

### **Growth opportunities lies in Eastern Europe and in Asia**

- Substantial liquidity and assets are ‘trapped’ in China
- SEPA is a significant challenge for corporates, but is expected to deliver benefits
- Standardisation drives cost effectiveness and makes switching banks easier in principle
- Organisations will optimise their treasury function based on their priorities and issues

### **The Eurozone crisis is making it harder for banks**

- Corporates are increasingly concerned about the financial stability of their partner banks
- MNCs are demanding more standardised and consistent services from their global cash management banks
- Price competition is increasing and therefore differentiation is key. Especially as lead banks typically earn disproportionately more revenues
- Fraud is a key concern. A more integrated and coherent and international approach is needed

### **Cash and trade are good ‘bed fellows’, but the marriage is complex**

- Corporates get the benefits of risk management, balance sheet management and working capital optimisation
- These benefits are improved through the scale economies of payments, especially where there is high STP
- It is not easy to deliver this combination, but once done it allows for effective supply chain management
- The challenges are both technical and cross-line of business

### **Margins need improving in Europe and there is real opportunity in Asia**

- The macro-economic trends are compelling and clear – growth, assets and labour is all in the southern hemisphere
- Expanding southward requires excellent MI, liquidity management and FX risk management capabilities
- Local market knowledge and experience is also critical, which means a local partner bank
- RMB is a major new currency and subject to quota approval, corporates can use it without restriction

### **There is no ‘Plan B’ for meeting SEPA’s legal timetable**

- There are only 9 months and 20 days to go, with change freezes and Christmas holidays in between
- Auditors are looking at readiness preparations and considering the smoothness of transition
- Compliance is the focus, benefits will emerge over time

### **Many corporates are using SEPA to drive centralisation and resilience**

- Pre-SEPA treasury infrastructure and operations for multinational corporates is complex and expensive
- SEPA is driving centralisation and the growth of the payments factory and integrated treasury function
- Centralised models are more resilient to credit / liquidity stress, which is a good trade-off for reduced local knowledge

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