- Corporates have complex problems and limited time in which to solve them
- Corporates look for advice, guidance and holistic solutions

Implications

- Customer is "needier" than ever before and has more visibility within its own organization, which will lead to greater purchasing power
- Treasurer is short on time and will look for out-of-the-box and easy to implement solutions
- Buying behavior for all banking services is changing: the Treasurer will become the hub for all decisions. Integration of sales and services - and "one stop shopping" - will become a crucial differentiator for banks.
- Corporations will value the holistic relationship with its banks rather than viewing service fees in isolation
- The ability for banks to effectively integrate and cross sell products/services will be a critical success factor

Oliver Wyman study, "Serving the New Corporate Treasurer" 2012

What functionality do you plan to add to online corporate banking within the next twelve months?



* Finextra, Trends in transaction banking report

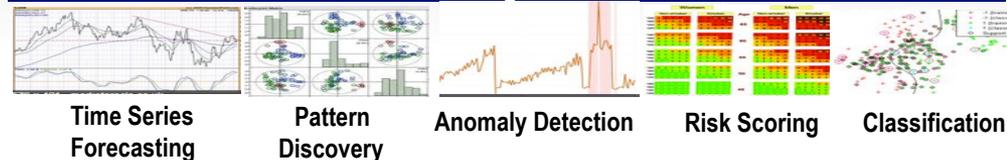
An innovative business architecture to provide real-time and intraday liquidity position to Corporate treasurers



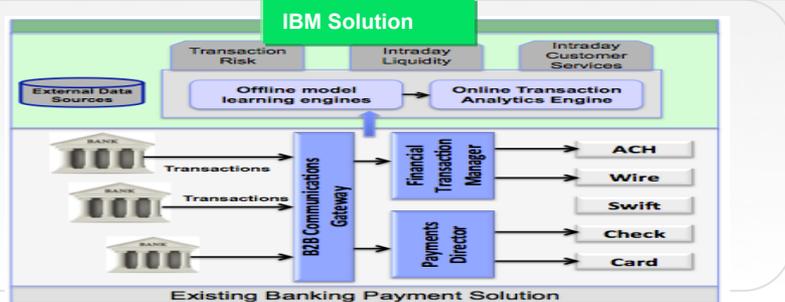
Data Sources



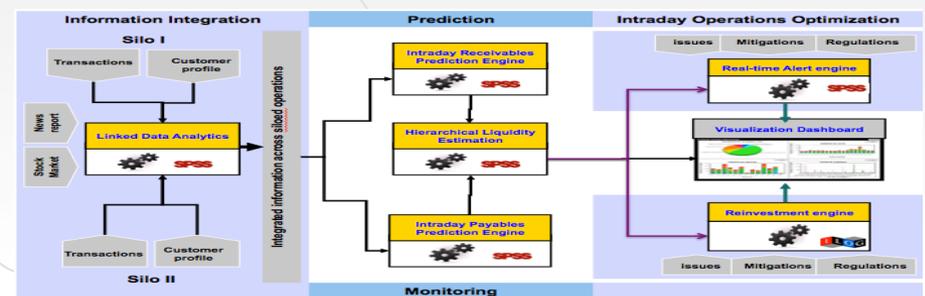
Analytics



Architectural Solution



Example of Analytics Pipeline – Intraday Liquidity



Advanced capabilities such as an integrated payments architecture, real time streaming of unstructured data, data connectivity and analytics are technical components of the solution.