



**Expense Reduction
Analysts**

Financial Services

Manage Costs & Take Advantage of New Opportunities

Financial Services

What does it encompass?

Banking and other financial services play a strategic role for enabling business operations and growth in every single company. The most common areas used by our clients are cash management, loans and financing in general, treasury and trade finance. Financial services is quite a complex cost category, with banks in the position of long term trusted partners. But in order to attain truly optimal conditions to meet your short and long term goals, insider knowledge of the banking sector is essential, but mostly not available.

Which stakeholders are involved and held accountable?

- CFOs
- Treasury Managers
- Finance Directors
- Export Managers

What is the future outlook?

- Low interest rates in the short-term; but when will interest rates begin to rise? What will be the consequences and how should businesses prepare?
- More tension on International trade , protectionism, security, impact on investment decisions
- Emerging role of virtual currencies, also within the traditional banking sector, in a more regulated environment and its effect on the weight of national currencies and related financing models.
- Possible change of traditional banking model, new financing models, professional crowdfunding, digital solutions, financial engineering.

What is our mission and added value?

- To build factual business transparency on the relationship between our clients and their financial services suppliers
- To add professional perspective and provide insider knowledge to source the right financial products with the right conditions.
- Add perspective and new scenarios on corporate financial challenges and deliver innovative solutions
- Expertise of an international team

The international finance experts of Expense Reduction Analysts accumulated deep insights from within the financial industry over many years. They are familiar with the internal operations of banks, what new regulations are on the horizon, how risk management is best set up, etc.

Many companies struggle to get full transparency on their financial service costs, and with optimizing their financial performance. Our banking experts focus exclusively on financial services, which in fact encompasses only one of many (time consuming) tasks of a CFO, together with accounting, taxing, reporting, audit, controlling, etc.

What is our process for identifying your cost reduction potential?

1. In-depth analysis of financial service contracts, conditions, balance sheet as well as client's future financial needs.
2. Dialogue with top management on new routes and scenarios.
3. Restructuring and optimization of financial service contracts, solutions and terms.
4. Implementation, change management, reporting and ongoing optimisation.

How can we support you?

- Optimisation of fees, interest and rates
- Better structure of financing solutions
- Reduction of financial risk
- Introduction of alternative suppliers and solutions

Treasury & Cash Management

The main purpose of Treasury & Cash Management is to optimize the company's liquidity position and to reduce financial and operational risks. At ERA we ensure that not only risks are reduced but also the liquidity position is maintained at lowest cost. We leave no stone unturned to achieve the highest performance in Treasury & Cash Management.

Transaction Costs

Cash Pooling

Treasury Management Systems



General & Current Concerns

- Infrastructure for e-commerce (optimization of different international platforms)
- Negative interest rates on deposits



Commonly uncovered customer issues

- Interest paid vs interest received
- Cost for card payments
- Overhead cost due to cashless society
- IT compatibility?



How do we proceed & what questions asked?

- How many terminals, how many transactions?
- What share of turnover is realized by e-commerce?
- Did you consider any other systems (or why did you choose the actual system)?



Outcomes & Deliverables?

- Lower transaction costs
- Higher revenues from e-commerce

- Margin between debit and credit interest rate
- Negative interest rate climate

- Multiple bank accounts (no pooling agreements)
- Lack of automatic cash pooling or too costly
- Workload of cash pooling and cost of cash pooling systems

- How is your cash pooling system/process organized?
- External support? Role of banks?
- What is the cost in terms of manpower?
- Follow-up and recent audit?

- Higher interest income
- Lower labour cost of treasury

- Treasury applications may help in managing treasury
- There may be many systems but not all of them cover 100% of the treasury management needs
- Cost of these systems

- Expensive cash pooling systems and treasury tools
- Timely payments
- Follow-up of invoices paid

- Which payment/ treasury/cash pooling systems are used?
- Why/why not?
- What are the constraints?
- Does your actual treasury management system cover all your needs?

- Lower labour cost of treasury
- Improved debtor follow-up
- Lower funding cost
- Lower transaction costs

Trade Finance

Well over 80% of all global trade is reliant on trade finance. Consequently, trade finance is important for sustaining the growth of your company. There is a broad offer in trade finance services and products, each having a different cost and risk impact. At ERA we leverage our knowledge and insights to check whether your company's trade finance policy returns the best value for money. There often is a strong interaction with Foreign Exchange Management and the costs and risks involved with foreign currencies can be deal breaking for many trade finance transactions.

Foreign Exchange Management

Documentary Payments

Export Financing



General & Current Concerns

- Hedging forex positions can be very expensive
- International environment creates increased exchange rate volatility



Commonly uncovered customer issues

- Transaction costs too high (high spreads)
- Unclear: very hard to know the real cost and fees paid
- Solving the issue is time consuming



How do we proceed & what questions asked?

- How do you hedge your exchange rate risk?
- Which part of your turnover is non- EUR?
- Are your raw materials EUR denominated or non EUR?
- Is the company export-oriented?
- To the UK?
- Did you have any issues with international trade so far (quality, payments)?
- Did you have a recent audit concerning your trade finance structure?



Outcomes & Deliverables?

- Lower transaction costs
- Lower exchange rate losses
- Lower exchange rate uncertainty
- Lower losses due to unpaid invoices
- Imported goods meeting quality requirements
- Cheaper cost of financing international trade

- Distance between exporter and importer creates credibility issues
- Complex

- Quality of goods
- Full and timely payment

- Does your bank support you enough in financing your export/import transactions (banks own agenda)?
- Support from local (governmental) export and trade agencies?

- Cheaper cost of financing international trade
- Extra support/income for export

Financing

Financing is crucial for any business activity. It's not only important how to structure your current finance and collateral position but also to look ahead to future endeavors. In-depth industry knowledge is key to create sufficient working capital, implementing banking and non-banking solutions and negotiate and optimize collateral positions. Understanding how banks operate internally and have insights on alternative finance methods is essential in optimizing current and future finance structures and securing the growth of your company.

Working Capital

Collateral

Structured Financing

Credit (re-)finance



General & Current Concerns

- Liquidity risk
- Implied cost of stocks of raw materials and finished goods



Commonly uncovered customer issues

- Cost of stocks versus need for continuity of production



How do we proceed & what questions asked?

- Comparison of working capital versus peers
- How do you optimize your stocks?



Outcomes & Deliverables?

- Improved general funding
- Lower funding cost
- Improved purchase conditions

- Fundamental for overall funding
- We still live in a post credit crisis era with a high demand for collateral
- Increased criteria (Basle 2)

- Impossible to get new credit because too high collateral requests
- Collateral linked to credits that are almost redeemed

- Check whether actual collateral provided to financial institutions is still in line with outstanding credits?
- Check for relevancy of levels of collateral

- Increased funding capabilities
- Decreased funding cost

- Critical funding environment
- The negative interest climate is only a symptom of the failure of the classic funding formulas. Investors are looking for yield
- Structured funding allows to allocate risk of investment better to those investors who want to take that risk, hence lower average cost of funding

- Funding problem (on balance funding which has reached the maximum limit)
- Cost of funding due to the level of on balance debt

- Did the company ever consider structured funding?
- Check activities for possibility of off-balance funding?

- Increased funding capabilities
- Decreased funding cost

- Cost of debt
- Collateral consumed
- Private collateral
- Actual low interest rates
- Changed banking/risk criteria
- Funding versus leasing?

- Banks own agenda/products
- Cost of change (funding loss)
- Reached (on balance) credit limits

- Recent market audit done?
- What are the future plans/needs?

- Decreased funding cost
- Lower cost of financial transactions



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But in order to attain truly **optimal conditions** to meet your **short and long term goals**, **insider knowledge** of the banking sector is essential, but mostly not available.

Authors



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Danny Decupere started a successful career of more than 20 years in the financial sector at the Brussels Stock Exchange, where he guided companies with their IPO. Afterwards, at Branquart Costermans Securities and later at Fortis Bank, he analyzed listed companies as an Equity Analysts. Later he joined Fortis Bank's Structured Credit Management team as Portfolio Manager. At the end of 2008, he was involved in the start-up of Royal Park Investments, the company in which certain financial assets of Fortis Bank with regard to its rescue were subsumed. After the start-up, he became responsible for the daily financing and hedging of exchange rate and interest rate risk as Senior Treasury Manager. Afterwards he became director at B-Crown Advisors, specializing in alternative/structured funding, securitization and debt restructuring.

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Marc Beyens

Before joining ERA, Marc gained more than 20 years experience in banking and insurance, working both in commercial and management positions at BACOB, Gemeentekrediet, later Belfus. He specialized in credit management and investment banking, ultimately leading a team of 25 investment bankers. Next to accreditations as a stock and options broker he also received an insurance broker accreditation. As a financial expert within ERA, he has successfully implemented multiple insurance and banking projects in Belgium and abroad. He also teamed up with the ERA fleet team as an expert in fleet insurance and unbundling projects.

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For more information please visit:

[expensereduction.com](https://www.expensereduction.com)

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